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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2009

The board (the “Board”) of directors (the “Directors”) of Warderly International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 October 2009 (the “Period”), together with comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

For the six months ended 31 October 2009

		Six months ended 31 October	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	3	86,165	6,974
Cost of sales		(80,604)	(6,597)
Gross profit		5,561	377
Other income		19	46
Administrative expenses		(1,511)	(2,764)
Finance costs	4	—	(15,395)
Profit/(loss) before taxation	5	4,069	(17,736)
Taxation	6	(791)	(25)
Profit/(loss) for the period and total comprehensive income/(loss) for the period		3,278	(17,761)

* for identification purpose only

		Six months ended	
		31 October	
		2009	2008
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<i>Notes</i>			
Attributable to:			
Equity shareholders of the Company		3,278	(17,722)
Minority interests		—	(39)
		<u>3,278</u>	<u>(17,761)</u>
		<u><u>3,278</u></u>	<u><u>(17,761)</u></u>
Earnings/(loss) per share	8		
– Basic		<u><u>HK\$0.01</u></u>	<u><u>HK\$(0.04)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2009

		31 October 2009 (Unaudited) HK\$'000	30 April 2009 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSET			
Plant and equipment		575	—
CURRENT ASSETS			
Trade and other receivables	9	42,042	17,874
Bank balances and cash		5,702	2,591
		47,744	20,465
CURRENT LIABILITIES			
Trade and other payables	10	65,460	41,675
Guarantor's liability and accrued liability for potential claims	11	340,346	340,346
Bank borrowings		22,948	22,948
Unsecured bank overdrafts		2,104	2,104
Taxation payable		32,709	31,918
		463,567	438,991
NET CURRENT LIABILITIES		(415,823)	(418,526)
NET LIABILITIES		(415,248)	(418,526)
CAPITAL AND RESERVES			
Share capital		4,220	4,220
Reserves		(419,468)	(422,746)
CAPITAL DEFICIENCIES		(415,248)	(418,526)

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Compliance with Hong Kong Financial Reporting Standards

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

A number of new or revised standards, amendments and interpretations are effective for the financial year beginning on 1 May 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group’s annual audited consolidated financial statements for the year ended 30 April 2009.

HKAS 1 (Revised)	Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)
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HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

The following new or revised standards, amendments and interpretations in issue at the date of authorisation of these condensed consolidated financial statements have not been applied in the preparation of the Group’s condensed consolidated financial statements for the Period since they were not yet effective for the annual period beginning on 1 May 2009:

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

- ¹ Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
- ³ Effective for annual periods beginning on or after 1 July 2009
- ⁴ Effective for annual periods beginning on or after 1 January 2010
- ⁵ Effective for annual periods beginning on or after 1 February 2010
- ⁶ Effective for annual periods beginning on or after 1 July 2010
- ⁷ Effective for annual periods beginning on or after 1 January 2011
- ⁸ Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Company's ownership interest in a subsidiary. The Directors anticipate that the application of the other new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

(b) Going concern basis

In preparing the condensed 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\$415 million as at 31 October 2009.

Trading in the shares of the Company (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 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 Law 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 full settlement of all amounts due to the Scheme Creditors pursuant to the Schemes; (ii) approximately HK\$10.4 million for the payment of the professional fees and costs in relation to the Resumption Proposal, the Schemes and the Open Offer 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.

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 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 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 will have a final period of six months for the submission of a viable resumption proposal and to remedy those matters that gave rise to the Stock Exchange’s proposal to cancel the listing of the Company. A viable resumption proposal should be submitted at least 10 business days (as defined in the Listing Rules) before the expiry of the six-month period. If the Company has not submitted a viable resumption proposal as required, the Stock Exchange intends to cancel the listing of the Company on the expiry of the six-month period from the date of the announcement (i.e. 25 May 2010).

The Company is presently revising the terms of the Resumption Proposal for the onward submission to the Stock Exchange. 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 condensed consolidated financial statements on a going concern basis as appropriate.

3. TURNOVER AND SEGMENT INFORMATION

The Group's turnover represents the net amounts received and receivable for goods sold to outside customers, less returns and allowance.

The Group operated in the trading of household electrical appliances and audio-visual products during both periods.

	Trading of household electrical appliances		Trading of audio-visual products		Consolidated	
	Six months ended 31 October		Six months ended 31 October		Six months ended 31 October	
	2009	2008	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER						
External sales	<u>32,284</u>	<u>4,292</u>	<u>53,881</u>	<u>2,682</u>	<u>86,165</u>	<u>6,974</u>
RESULTS						
Segment results	<u>1,310</u>	<u>121</u>	<u>4,249</u>	<u>252</u>	<u>5,559</u>	<u>373</u>
Unallocated other income					19	46
Unallocated corporate expenses					(1,509)	(2,760)
Finance costs					<u>–</u>	<u>(15,395)</u>
Profit/(loss) before taxation					4,069	(17,736)
Taxation					<u>(791)</u>	<u>(25)</u>
Profit/(loss) for the period					<u><u>3,278</u></u>	<u><u>(17,761)</u></u>

Segment results represent the results of each segment without allocation of central administration costs, other income and finance costs. This is the measure reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

The Group's operations are located in the People's Republic of China (the "PRC") including Hong Kong during both periods.

4. FINANCE COSTS

	Six months ended 31 October	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings and overdrafts wholly repayable within five years	–	1,839
Guarantor's liability	<u>–</u>	<u>13,556</u>
	<u><u>–</u></u>	<u><u>15,395</u></u>

5. PROFIT/(LOSS) BEFORE TAXATION

Six months ended 31 October	
2009	2008
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Profit/(loss) before taxation has been arrived
at after charging/(crediting):—

Depreciation of plant and equipment

38

—

Interest income

—

(1)

6. TAXATION

Provision for Hong Kong profits tax has been calculated at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit of a subsidiary of the Company operating in Hong Kong for the Period.

No provision for taxation has been made in respect of the Company's subsidiaries operating in other jurisdictions as they did not have assessable profits for both periods.

7. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2008: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings (2008: loss) per Share attributable to equity shareholders of the Company for the Period is based on the profit for the Period attributable to equity shareholders of the Company of approximately HK\$3,278,000 (2008: loss of approximately HK\$17,722,000) and the weighted average number of 422,000,000 (2008: 422,000,000) Shares in issue.

The calculation of diluted loss per Share for the six months ended 31 October 2008 did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Share during the preceding period before the suspension of trading in Shares on the Stock Exchange in May 2007. Those share options were surrendered during the preceding period.

The Company had no dilutive potential Shares during the Period and as at 31 October 2009.

9. TRADE AND OTHER RECEIVABLES

	31 October 2009 (Unaudited) HK\$'000	30 April 2009 (Audited) HK\$'000
Trade receivables	41,856	17,874
Other receivables	186	—
	<u>42,042</u>	<u>17,874</u>

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts as at 31 October 2009 and 30 April 2009 (based on invoice date):

	31 October 2009 (Unaudited) HK\$'000	30 April 2009 (Audited) HK\$'000
Aged:		
0 to 90 days	37,740	17,874
91 to 180 days	4,116	—
	<u>41,856</u>	<u>17,874</u>

As at 31 October 2009, trade receivables with carrying amount of approximately HK\$4,178,000 were past due within 30 days but not impaired. As at 30 April 2009, trade receivables with carrying amount of approximately HK\$7,406,000 were past due within 60 days but not impaired.

10. TRADE AND OTHER PAYABLES

	31 October 2009 (Unaudited) HK\$'000	30 April 2009 (Audited) HK\$'000
Trade payables	39,284	16,708
Other payables	16,402	16,693
Amount due to a shareholder	7,500	6,000
Amount due to a deconsolidated subsidiary	2,274	2,274
	<u>65,460</u>	<u>41,675</u>

The aged analysis of the Group's trade payables as at 31 October 2009 and 30 April 2009 is as follows:

	31 October 2009 (Unaudited) HK\$'000	30 April 2009 (Audited) HK\$'000
Aged:		
0 to 90 days	35,132	16,397
91 to 180 days	3,841	–
Over 180 days	311	311
	39,284	16,708

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

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

The amount represents (i) the liability arising from the guarantee arrangements between the Company and Housely Industries Limited ("Housely Industries") and Dongguan Kalee Electrical Co., Ltd. ("Dongguan Kalee") of approximately HK\$299,891,000 (30 April 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 (30 April 2009: HK\$16,500,000); and (iii) the accrued interest of approximately HK\$23,955,000 (30 April 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 31 October 2009.

According to the Schemes, 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. Accordingly, no interest was accrued during the Period.

12. CONTINGENT LIABILITIES

On 10 November 2008, RHT Limited commenced the High Court Action No. 2260 of 2008 ("HCA 2260/2008") in the High Court of Hong Kong against the Company. RHT Limited alleged in its statement of claim in HCA 2260/2008 that the Company and Housely Industries were jointly and severally liable for the obligations under a Chinese written contract (the "Contract") dated 3 September 2004 entered into between RHT Limited and Housely Industries and claimed against the Company for the payment of approximately HK\$92,565,000, further and/or other relief and costs. The Company in its defence filed on 3 December 2008 denied the above allegation and claim made by RHT Limited against the Company.

On 4 May 2009, RHT Limited amended its statement of claim and alleged that, instead of a common understanding of the joint and several liability of the Company and Housely Industries for the obligations under the Contract, there was an oral agreement between RHT Limited and the Company whereby the Company would indemnify RHT Limited for any loss and damage arising from the Contract. The Company filed its amended defence on 25 May 2009 and its re-amended defence on 3 December 2009 and denied the existence of the alleged oral agreement and its liability to RHT Limited.

Having regard to the legal advice on the merits of the claim of RHT Limited in HCA 2260/2008, the Company considered that it has a good chance of successfully defending itself.

13. EVENT AFTER THE BALANCE SHEET DATE

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.

The Company will have a final period of six months for the submission of a viable resumption proposal and to remedy those matters that gave rise to the Stock Exchange's proposal to cancel the listing of the Company. A viable resumption proposal should be submitted at least 10 business days (as defined in the Listing Rules) before the expiry of the six-month period. If the Company has not submitted a viable resumption proposal as required, the Stock Exchange intends to cancel the listing of the Company on the expiry of the six-month period from the date of the announcement (i.e. 25 May 2010).

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 and air-conditioners.

During the Period, the Group recorded a turnover of approximately HK\$86 million, representing a significant increase from a turnover of approximately HK\$7 million in the previous corresponding period in 2008. The average gross profit margin increased from 5.4% to 6.5% compared with the previous corresponding period. The increase in both the turnover and the average gross profit margin were mainly attributed to the increase in sales effort, which resulted in the increased orders from existing customers, the addition of new customers and the exploration of new products with higher profit margins like baby monitors and digital TV signal converters. Besides the increase in the turnover and the gross profit, the finance costs of the Group decreased significantly by approximately HK\$15 million compared with the previous corresponding period. The finance costs of approximately HK\$15 million in the previous period 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 Period. As a result, the results of the Group changed from a loss of approximately HK\$18 million to a profit of approximately HK\$3 million during the Period.

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 entered into between the Company and Mr. Kan on 8 October 2008. The Board 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 as the Stock Exchange determined that the Company's Resumption Proposal was not a viable resumption proposal.

The Company will have a final period of six months from the date of the announcement to 25 May 2010 for the submission of a viable resumption proposal and to remedy those matters that gave rise to the Stock Exchange's proposal to cancel the listing of the Company.

The Company is presently revising the terms of the Resumption Proposal for the onward submission 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. Recently, the Company proposed to establish a wholly owned subsidiary with a registered capital of HK\$30 million in the PRC which would engage in wholesaling, retailing and import/export of household electrical appliances and parts. The proposed investment would be financed by Mr. Kan and/or other fund raising activities. Besides, the Directors are searching for possible investment targets that engaged in the manufacturing and/or trading of household electrical appliances to strengthen the competitive advantage of the Group and generate better returns to the Group. The Directors believed that the Group's business would recover gradually.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK\$6 million as at 31 October 2009 (30 April 2009: approximately HK\$3 million). Balance of bank overdrafts, bank borrowings and guarantor's liability were approximately HK\$349 million as at 31 October 2009 (30 April 2009: approximately HK\$349 million). The gearing ratio of the Group as at 31 October 2009 calculated as a ratio of total bank loans, bank overdrafts and guarantor's liability to total assets was approximately 722% (30 April 2009: approximately 1,705%). Net liabilities were approximately HK\$415 million (30 April 2009: approximately HK\$419 million).

The Group recorded total current asset value of approximately HK\$48 million as at 31 October 2009 (30 April 2009: approximately HK\$20 million) and total current liability value of approximately HK\$464 million (30 April 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 0.10 as at 31 October 2009 (30 April 2009: approximately 0.05).

The Group recorded a profit of approximately HK\$3 million for the Period and this resulted in an increase in shareholders' funds to a negative value of approximately HK\$415 million as at 31 October 2009 (30 April 2009: approximately HK\$419 million).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period.

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 Period.

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 31 October 2009.

SHARE CAPITAL

As at 31 October 2009, the issued share capital of the Company comprised 422,000,000 ordinary Shares of HK\$0.01 each.

INVESTMENTS

The Group had not held any significant investment for the Period.

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 Period.

SEGMENTAL INFORMATION

Details of segmental information for the Period are set out in note 3 to this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities as at 31 October 2009 are set out in note 12 to this announcement.

STAFF AND REMUNERATION POLICIES

As at 31 October 2009, the Group had 8 employees (30 April 2009: 6 employees). The Group's total staff costs amounted to approximately HK\$488,000 (2008: HK\$229,000) for the Period.

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 (the "Code") of Corporate Governance Practices 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 currently comprises the five independent non-executive Directors. The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the Period.

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

During the Period, 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 Period, 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 as the chief executive officer and chairman of the Company during the Period and the daily operations 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 operations of the Board and the Board considered that the current structure would not impair the balance 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 Period.

By Order of the Board
Li Kai Yien, Arthur Albert
Director

Hong Kong, 18 January 2010

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