WARDERLY INTERNATIONAL HOLDINGS LIMITED

匯多利國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 607)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2010

The board (the "Board") of directors (the "Directors") of Warderly International Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2010, together with the comparative figures for the previous year prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED INCOME STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

For the year ended 30 April 2010

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Turnover	3	**150,020**	53,437
Cost of sales		**(140,274)**	(50,256)
Gross profit		**9,746**	3,181
Other income	5	**26**	6,065
Selling and distribution expenses		**(249)**	–
Administrative expenses		**(3,186)**	(5,708)
Finance costs	6	**–**	(23,937)
Profit/(loss) before taxation	7	**6,337**	(20,399)
Taxation	8	**(1,325)**	(397)
Profit/(loss) for the year and total comprehensive income/(loss) for the year		**5,012**	(20,796)
Attributable to:			
Equity holders of the Company		**5,012**	(20,757)
Minority interests		**–**	(39)
		5,012	(20,796)
Earnings/(loss) per share	10		
– Basic		**HK$0.01**	HK$(0.05)
– Diluted		**N/A**	N/A

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSET			
Plant and equipment		**546**	–
CURRENT ASSETS			
Inventories		**17**	–
Trade receivables, deposits and other receivables	*11*	**45,221**	17,874
Bank balances and cash		**8,290**	2,591
		53,528	20,465
CURRENT LIABILITIES			
Trade and other payables	*12*	**68,955**	41,675
Guarantor's liability and accrued liability for potential claims	*13*	**340,346**	340,346
Bank borrowings		**22,948**	22,948
Unsecured bank overdrafts		**2,104**	2,104
Taxation payable		**33,235**	31,918
		467,588	438,991
NET CURRENT LIABILITIES		**(414,060)**	(418,526)
NET LIABILITIES		**(413,514)**	(418,526)
CAPITAL AND RESERVES			
Share capital		**4,220**	4,220
Reserves		**(417,734)**	(422,746)
CAPITAL DEFICIENCIES		**(413,514)**	(418,526)

Notes:

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revised) of the Cayman Islands. Its shares (the "Shares") are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are development, distribution and trading of household electrical appliances and audio-visual products.

Trading in the Shares on the Stock Exchange has been suspended since 14 May 2007 at the request of the Securities and Futures Commission in Hong Kong (the "SFC") pursuant to sub-Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules (subsidiary legislation V of Chapter 571 of the Laws of Hong Kong).

The consolidated financial statements are presented in Hong Kong dollar which is the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

In addition, the consolidated financial statements include applicable disclosures required by the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA. The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented except for the impact as described as below:–

HKAS 1 (Revised) Presentation of Financial Statements

As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. Corresponding amounts have been restated to conform to the new presentation. The change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKFRS 8 Operating Segments

HKFRS 8, which supersedes HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. HKFRS 8 has not resulted in redesignation of the Group's reportable segments.

The Group has not early applied the following new standards, amendments or interpretations in issue at the date of authorisation of these consolidated financial statements that are not yet effective. The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

HKAS 24 (Revised)	Related Party Disclosures [6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [2]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 9	Financial Instruments [7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners [2]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments [5]
Amendments to HKAS 32	Classification of Right Issues [4]
Amendments to HKAS 39	Eligible Hedged Items [2]
Amendments to HKFRS 1	Additional Exemptions for First-time Adopters [3]
Amendments to HKFRS 1	Limited exemption from comparative HKFRS 7 disclosures of first-time adopters [5]
Amendments to HKFRS 2	Group Cash-settled Share-based Payment Transactions [3]
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement [6]
Amendments to HKFRSs 2008	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008 [2]
Amendments to HKFRSs 2009	Improvements to HKFRSs 2009 [1]
Amendments to HKFRSs 2010	Improvements to HKFRSs 2010 [8]

[1] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013
[8] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of its net liabilities of approximately HK$414 million as at 30 April 2010.

Trading in the Shares on the Stock Exchange has been suspended since 14 May 2007 at the request of the SFC. The Company submitted the proposal (the "Resumption Proposal") in relation to the resumption of trading in the Shares to the Stock Exchange and the SFC on 30 September 2008.

As part of the Resumption Proposal, the Company proposed to settle all amounts due to the creditors of the Company (the "Scheme Creditors") by way of the schemes of arrangement to be made between the Company and the Scheme Creditors under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Hong Kong Scheme") and the Companies Law (2007 Revision) of the Cayman Islands (the "Cayman Scheme", together with the Hong Kong Scheme, the "Schemes") respectively.

The implementation of the Schemes will be financed by the proceeds to be raised by the Company by way of the open offer of zero coupon convertible notes (the "Offer Convertible Notes") with an aggregate principal amount of HK$84.4 million (the "Open Offer"). If the conversion rights attaching to the Offer Convertible Notes are fully exercised at the conversion price of HK$0.05 per Share, an aggregate of 1,688,000,000 new Shares will be allotted and issued.

The Open Offer is only available to the shareholders (the "Qualifying Shareholders") on the register of members of the Company on the date for the determination of the entitlements under the Open Offer (the "Record Date") and whose registered addresses as shown on such register on the Record Date are in Hong Kong.

Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), the controlling shareholder of the Company, is the underwriter to the Open Offer. Pursuant to the underwriting agreement dated 8 October 2008 entered into between the Company and Mr. Kan (the "Underwriting Agreement"), Mr. Kan has conditionally agreed to underwrite those Offer Convertible Notes not having been subscribed by the Qualifying Shareholders.

The proceeds from the Open Offer of HK$84.4 million will be used as to (i) HK$37 million for the payment to the Scheme Creditors pursuant to the terms and conditions of the Schemes; (ii) approximately HK$10.4 million for the payment of professional fees and costs in relation to the Resumption Proposal, the proposal for restructuring of the Company, the Schemes (the "Restructuring and Scheme Costs") and the repayment of the loan due from Up Stand Holdings Limited ("Up Stand") to Mr. Kan pursuant to a loan agreement entered into between Up Stand, the Company and Mr. Kan dated 2 January 2009 (the "Loan Agreement"), which loan is the interim funding to the Group to meet its general working capital requirements; and (iii) the remaining amount of approximately HK$37 million for the general working capital of the Group.

The amounts mentioned in items (ii) and (iii) above are subject to adjustment depending on the actual amount of the Restructuring and Scheme Costs and any increase of the loan due from Up Stand to Mr. Kan under the Loan Agreement.

Each of the Hong Kong Scheme and the Cayman Scheme was duly approved by a majority in number (i.e. over 50% in number) of the Scheme Creditors together representing no less than 75% in value of the Scheme Creditors present and voting in person or by proxy at the Scheme Creditors' meeting held on 16 March 2009. The Cayman Scheme was sanctioned by the Grand Court of the Cayman Islands on 27 March 2009 while the Hong Kong Scheme was sanctioned by the High Court of Hong Kong on 6 May 2009.

The Hong Kong Scheme and the Cayman Scheme will become effective upon an office copy of the relevant court order sanctioning the respective Scheme having been delivered to the Registrar of Companies in Hong Kong or the Cayman Islands (as the case may be) for registration.

The Open Offer is conditional and fully underwritten by Mr. Kan. In particular, the Open Offer is conditional upon the lifting of the suspension of trading in the Shares on the Stock Exchange by the SFC, the approval of the Resumption Proposal from the Stock Exchange having been obtained, the approval of the Open Offer and transactions contemplated thereunder by the independent shareholders of the Company, by way of a poll, at an extraordinary general meeting of the Company and the Underwriting Agreement becoming unconditional. Accordingly, the Open Offer may or may not proceed.

On 26 November 2009, the Stock Exchange announced that the Company would be placed into the third stage of the delisting procedures pursuant to Practice Note 17 to the Listing Rules (the "Third Stage of Delisting") as the Stock Exchange determined that the Company's Resumption Proposal was not a viable resumption proposal. The Company submitted a revised Resumption Proposal to the Stock Exchange on 7 May 2010.

The Directors consider the conditions precedent to the Open Offer will be satisfied and the Company's liabilities will be settled pursuant to the Schemes. Accordingly, the Directors were satisfied with the financial position of the Group and considered the preparation of the consolidated financial statements on a going concern basis as appropriate.

3. TURNOVER

Turnover represents the fair value of the amounts received and receivable for goods sold to outside customers less returns and allowances during the year.

4. SEGMENTS AND ENTITY-WIDE INFORMATION

Reportable segments

For management purposes, the Group is organised into two operating divisions. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:–

– Trading of household electrical appliances; and
– Trading of audio-visual products.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:–

(1) Segment assets consist primarily of plant and equipment, inventories and trade receivables. Segment liabilities comprise operating liabilities and mainly exclude items such as income tax payable.

(2) Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

(3) Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

(4) Unallocated items comprise financial and corporate assets and liabilities, guarantor's liability, bank borrowings and corporate and financing expenses.

The measure used for reporting segment result is "adjusted EBIT", i.e. adjusted earnings before interest and taxes. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

Segment information about the aforementioned businesses is set out as follows:–

	Trading of household electrical appliances		Trading of audio-visual products		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER						
External sales	**60,668**	25,013	**89,352**	28,424	**150,020**	53,437
RESULT						
Segment result	**2,397**	905	**7,203**	2,270	**9,600**	3,175
Other operating income					**26**	6,065
Unallocated corporate expenses					**(3,289)**	(5,702)
Finance costs					**–**	(23,937)
Profit/(loss) before taxation					**6,337**	(20,399)
Taxation					**(1,325)**	(397)
Profit/(loss) for the year					**5,012**	(20,796)
ASSETS						
Segment assets	**19,903**	5,470	**25,189**	12,404	**45,092**	17,874
Unallocated corporate assets					**8,982**	2,591
Consolidated total assets					**54,074**	20,465
LIABILITIES						
Segment liabilities	**16,458**	5,211	**22,996**	11,497	**39,454**	16,708
Unallocated corporate liabilities					**428,134**	422,283
Consolidated total liabilities					**467,588**	438,991
OTHER INFORMATION						
Capital additions	**48**	–	**–**	–	**48**	–
Unallocated capital additions					**613**	–
Total capital additions					**661**	–
Unallocated depreciation					**115**	–

Entity-wide information

The Group's turnover for both years, segment assets and liabilities and capital additions were solely derived and located in China (including Hong Kong).

For the year ended 30 April 2010, revenues from four customers had contributed to more than 10% of the Group's revenue amounting to approximately HK$51,574,000, HK$40,848,000, HK$30,427,000 and HK$19,718,000 respectively. Revenues from two customers of approximately HK$60,566,000 are from both segments, revenue from one customer of approximately HK$51,574,000 is from segment of trading of audio-visual products and revenue from one customer of approximately HK$30,427,000 is from trading of household electrical appliances.

For the year ended 30 April 2009, revenues from four customers had contributed to more than 10% of the Group's revenue amounting to approximately HK$22,943,000, HK$13,891,000, HK$9,696,000 and HK$5,370,000 respectively. Revenue from one customer of approximately HK$22,943,000 is from both segments, revenue from one customer of approximately HK$13,891,000 is from segment of trading of audio-visual products and revenues from two customers of approximately HK$15,066,000 are from segment of trading of household electrical appliances.

5. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income on bank deposits	**–**	1
Waiver of accrued directors' remuneration	**8**	5,783
Waiver of other payables	**–**	150
Sundry income	**18**	131
	26	6,065

6. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings and overdrafts wholly repayable within five years	**–**	2,592
Guarantor's liability	**–**	21,327
Others	**–**	18
	–	23,937

7. PROFIT/(LOSS) BEFORE TAXATION

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) before taxation has been arrived at after charging:		
Auditors' remuneration	**340**	350
Depreciation of plant and equipment	**115**	–
Operating lease rentals in respect of rented premises	**432**	–
Staff costs, including Directors' emoluments	**993**	482
Retirement benefits scheme contributions, including Directors	**16**	9

8. TAXATION

Taxation represents provision for Hong Kong Profits Tax calculated at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit of a subsidiary of the Company operating in Hong Kong.

As at 30 April 2010, the Group had unused tax losses of approximately HK$19,047,000 (2009: HK$18,877,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

9. DIVIDEND

No dividend was paid or proposed during the year ended 30 April 2010, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per Share attributable to equity holders of the Company for the year is based on the profit for the year attributable to equity holders of the Company of approximately HK$5,012,000 (2009: loss attributable to equity holders of the Company of approximately HK$20,757,000) and the weighted average number of 422,000,000 (2009: 422,000,000) Shares in issue.

The Company had no potential dilutive instruments during the years ended 30 April 2010 and 2009. Accordingly, diluted earnings/(loss) per share is not presented.

11. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**42,200**	17,874
Deposits and other receivables	**3,021**	–
	45,221	17,874

The Group allows its trade customers with a credit period normally ranging from 60 days to 120 days. The aged analysis of the Group's trade receivables (based on invoice date) as at 30 April 2010 and 2009 is as follows:–

	2010	2009
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**31,714**	17,874
91 to 180 days	**10,486**	–
	42,200	17,874

The Directors consider the carrying amounts of trade and other receivables approximate their fair values.

12. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**39,312**	16,708
Other payables	**16,869**	16,693
Amount due to a shareholder	**10,500**	6,000
Amount due to a deconsolidated subsidiary	**2,274**	2,274
	68,955	41,675

The aged analysis of the Group's trade payables as at 30 April 2010 and 2009 is as follows:–

	2010	2009
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**29,311**	16,397
91 to 180 days	**9,690**	–
Over 180 days	**311**	311
	39,312	16,708

The amounts due to a shareholder and a deconsolidated subsidiary are unsecured, interest-free and repayable on demand.

The Directors consider the carrying amounts of trade and other payables approximate their fair values.

13. GUARANTOR'S LIABILITY AND ACCRUED LIABILITY FOR POTENTIAL CLAIMS

The amount represents (i) the liability arising from the guarantee arrangements between the Company and two deconsolidated subsidiaries, namely Housely Industries Limited ("Housely Industries") and Dongguan Kalee Electrical Co., Ltd. ("Dongguan Kalee") of approximately HK$299,891,000 (2009: HK$299,891,000); (ii) the accrued liability for potential claims against the Group by the creditors of Housely Industries of approximately HK$16,500,000 (2009: HK$16,500,000); and (iii) the accrued interest of approximately HK$23,955,000 (2009: HK$23,955,000) on the outstanding bank borrowings and overdrafts of Housely Industries and Dongguan Kalee of which the Company acts as a guarantor for the period from the respective time Housely Industries and Dongguan Kalee were excluded from consolidation to 30 April 2010.

According to the Schemes, no interest accruing on debt after the Scheme Creditors' meeting held in March 2009 is provable or admissible as a claim under the Schemes. Accordingly, no interest was accrued during the year.

14. SUBSEQUENT EVENT

(i) The Company submitted a revised Resumption Proposal to the Stock Exchange on 7 May 2010, as mentioned in note 2 to this announcement.

(ii) In July 2010, the Company and RHT Limited ("RHT") reached a settlement agreement (the "Settlement Agreement") in the principal terms that RHT is to withdraw its claims against the Company in the High Court Action No. 2260 of 2008 ("HCA 2260/2008") in the High Court of Hong Kong commenced against the Company on 10 November 2008 for approximately HK$92,565,000 and costs and each party is to bear its own costs in HCA 2260/2008. A consent order in terms of the Settlement Agreement was filed on 20 July 2010 with the High Court of Hong Kong.

(iii) In July 2010, the Company set up a wholly owned foreign enterprise established in Dongguan, Guangdong Province, namely Dongguan Up Stand Electrical Manufacturing Co., Ltd ("Dongguan Up Stand"), which will be principally engaged in the design, manufacturing, marketing and distribution of household appliances such as convection heaters, patio heaters, electric fans and kitchen electrical appliances.

OPINION ON INDEPENDENT AUDITOR'S REPORT

Extracts from the report of independent auditor of the Company, PKF, are set out as below:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30 April 2010 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2(d) to the consolidated financial statements which indicates that as at 30 April 2010, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$414 million respectively. These conditions, together with the other matters as set forth in note 2(d) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern."

BUSINESS AND FINANCIAL REVIEW

Trading in the Shares on the Stock Exchange has been suspended since 14 May 2007 at the request of the SFC.

Due to the sealing up of its manufacturing facilities in April 2007, the Company, via its subsidiaries, began to concentrate its effort in trading business by securing sales orders from distributors and wholesalers and engaging subcontractors of original equipment manufacturer to manufacture the products. The Company, via its subsidiaries, now offers a wide range of products, including digital photo frames, digital enhanced cordless technology phones, mobile phones, baby monitors, digital TV signal converters, DVD players, turbo fans, water heaters, air-conditioners, HD-TV and full HD media players. Besides, the Group has recently expanded its business scope by moving upstream into the design of household appliances. In April 2010, the Group hired a team of professional and exclusively licensed the "Olevia" brand (the leading set-top box brand in Hong Kong) to engage in the design, marketing and distribution of household appliances such as fans, washing machines, air-conditioners and electric kitchen appliances. The household appliances under the "Olevia" brand are sold to the renowned electronics and electric goods retailers and wholesalers in Hong Kong. The sale of household appliances under "Olevia" brand was commenced in May 2010.

During the year, the Group recorded a turnover of approximately HK$150 million, representing a significant increase from a turnover of approximately HK$53 million compared with last year. The average gross profit margin increased from 6% to 6.5% compared with last year. The Group is playing an important role by acting as a sourcing agent in the supply chain to search different suppliers with new high value added and innovative products with low costs and good quality. The increase in both the turnover and the average gross profit margin were mainly attributed to the increased orders from existing customers, the addition of new customers and the exploration of new products with higher profit margins like baby monitors, digital TV signal converters, HD-TVs and full HD media players. Besides the increase in the turnover and the gross profit, the finance costs of the Group decreased significantly by approximately HK$24 million compared with last year. The finance costs of approximately HK$24 million in last year were mainly related to the interests accrued on the bank borrowings and overdrafts and guarantor's liability. As no interest accruing on a debt after the Scheme Creditors' meeting held in March 2009 is provable or admissible as a claim under the Schemes, no interest was accrued during the year ended 30 April 2010. Together with the decrease in other income of approximately HK$6 million which mainly came from the waiver of accrued directors' remuneration in last year, the results of the Group changed from a loss of approximately HK$21 million to a profit of approximately HK$5 million during the year ended 30 April 2010.

IMPORTANT EVENTS AND PROSPECTS

On 30 September 2008, the Company submitted the Resumption Proposal to the Stock Exchange and the SFC. The Resumption Proposal contains, amongst other matters, a restructuring proposal to revitalize the Company's financial position. As part of the Resumption Proposal, the Company proposed to raise HK$84.4 million, before expenses, by way of Open Offer of the offer Convertible Notes to the Qualifying Shareholders, which is fully underwritten by Mr. Kan, pursuant to the Underwriting Agreement. The Company also proposed to settle the Company's indebtedness due to the Scheme Creditors by the Hong Kong Scheme and the Cayman Scheme respectively.

Each of the Hong Kong Scheme and the Cayman Scheme was duly approved by a majority in number (i.e. over 50% in number) of the Scheme Creditors together representing no less than 75% in value of the Scheme Creditors present and voting in person or by proxy at the Scheme Creditors' meeting held on 16 March 2009. The Cayman Scheme was sanctioned by the Grand Court of the Cayman Islands on 27 March 2009 while the Hong Kong Scheme was sanctioned by the High Court of Hong Kong on 6 May 2009.

The Hong Kong Scheme and the Cayman Scheme will become effective upon an office copy of the relevant court order sanctioning the respective scheme having been delivered to the Registrar of Companies in Hong Kong or the Cayman Islands (as the case may be) for registration.

On 26 November 2009, the Stock Exchange announced that the Company would be placed into the Third Stage of Delisting as the Stock Exchange determined that the Company's Resumption Proposal was not a viable resumption proposal. On 7 May 2010, the Company submitted a revised Resumption Proposal to the Stock Exchange.

Upon completion of the Resumption Proposal, the Company would become almost debt free and additional working capital would be injected into the Group. The Directors would continue to expand the product range and explore products with higher profit margins.

Besides, the Group has strengthened its business operation by setting up its own manufacturing operation. In July 2010, the Company set up a wholly owned foreign enterprise established in Dongguan, Guangdong Province, namely Dongguan Up Stand, which will be principally engaged in the design, manufacturing, marketing and distribution of household appliances such as convection heaters, patio heaters, electric fans and kitchen electrical appliances. It is expected that Dongguan Up Stand will commence operation in August 2010.

The establishment of Dongguan Up Stand would be financed by Mr. Kan. The Directors believed that the above establishment of its own manufacturing operation can strengthen the competitive advantage of the Group and generate better returns to the Group. The Directors will also look for new business opportunities and believe that the Group's business will recover gradually.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK$8 million as at 30 April 2010 (2009: approximately HK$3 million). Balance of bank overdrafts, bank borrowings and guarantor's liability were approximately HK$349 million as at 30 April 2010 (2009: approximately HK$349 million). The gearing ratio of the Group as at 30 April 2010 calculated as a ratio of total bank loans, bank overdrafts and guarantor's liability to total assets was approximately 645% (2009: approximately 1,705%). Net liabilities were approximately HK$414 million (2009: approximately HK$419 million).

The Group recorded total current asset value of approximately HK$54 million as at 30 April 2010 (2009: approximately HK$20 million) and total current liability value of approximately HK$468 million (2009: approximately HK$439 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was about 0.11 as at 30 April 2010 (2009: approximately 0.05).

The Group recorded a profit of approximately HK$5 million for the year ended 30 April 2010 (2009: loss of approximately 21 million) and this resulted in an increase in shareholders' funds to a negative value of approximately HK$414 million as at 30 April 2010 (2009: negative value of approximately HK$419 million).

FOREIGN EXCHANGE EXPOSURE

Transactions of the Group were mainly denominated in Hong Kong dollars. The Directors did not consider that the Group was significantly exposed to foreign exchange risk for the year.

TREASURY POLICIES

The Group's major borrowings are in Hong Kong dollars and at variable interest rates. Bank balances and cash held by the Group were denominated in Hong Kong dollars. The Group currently did not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

PLEDGE OF ASSETS

The Group had no pledged assets as at 30 April 2010.

INVESTMENTS

The Group had not held any significant investment for the year ended 30 April 2010.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group did not have any material acquisition or disposal of subsidiaries or associated companies during the year ended 30 April 2010.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 30 April 2010 are set out in note 4 to this announcement.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 April 2010.

STAFF AND REMUNERATION POLICIES

As at 30 April 2010, the Group had 12 employees (2009: 6 employees). The Group's total staff costs amounted to approximately HK$993,000 (2009: HK$482,000) for the year ended 30 April 2010.

Competitive remuneration packages including discretionary bonus, retirement scheme benefits and share options are structured to commensurate with individual job duties, qualifications, performance and years of experience.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's interim and annual reports and financial statements. The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 30 April 2010. The audit committee of the Company currently comprises five independent non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 April 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the code provisions as set out in the Code, save and except certain deviations as described below:

1. **Code Provision A.2**

   The Company has not appointed any individual to take up the posts of the chief executive officer and chairman of the Company during the year and the daily operation and management of the Group were monitored by the directors as well as the senior management of the Group. The balance of power and authority was ensured by the operation of the Board and the Board considered that the current structure would not impair the balance of power and authority between the Board and the senior management of the Group.

2. **Code Provision A.4.1**

   Non-executive Directors should be appointed for specific term, subject to re-election. The independent non-executive Directors were not appointed for a specific term, but they were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company at least once every three years.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for approving, among other things, the audited consolidated financial statements of the Group for the year ended 30 April 2010, will be held at 11:00 a.m. on 14 September 2010 details of which are set out in the notice of annual general meeting of the Company which will be published in due course.

By Order of the Board
Warderly International Holdings Limited
Li Kai Yien, Arthur Albert
Director

Hong Kong, 3 August 2010

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Kai Yien, Arthur Albert, Ms. Li Shu Han, Eleanor Stella and Ms. Seto Ying and five independent non-executive Directors, namely Mr. Lau Tai Chim, Mr. Tam Ping Kuen, Daniel, Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong.