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 2012

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 2012, 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 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	3	**63,576**	171,358
Cost of sales		**(58,523)**	(153,611)
Gross profit		**5,053**	17,747
Other income	5	**5,950**	182
Impairment of goodwill		**(5,497)**	–
Selling and distribution expenses		**(2,056)**	(1,653)
Administrative expenses		**(17,752)**	(5,988)
Operating (loss)/profit		**(14,302)**	10,288
Finance costs		**(34)**	–
(Loss)/profit before taxation	6	**(14,336)**	10,288
Taxation	7	**(87)**	(2,242)
(Loss)/profit for the year		**(14,423)**	8,046
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		**250**	(34)
Total comprehensive (loss)/income for the year attributable to equity shareholders of the Company		**(14,173)**	8,012
(Loss)/earnings per share	9		
– Basic		**(HK$0.03)**	HK$0.02
– Diluted		**N/A**	N/A

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 30 April 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Goodwill	*10*	–	–
Property, plant and equipment		**6,042**	4,019
		6,042	4,019
CURRENT ASSETS			
Inventories		**3,670**	9,322
Trade receivables, deposits and other receivables	*11*	**6,748**	39,265
Bank balances and cash		**1,657**	17,749
		12,075	66,336
CURRENT LIABILITIES			
Trade and other payables	*12*	**38,259**	75,792
Guarantor's liability and accrued liability for potential claims		**340,346**	340,346
Bank borrowings		**22,948**	22,948
Unsecured bank overdrafts		**3,710**	2,104
Taxation payable		**32,529**	34,667
		437,792	475,857
NET CURRENT LIABILITIES		**(425,717)**	(409,521)
NET LIABILITIES		**(419,675)**	(405,502)
CAPITAL AND RESERVES			
Share capital		**4,220**	4,220
Reserves		**(423,895)**	(409,722)
CAPITAL DEFICIENCIES		**(419,675)**	(405,502)

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 19 (Revised 2011)	Employee Benefits [4]
HKAS 27 (Revised 2011)	Separate Financial Statements [4]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures [4]
HKFRS 9	Financial Instruments [6]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine [4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income [3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets [2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [5]

Amendments to HKFRS 1	Government Loans [4]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets [1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities [4]
Amendments to HKFRS 7 and HKFRS 9	Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures [6]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

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$420 million as at 30 April 2012.

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 creditors (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 Director and 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 as the Scheme Fund mentioned above; and (ii) the remaining amount of HK$47.4 million, firstly for the payment of the Restructuring and Scheme Costs, which costs shall be borne by 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 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 ("PN17") 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 Company submitted a submission to the Stock Exchange on 31 August 2011 and attended the review hearing of the Listing (Review) Committee to review the Listing Decision on 20 September 2011. However, the Listing (Review) Committee of the Stock Exchange decided to uphold the Listing Decision that the revised Resumption Proposal had not satisfactorily demonstrated sufficiency of operation or assets as required under Rule 13.24 and that the listing of the Company's shares on the Stock Exchange be cancelled in accordance with PN17.

On 11 October 2011, the Company submitted an application to the Listing (Appeals) Committee of the Stock Exchange to seek a second review of the Listing Decision.

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. SEGMENT 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.

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 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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
External sales	**11,472**	71,045	**52,104**	8,079	**–**	92,234	**63,576**	171,358
RESULT								
Segment result	**(1,283)**	2,929	**(8,554)**	(623)	**–**	10,637	**(9,837)**	12,943
Other operating income							**151**	141
Unallocated corporate expenses							**(4,650)**	(2,796)
(Loss)/profit before taxation							**(14,336)**	10,288
Taxation							**(87)**	(2,242)
(Loss)/profit for the year							**(14,423)**	8,046
ASSETS								
Segment assets	**3**	14,660	**14,671**	9,178	**–**	27,928	**14,674**	51,766
Unallocated corporate assets							**3,443**	18,589
Consolidated total assets							**18,117**	70,355
LIABILITIES								
Segment liabilities	**177**	7,719	**3,684**	3,354	**134**	23,036	**3,995**	34,109
Unallocated corporate liabilities							**433,797**	441,748
Consolidated total liabilities							**437,792**	475,857
OTHER INFORMATION								
Capital additions	**–**	–	**3,362**	3,956	**–**	–	**3,362**	3,956
Capital additions from acquisition of a subsidiary	**–**	–	**2,141**	–	**–**	–	**2,141**	–
Depreciation	**6**	6	**956**	333	**–**	–	**962**	339
Unallocated depreciation	**–**	–	**–**	–	**–**	–	**152**	154
Total depreciation							**1,114**	493
Amortisation of intangible assets	**–**	–	**8**	–	**–**	–	**8**	–
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**5,497**	–
Impairment of property, plant and equipment	**18**	–	**1,065**	–	**–**	–	**1,083**	–
Impairment of intangible assets	**–**	–	**186**	–	**–**	–	**186**	–
Impairment of inventories	**–**	–	**1,913**	–	**–**	–	**1,913**	–
Impairment of trade receivables	**–**	–	**948**	–	**–**	–	**948**	–

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	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC (including Hong Kong)	**32,069**	163,287	**6,042**	4,019
Europe	**18,136**	4,046	**–**	–
Australia	**1,880**	3,140	**–**	–
United States of America	**11,491**	–	**–**	–
Others	**–**	885	**–**	–
	63,576	171,358	**6,042**	4,019

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

For the year ended 30 April 2012, there are two (2011: Nil) customers from segments of manufacturing and sales of household electrical appliances contributing over 10% of the total sales of the Group whose total revenue is approximately HK$22,231,000 (2011: Nil).

For the year ended 30 April 2012, there is one (2011: three) 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$7,145,000 (2011: HK$ 141,761,000).

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Change in fair value of contingent consideration in respect of acquisition of a subsidiary	**5,000**	–
Waiver of accrued directors' remuneration	**–**	140
Interest income	**5**	2
Sundry income	**945**	40
	5,950	182

6. (LOSS)/PROFIT BEFORE TAXATION

	2012 *HK$'000*	2011 *HK$'000*
(Loss)/profit before taxation has been arrived at after charging:–		
Auditors' remuneration	**280**	390
Amortisation of intangible assets	**8**	–
Depreciation of property, plant and equipment	**1,114**	493
Loss on disposal of property, plant and equipment	**–**	18
Impairment of goodwill – Note 10	**5,497**	–
Impairment of plant and equipment	**1,083**	–
Impairment of intangible asset	**186**	–
Impairment of inventories	**1,913**	–
Impairment of trade receivables	**948**	–
Written-off of other receivables, prepayments and deposits	**3,926**	–
Operating lease rentals in respect of rented premises	**884**	1,578
Staff costs, including Directors' emoluments	**10,288**	3,535
Retirement benefits scheme contributions, including Directors	**261**	59
Interest on bank overdrafts	**34**	–

7. TAXATION

Taxation represents:-

	2012 *HK$'000*	2011 *HK$'000*
Hong Kong Profits Tax	**25**	2,224
China Enterprise Income Tax ("EIT")	**62**	18
	87	2,242

Provision for Hong Kong Profits Tax was calculated at the rate of 16.5% on the estimated assessable profits of a subsidiary of the Company operating in Hong Kong for both years.

Provision for China EIT was calculated at the rate of 25% (2011: 25%) on the estimated assessable profits of a subsidiary of the Company operating in China.

Taxation for the year can be reconciled to the (loss)/profit before taxation per the consolidated statement of comprehensive income as follows:-

	2012	2011
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(14,336)**	10,288
Tax at Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	**(2,365)**	1,697
Hong Kong and PRC tax rates differential	**150**	6
Tax effect of non-taxable income	**(5)**	(23)
Tax effect of non-deductible expenses	**547**	209
Tax effect of deductible temporary differences not recognised	**25**	22
Tax effect of tax loss not recognised	**1,795**	331
Utilisation of tax losses	**(60)**	–
Taxation for the year	**87**	2,242

At 30 April 2012, the Group had unused tax losses of approximately HK$31,570,000 (2011: HK$21,050,000) 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.

At 30 April 2012, the Group had deductible temporary differences of approximately HK$293,000 (2011: HK$141,000) 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 2012, nor has any dividend been proposed since the end of the reporting period.

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic earnings per Share attributable to equity holders of the Company for the year is based on the loss for the year attributable to equity holders of the Company of approximately HK$14,423,000 (2011: profit of HK$8,046,000) and the weighted average number of 422,000,000 (2011: 422,000,000) Shares in issue.

The company had no potential dilutive instruments during the years ended 30 April 2012 and 2011. Accordingly, diluted earnings per share is not presented.

10. GOODWILL

	HK$'000
Cost:–	
Addition and at 30.4.2012	5,497
Accumulated impairment losses:–	
Impairment loss and at 30.4.2012	5,497
Carrying amount:–	
At 30.4.2012	–

Impairment test for cash-generating units containing goodwill

Goodwill is allocated to the group's cash-generating units ("CGU") identified operating segment as follows:-

	2012
	HK$'000
Manufacturing and sales of household electrical appliances	**–**

(a) The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one year period.

(b) Goodwill arised from an acquisition of a subsidiary in June 2011 (Note 13). However, the subsidiary generated loss during the period after acquisition, the management decided to stop the operation of the subsidiary. Accordingly, the goodwill was impaired and recorded in profit or loss.

11. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**3,413**	37,318
Deposits and other receivables	**3,335**	1,947
At end of the year	**6,748**	39,265

The Group allows its trade customers with a credit period normally ranging from payment on delivery to 120 days. The aged analysis (based on invoice date) of the Group's trade receivables as at 30 April 2012 and 2011 is as follows:-

	2012	2011
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**3,413**	29,857
91 to 180 days	**–**	7,461
	3,413	37,318

Included in the Group's trade receivables, the carrying amount of HK$2,054,000 (2011: HK$9,735,000) 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.

12. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**3,215**	32,537
Other payables	**18,040**	18,181
Amount due to a shareholder	**14,730**	22,800
Amount due to a deconsolidated subsidiary	**2,274**	2,274
	38,259	75,792

The aged analysis of the Group's trade payables as at 30 April 2012 and 2011 is as follows:–

	2012	2011
	HK$'000	*HK$'000*
Aged:		
0 to 90 days	**1,439**	32,226
91 to 180 days	**1,391**	–
Over 180 days	**385**	311
	3,215	32,537

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

13. ACQUISITION OF A SUBSIDIARY

On 22 June 2011, the Company acquired 100% of the issued shares of Rich Honest (Europe) Ltd. for a total purchase consideration of HK$5,000,000. The details of the acquisition are as follows:-

Recognised amounts of identifiable assets acquired and liabilities assumed:-

	HK$'000
Property, plant and equipment	2,141
Intangible asset	194
Inventories	512
Trade and other receivables	4,562
Bank overdraft	(1,583)
Trade and other payables	(6,323)
Fair value of total identifiable net liabilities	(497)
Goodwill – *Note 10*	5,497
Total consideration	5,000
Purchase consideration settled in cash (note)	–
Bank overdraft in a subsidiary acquired	1,583
Cash outflow on acquisition	1,583

From the period between 22 June 2011 and 30 April 2012, the subsidiary contributed turnover of approximately HK$4,702,000 and a net loss of approximately HK$10,239,000 to the consolidated net loss for the year ended 30 April 2012.

If the acquisition had occurred on 1 May 2011, the directors estimates that the Group's turnover would have been approximately HK$64,623,000 and net loss would have been approximately HK$15,391,000 for the year ended 30 April 2012.

Note:–

The purchase consideration of HK$5,000,000 was waived during the year as the earnings target stated in the sales and purchase agreement of acquiring Rich Honest (Europe) Ltd was not reached.

OPINION ON INDEPENDENT AUDITOR'S REPORT

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

"Basis For Disclaimer Opinion

As at 30 April 2012, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$426 million and HK$420 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. We were unable to obtain sufficient appropriate evidence regarding the management's assessment on whether the management's use of the going concern assumption in the consolidated financial statements is appropriate or not.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the Hong Kong Companies Ordinance."

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 (the "Trading Business") by securing sales orders from distributors and wholesalers and engaging subcontractors of original equipment manufacturer to manufacture the household electrical appliances and audio-visual products. In April 2010, the Group expanded its business scope by moving upsteam into the design of household appliances and distribution of its own designed appliances under the "Olevia" brand (the "Olevia Business"). During the year, the turnover generated from the Trading business and the Olevia Business decreased by approximately HK$152 million to approximately HK$11 million and changed from gross profit of approximately HK$16 million to gross loss of approximately HK$476,000 compared with last year. The decrease in the results of the Trading Business and the Olevia Business was mainly due to scale down of their businesses during the year. Ever since it has been made clear by the Stock Exchange that the Trading Business and the Olevia Business could not justify a listing resumption of its shares, the Company has been concentrating on possible acquisition of manufacturing business with sizable profitable track record.

In order to re-activate the Group's manufacturing operation (the "Manufacturing Business"), the Group, 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 People's Republic of China ("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. Its products mainly supplied to overseas customers in Europe, Australia and America. Since August 2011, the Group has started to develop the PRC market. The Group generated turnover of over HK$20 million from the PRC market during the year. Resulted from the effort of the Group in expending the production facilities and marketing its products during the year, the turnover and gross profit generated from Manufacturing Business increased significantly from approximately HK$8 million to approximately HK$47 million and from approximately HK$2 million to approximately HK$6 million respectively as compared with last year.

On 22 June 2011, the Company acquired 100% interest in Rich Honest (Europe) Limited ("RHE"), which is incorporated in Hong Kong with limited liability, at a cash consideration of HK$5 million. 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 (the "RHE Business"). The RHE Business generated net operating loss (before impairment) and gross loss of approximately HK$2 million and HK$595,000 respectively during the four months operation. However, as the Stock Exchange has casted doubts on the achievability of RHE's forecast profit in the assessment of the listing resumption of its shares, the Company has no choice but to cease investing in the RHE business.

FINANCIAL REVIEW

For the year ended 30 April 2012, the net result of the Group changed from profit of approximately HK$8 million to net loss of approximately HK$14 million compared with last year.

During the year, the Group recorded a turnover of approximately HK$64 million, representing a decrease by 63% compared with last year. The average gross profit margin decreased from 10% to 8% compared with last year. The decrease in turnover was mainly due to scale down operation of the Trading Business and the Olevia Business. Turnover from the Trading Business and the Olevia Business decreased from approximately HK$163 million to approximately HK$11 million. The decrease in gross profit margin was mainly due to decrease in average gross profit margin of Manufacturing Business from 19% to 13% resulted from increasing PRC sales with lower profit margin. Besides, in order to sell out all the stock of the Olevia Business which became outdate, the Group offered large discounts to its wholesalers and end users. Gross loss of approximately HK$1.3 million was generated from the Olevia Business.

In addition, the RHE Business, which the Company acquired on 22 June 2011 and invested over HK$9 million, was not performed as expected, generating net operating loss of approximately HK$2 million and gross loss of approximately HK$595,000 for the period from 22 June 2011 to 31 October 2011. Upon the cessation by the Company in the investing in the RHE Business, a loss provision of approximately HK$8 million was made over certain assets at the year ended. Moreover, the goodwill of approximately HK$5 million deriving from the acquisition of RHE by the Company was also written off at the year ended.

On the positive side, turnover from the Manufacturing Business increased from approximately HK$8 million to approximately HK$47 million and net result changed from a loss of approximately HK$623,000 to a profit of approximately HK$2.2 million compared with last year. The significant achievement is a result of improvement in the effectiveness and efficiency in the use of the production facilities and maturity of the management team after one year operation and in expending the customer base through direct promotion exhibitions.

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 of the Company, which is fully underwritten by Mr. Kan pursuant to the Underwriting Agreement entered into between the Company and Mr. Kan on 8 October 2008. The Company also proposed to settle the Company's indebtedness by way of the Schemes.

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 Practice Note 17 ("PN 17") to the Rules Governing the Listing of Securities on the Stock Exchange 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.

The Company submitted a submission to the Stock Exchange on 31 August 2011 and attended the review hearing with the Listing (Review) Committee to review the Listing Decision on 20 September 2011. However, the Listing (Review) Committee decided to uphold the Listing Decision that the revised Resumption Proposal had not satisfactorily demonstrated sufficiency of operation or assets as required under Rule 13.24 and that the listing of the Company's shares on the Stock Exchange be cancelled in accordance with PN 17.

On 11 October 2011, the Company submitted an application to the Listing (Appeals) Committee of the Stock Exchange to seek a second review of the Listing Decision.

In order to convince the Stock Exchange to grant a listing resumption of the Shares, the Directors shall continue to search for suitable acquisition of operations with sizable profitable track records.

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.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK$2 million as at 30 April 2012 (2011: approximately HK$18 million). Balance of bank overdrafts, bank borrowings and guarantor's liability were approximately HK$351 million as at 30 April 2012 (2011: approximately HK$349 million). The gearing ratio of the Group as at 30 April 2012 calculated as a ratio of total bank loans, bank overdrafts and guarantor's liability to total assets was approximately 1,935% (2011: approximately 496%). Net liabilities were approximately HK$420 million (2011: approximately HK$406 million).

The Group recorded total current asset value of approximately HK$12 million as at 30 April 2012 (2011: approximately HK$66 million) and total current liability value of approximately HK$438 million (2011: approximately HK$476 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was about 0.03 as at 30 April 2012 (2011: approximately 0.14).

The Group recorded a loss of approximately HK$14 million for the year ended 30 April 2012 (2011: profit of approximately HK$8 million) and this resulted in an decrease in shareholders' funds to a negative value of approximately HK$420 million as at 30 April 2012 (2011: negative value of approximately HK$406 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 2012.

INVESTMENTS

The Group had not held any significant investment for the year ended 30 April 2012.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

On 22 June 2011, the Company acquired 100% interest in Rich Honest (Europe) Limited ("RHE"), which is incorporated in Hong Kong with limited liability, at a cash consideration of HK$5 million. RHE's principal business is manufacturing and sale of household electrical appliances.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 30 April 2012 are set out in note 4 to this announcement.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 April 2012.

STAFF AND REMUNERATION POLICIES

As at 30 April 2012, the Group had about 91 employees (2011: 114 employees). The Group's total staff costs amounted to approximately HK$10,288,000 (2011: HK$3,535,000) for the year ended 30 April 2012.

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 as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. 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 2012. 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 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") under Appendix 14 to the Listing Rules throughout the year ended 30 April 2012 except the followings:

1. **Code Provision A.2.1**

   The roles of chairman and chief executive officer should be separate. The positions of chairman and chief executive officer of the Company were held by Mr. Kan. The Board believes that holding of both positions of chairman and chief executive officer by the same person allows more effective planning and execution of business strategies. The Board has full confidence in Mr. Kan and believes that his dual roles will be beneficial to 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.

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 2012, will be held at 12:15 p.m. on 19 September 2012 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
Kan Che Kin, Billy Albert
Chairman

Hong Kong, 31 July 2012

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Kan Che Kin, Billy Albert, 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.