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 2011

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 2011, together with the comparative figures for the previous year prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Turnover	*3*	**171,358**	150,020
Cost of sales		**(153,611)**	(140,274)
Gross profit		**17,747**	9,746
Other income	*5*	**182**	26
Selling and distribution expenses		**(1,653)**	(249)
Administrative expenses		**(5,988)**	(3,186)
Profit before taxation	*6*	**10,288**	6,337
Taxation	*7*	**(2,242)**	(1,325)
Profit for the year attributable to equity shareholders of the Company		**8,046**	5,012
Other comprehensive loss for the year (after tax)			
Exchange differences on translation of foreign operation before and after tax effects		**(34)**	–
Total comprehensive income for the year attributable to equity shareholders of the Company		**8,012**	5,012
Earnings per share	*9*		
– Basic		**HK$0.02**	HK$0.01
– Diluted		**N/A**	N/A

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSET			
Property, plant and equipment		**4,019**	546
CURRENT ASSETS			
Inventories		**9,322**	17
Trade receivables, deposits and other receivables	*10*	**39,265**	45,221
Bank balances and cash		**17,749**	8,290
		66,336	53,528
CURRENT LIABILITIES			
Trade and other payables	*11*	**75,792**	68,955
Guarantor's liability and accrued liability for potential claims	*12*	**340,346**	340,346
Bank borrowings		**22,948**	22,948
Unsecured bank overdrafts		**2,104**	2,104
Taxation payable		**34,667**	33,235
		475,857	467,588
NET CURRENT LIABILITIES		**(409,521)**	(414,060)
NET LIABILITIES		**(405,502)**	(413,514)
CAPITAL AND RESERVES			
Share capital		**4,220**	4,220
Reserves		**(409,722)**	(417,734)
CAPITAL DEFICIENCIES		**(405,502)**	(413,514)

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 manufacturing 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 dollars 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.

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 [3]
HKAS 27 (Revised)	Separate Financial Statements [6]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures [6]
HKFRS 9	Financial Instruments [6]
HKFRS 10	Consolidated Financial Statements [6]
HKFRS 11	Joint Arrangements [6]
HKFRS 12	Disclosure of Interests in Other Entities [6]
HKFRS 13	Fair Value Measurement [6]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments [2]

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets [5]
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters [2]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [4]
Amendments to HKFRS 7	Disclosures-Transfers of Financial Assets [4]
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement [3]
Amendments to HKFRSs 2010	Improvements to HKFRSs 2010 [1]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011 as appropriate
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of its net current liabilities of approximately HK$410 million and net liabilities of approximately HK$406 million as at 30 April 2011.

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 certain 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; and (ii) the remaining amount of HK$47.4 million, firstly for the payment of professional fees and costs in relation to the Resumption Proposal, the proposal for restructuring of the Company and the Schemes, which costs shall be borne by the Company up to a maximum amount of HK$7 million and the excess borne by Mr. Kan pursuant to the Hong Kong Scheme and the Cayman Scheme, secondly for the repayment of the loan due from Up Stand Holdings Limited ("Up Stand") which is a wholly owned subsidiary of the Company to Mr. Kan pursuant to a loan agreement entered into between Up Stand, the Company and Mr. Kan dated 2 January 2009 and as supplemented and amended from time to time, which loan is the interim funding to the Group to meet its general working capital requirements, and thirdly for the general working capital of the Group.

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 be 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 ("PN 17") to the Listing Rules 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.

On 13 May 2011, the Stock Exchange issued a letter to the Company stating that the Listing Committee of the Stock Exchange considered that the revised Resumption Proposal submitted by the Company has not satisfactorily demonstrated sufficiency of operation or assets as required by the Listing Rules and decided that the listing of the Shares on the Stock Exchange be cancelled in accordance with PN 17 (the "Listing Decision").

On 17 May 2011, the Company submitted an application to the Listing (Review) Committee of the Stock Exchange to seek a review of the Listing Decision.

The Directors consider the Company will be able to maintain the listing of the Shares on the Stock Exchange and that 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. SEGMENT AND ENTITY-WIDE INFORMATION

Reportable segments

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

The Group's principal activities are as follows:–

- Trading of household electrical appliances;
- Manufacturing and sale 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 property, 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, guarantee 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 the 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		Manufacturing and sale of household electrical appliances		Trading of audio-visual products		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
External sales	**71,045**	60,668	**8,079**	–	**92,234**	89,352	**171,358**	150,020
RESULT								
Segment results	**2,929**	2,397	**(623)**	–	**10,637**	7,203	**12,943**	9,600
Other operating income							**141**	26
Unallocated corporate expenses							**(2,796)**	(3,289)
Profit before taxation							**10,288**	6,337
Taxation							**(2,242)**	(1,325)
Profit for the year							**8,046**	5,012
ASSETS								
Segment assets	**14,660**	19,903	**9,178**	–	**27,928**	25,189	**51,766**	45,092
Unallocated corporate assets							**18,589**	8,982
Consolidated total assets							**70,355**	54,074
LIABILITIES								
Segment liabilities	**7,719**	16,458	**3,354**	–	**23,036**	22,996	**34,109**	39,454
Unallocated corporate liabilities							**441,748**	428,134
Consolidated total liabilities							**475,857**	467,588
OTHER INFORMATION								
Capital additions	**–**	48	**3,956**	–	**–**	–	**3,956**	48
Unallocated capital additions							**–**	613
Total capital additions							**3,956**	661
Depreciation	**6**	–	**333**	–	**–**	–	**339**	–
Unallocated depreciation							**154**	115
Total depreciation							**493**	115

Geographical information

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Peoples' Republic of China ("PRC") (including Hong Kong)	**163,287**	150,020	**4,019**	546
Europe	**4,046**	–	**–**	–
Australia	**3,140**	–	**–**	–
Others	**885**	–	**–**	–
	171,358	150,020	**4,019**	546

The geographical location of customers is based on the location to which the goods are delivered. The geographical location of the non-current assets is based on the physical location of assets.

Information about major customers

There are three (2010: four) customers from segments of trading of household electrical appliances and trading of audio-visual products contributing over 10% of the total sales of the Group whose total revenue is approximately HK$141,761,000 (2010: HK$142,567,000).

5. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Waiver of accrued directors' remuneration	**140**	8
Interest income	**2**	–
Sundry income	**40**	18
	182	26

6. PROFIT BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:–		
Auditors' remuneration	**390**	340
Depreciation of property, plant and equipment	**493**	115
Loss on disposal of property, plant and equipment	**18**	–
Operating lease rentals in respect of rented premises	**1,578**	432
Staff costs, including Directors' emoluments	**3,535**	993
Retirement benefits scheme contributions	**59**	16

7. TAXATION

Taxation represents:–

	2011	2010
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**2,224**	1,325
China Enterprise Income Tax ("EIT")	**18**	–
	2,242	1,325

Provision for Hong Kong Profits Tax and China EIT was calculated at the rate of 16.5% (2010: 16.5%) and 25% on the estimated assessable profits of two subsidiaries of the Company operating in Hong Kong and China respectively. No provision for EIT has been made for the preceding year as the Group had no assessable profits chargeable to EIT.

At 30 April 2011, the Group had unused tax losses of approximately HK$21,050,000 (2010: HK$19,047,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely except the losses of approximately HK$357,000 (2010: HK$ Nil) which will expire in 2015.

At 30 April 2011, the Group had deductible temporary differences of approximately HK$141,000 (2010: HK$9,000) arising from the decelerated tax allowances. No deferred tax asset has been recognised in relation to these deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

8. DIVIDEND

No dividend was paid or proposed during the year ended 30 April 2011, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

The calculation of the basic earnings per Share attributable to equity shareholders of the Company for the year is based on the profit for the year attributable to equity shareholders of the Company of approximately HK$8,046,000 (2010: HK$5,012,000) and the weighted average number of 422,000,000 (2010: 422,000,000) Shares in issue.

The Company had no potential dilutive instruments during the years ended 30 April 2011 and 2010. Accordingly, diluted earnings per share is not presented.

10. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**37,318**	42,200
Deposits and other receivables	**1,947**	3,021
At end of the year	**39,265**	45,221

The Group allows its trade customers with a credit period normally ranging from payment on delivery to 120 days. The aged analysis of the Group's trade receivables (based on invoice date) as at 30 April 2011 and 2010 is as follows:–

	2011	2010
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**29,857**	31,714
91 to 180 days	**7,461**	10,486
	37,318	42,200

Included in the Group's trade receivables, the carrying amount of HK$9,735,000 (2010: HK$8,272,000) are past due but not impaired at the end of the reporting period.

Trade receivables that were past due but not impaired are related to independent customers that had a good track record with the Group. Based on the past experience, management believed that no impairment allowance is necessary in respect of these balances as there had not been a significant change in credit quality and the balances were considered fully recoverable. The Group does not hold any collateral over the balances.

11. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**32,537**	39,312
Other payables	**18,181**	16,869
Amount due to a shareholder	**22,800**	10,500
Amount due to a deconsolidated subsidiary	**2,274**	2,274
	75,792	68,955

The aged analysis of the Group's trade payables as at 30 April 2011 and 2010 is as follows:–

	2011	2010
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**32,226**	29,311
91 to 180 days	**–**	9,690
Over 180 days	**311**	311
	32,537	39,312

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

12. 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 (2010: 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 (2010: HK$16,500,000); and (iii) the accrued interest of approximately HK$23,955,000 (2010: 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 2011.

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 current and preceding years.

13. BANKING FACILITIES

As at 30 April 2011, the Group had available banking facilities to the extent of HK$10,000,000 which were secured by a corporate guarantee provided by the Company of HK$10,000,000 and a personal guarantee provided by Mr. Kan of HK$10,000,000.

14. SUBSEQUENT EVENTS

(i) As disclosed in note 2 to this announcement, the Company received a letter dated 13 May 2011 from the Stock Exchange in relation to the Listing Decision. On 17 May 2011, the Company submitted an application to the Listing (Review) Committee of the Stock Exchange to seek a review of the Listing Decision.

(ii) On 30 May 2011, the Company entered into an agreement with Ms. Yeung Chui Man (the "Vendor") pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Rich Honest (Europe) Limited ("RHE") at a consideration of HK$5,000,000, which will be fully satisfied in cash, from the Vendor.

The Vendor is an independent third party who is not a connected person of the Company as defined in the Listing Rules and is independent of the Company and connected persons of the Company. RHE is incorporated in Hong Kong with limited liability and is principally engaged in the manufacturing and sale of digital enhanced cordless telephony products to overseas customers.

Further details of the acquisition are set forth in the Company's announcement dated 30 May 2011 and the acquisition of RHE was completed on 22 June 2011.

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 2011 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(d) to the consolidated financial statements which indicates that as at 30 April 2011, the Group's current liabilities exceeded its current assets by approximately HK$410 million and its total liabilities exceeded its total assets by approximately HK$406 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 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, baby monitors, digital TV signal converters, DVD players, water heaters, notebooks, HD-TVs and full HD media players. During the year, the turnover and gross profit generated from trading of the above products increased by HK$8 million to HK$158 million and by HK$5 million to HK$15 million respectively compared with last year.

In April 2010, the Group expanded its business scope by moving upsteam into the design of household appliances. The Group set up a wholly-owned subsidiary, Olevia Home Appliances Limited ("Olevia"), 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 under the Olevia brand (the "Olevia Business"). The sale of household appliances under the "Olevia" brand was commenced in May 2010. Customers for the Olevia Business included branded chain stores and wholesalers and home users. The results of the Olevia Business has been grouped under the Group's business segment of trading of household electrical appliances as the Group has not established its own manufacturing capabilities for such products during the year. However, as the business did not perform as expected, the Company will reduce its investment in the Olevia Business.

Besides, in order to re-activate the Group's manufacturing operation, the Group has also, in July 2010, set up Dongguan Up Stand Electrical Manufacturing Co., Ltd ("Dongguan Up Stand"), a wholly-owned subsidiary of the Group established in the PRC, to engage in the design, manufacturing, marketing and distribution of household appliances such as convection panel heaters, quartz heaters, bathroom panel heaters and electric fans. With the establishment of Dongguan Up Stand, the Group has its own manufacturing operation (the "Manufacturing Business"). Its products will be mainly supplied to overseas customers in Europe, Australia and America. Dongguan Up Stand has commenced production in September 2010 and the first sale was made in October 2010. Dongguan Up Stand has generated profit since March 2011 despite the fact that it was still at a start up stage.

FINANCIAL REVIEW

During the year, the Group recorded a turnover of approximately HK$171 million, representing an increase of approximately HK$21 million from a turnover of approximately HK$150 million compared with last year. The average gross profit margin increased from 6.5% to 10.4% compared with last year. The increase in both the turnover and the average gross profit margin were mainly attributed to the increase in sales from the Olevia Business and the Manufacturing Business with higher average gross profit margin of 18%, and concentration on sale of products with higher average gross profit margin of over 10% like digital TV signal converters, HD-TVs and full HD media players for the original trading business.

For the original trading business, the turnover increased by HK$8 million to HK$158 million, representing an increase in turnover of 5% compared with last year. The gross profit increased by HK$5 million to HK$15 million, representing an increase in gross profit of 50% compared with last year. The increase was mainly due to the Company's effort on sale of high technology products with higher profit margin such as HD-TVs, Full HD media players, etc.

During the year, the net losses from the Olevia Business and the Manufacturing Business were approximately HK$1.7 million and HK$0.6 million respectively. The losses were mainly due to the fact that the development of the Olevia Business and the Manufacturing Business were at the initial stage and the result of the Olevia Business did not perform as expected, which mainly resulted from high entry costs of well branded chain stores, delay in shipment of products from suppliers and high storage charges. Nevertheless, the Manufacturing Business has managed to generate profit commencing from March 2011. During the year, the turnover and gross profit generated from the Manufacturing Business were HK$8 million and HK$1.5 million respectively. In April 2011, Dongguan Up Stand began to set up a new powder coating line which was in use in July 2011. The manufacturing cost can be reduced subsequently. The Group expects the average gross profit margin can increase by 4% in future to 22% compared with the average gross profit margin of 18% for the year ended 30 April 2011. While being optimistic about the prospect of the Manufacturing Business, the management of the Group will continue to closely monitor the operations of both the Olevia Business and the Manufacturing Business.

Resulted from the good performance of the existing trading business, the profit of the Group for the year was approximately HK$8 million, representing an increase of approximately HK$3 million from a profit of approximately HK$5 million compared with last year.

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 the 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 procedures pursuant to PN 17 to the Listing Rules 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. On 13 May 2011, the Stock Exchange issued a letter to the Company stating that the Listing Committee of the Stock Exchange considered that the revised Resumption Proposal submitted by the Company has not satisfactorily demonstrated sufficiency of operation or assets as required by the Listing Rules and decided that the listing of the Shares on the Stock Exchange be cancelled in accordance with PN 17 (the "Listing Decision").

On 17 May 2011, the Company submitted an application to the Listing (Review) Committee of the Stock Exchange to seek a review of the Listing Decision.

Upon resumption of trading in the Shares on the Stock Exchange, the Company would become almost debt free and additional working capital would be injected into the Group.

In order to strengthen the manufacturing operation of the Group, on 30 May 2011, the Company entered into an agreement to acquire 100% interest in Rich Honest (Europe) Limited ("RHE"), which is incorporated in Hong Kong with limited liability, at a cash consideration of HK$5,000,000. The acquisition of RHE was completed on 22 June 2011. RHE's principal business is the manufacturing and sale of a different type of household appliance-digital enhanced cordless telephony ("DECT") products, CAT-iq handset and 3G wireless local loop products ("RHE Business"). RHE is one of the key players in the DECT business with strong development knowhow and market knowledge. RHE will mainly sell products to overseas customers in Japan and America. As part of the acquisition, the previous owner of RHE has guaranteed to the Company that the net profit of the RHE group contributed to the Group will be not less than HK$3.3 million, HK$5 million and HK$5 million for the years ending 30 April 2012, 30 April 2013 and 30 April 2014 respectively.

The Group would continue to expand the product range, develop and explore products with higher profit margins, extend its distribution channels and customer base and develop worldwide market and China market for both its trading and manufacturing operations.

The Directors believe that the manufacturing operation including both the Manufacturing Business and the RHE Business will strengthen the competitive advantage of the Group and generate better returns to the Group. Besides, the Directors will continue to look for suitable acquisition targets to strengthen its manufacturing operation and believe that the Group's business will grow gradually and the Company will be able to maintain the listing of the Shares on the Stock Exchange.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK$18 million as at 30 April 2011 (2010: approximately HK$8 million). Balance of bank overdrafts, bank borrowings and guarantor's liability were approximately HK$349 million as at 30 April 2011 (2010: approximately HK$349 million). The gearing ratio of the Group as at 30 April 2011 calculated as a ratio of total bank loans, bank overdrafts and guarantor's liability to total assets was approximately 496% (2010: approximately 645%). Net liabilities were approximately HK$406 million (2010: approximately HK$414 million).

The Group recorded total current asset value of approximately HK$66 million as at 30 April 2011 (2010: approximately HK$54 million) and total current liability value of approximately HK$476 million (2010: approximately HK$468 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was about 0.14 as at 30 April 2011 (2010: approximately 0.11).

The Group recorded a profit of approximately HK$8 million for the year ended 30 April 2011 (2010: approximately HK$5 million) and this resulted in an increase in shareholders' funds to a negative value of approximately HK$406 million as at 30 April 2011 (2010: negative value of approximately HK$414 million).

FOREIGN EXCHANGE EXPOSURE

Sales and purchases of the Group were transacted in Renminbi ("RMB"), United States dollars ("USD") and Hong Kong dollars ("HKD"). Most of the Group's monetary assets and liabilities were denominated in these currencies. The Directors were aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between these currencies and will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

TREASURY POLICIES

The Group's major borrowings are in HKD and at variable interest rates. Bank balances and cash held by the Group were denominated in HKD, USD and RMB. 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 2011.

INVESTMENTS

The Group had not held any significant investment for the year ended 30 April 2011.

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 2011.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 30 April 2011 are set out in note 4 to this announcement.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 April 2011.

STAFF AND REMUNERATION POLICIES

As at 30 April 2011, the Group had about 114 employees (2010: 12 employees). The Group's total staff costs amounted to approximately HK$3,535,000 (2010: HK$993,000) for the year ended 30 April 2011.

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 2011. The audit committee of the Company currently comprises three independent non-executive Directors.

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

During the year ended 30 April 2011, 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 except the followings:

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 2011, will be held at 11:00 a.m. on 16 September 2011 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, 28 July 2011

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 three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong.