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 Report 2007

Contents

BOARD OF DIRECTORS
Executive Directors
Hung Kwok Wa
Lau Man Tak
Li Kai Yien, Arthur Albert
(appointed on 18 June 2008)
Li Shu Han, Eleanor Stella
(appointed on 18 June 2008)
Seto Ying
(appointed on 18 June 2008)

Independent Non-executive Directors
Lau Tai Chim
Tam Ping Kuen, Daniel
Li Siu Yui
(appointed on 18 June 2008)
Ip Woon Lai
(appointed on 18 June 2008)
Lee Kong Leong
(appointed on 18 June 2008)

AUDITORS
PKF
Certified Public Accountants
26th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT
Lau Man Tak

AUDIT COMMITTEE
Lau Tai Chim
Tam Ping Kuen, Daniel
Li Siu Yui
(appointed on 18 June 2008)
Ip Woon Lai
(appointed on 18 June 2008)
Lee Kong Leong
(appointed on 18 June 2008)

PRINCIPAL BANKER
Hang Seng Bank Limited

REGISTERED OFFICE
Cricket Square
Hutchins Drive
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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
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PRINCIPAL REGISTRAR
Butterfield Fund Services (Cayman) Limited
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Cayman Islands

BRANCH REGISTRAR IN HONG KONG
Tricor Standard Limited
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DIRECTORS

Executive Directors

Mr. Hung Kwok Wa ("Mr. Hung"), aged 39, was appointed as an executive director ("Director") of Warderly International Holdings Limited (the "Company", together with its subsidiaries, the "Group") on 18 April 2002. He is responsible for financial planning and related financial activities of the Group. Prior to joining the Group in January 2002, Mr. Hung worked as an executive director of two listed companies and has also worked for several commercial banks in Hong Kong as well as an international certified public accountants firm and has over 8 years of extensive experience in financial related industry. Mr. Hung holds a Bachelor degree in Social Sciences from The University of Hong Kong. He is also a fellow member of the Association of Chartered Certified Accountants. Mr. Hung is also a director of various subsidiaries of the Company.

Mr. Lau Man Tak ("Mr. Lau"), aged 38, was appointed as an executive Director, the company secretary and qualified accountant of the Company in December 2007. Mr. Lau holds a Bachelor degree in Accountancy from the Hong Kong Polytechnic University and has more than 15 years of finance, accounting and auditing experiences. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. He is also a member of the Hong Kong Securities Institute. Currently, Mr. Lau is an independent non-executive director of Golden Resorts Group Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also an independent non-executive director, the chairman of the audit committee and remuneration committee of Climax International Company Limited, the shares of which are listed on the Stock Exchange.

Mr. Li Kai Yien, Arthur Albert ("Mr. Li"), aged 36, was appointed as an executive Director on 18 June 2008. Mr. Li graduated from University of Southern California with a Bachelor of Science degree in 1995. Mr. Li has been a Certified Public Accountant since 2001 and has more than 10 years' experience in accounting and securities dealing. Mr. Li is currently a dealer representative of Philip Securities (HK) Ltd. Mr. Li is a brother of Ms. Li Shu Han, Eleanor Stella, an executive Director. Mr. Li is also a director of various subsidiaries of the Company.

Ms. Li Shu Han, Eleanor Stella ("Ms. Li"), aged 39, was appointed as an executive Director on 18 June 2008. She graduated from University of Southern California with a Bachelor of Science Accounting degree. Ms. Li was admitted as a member of American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants in 1995. She has extensive experience in accounting, corporate finance and corporate restructuring. Ms. Li is currently a director of Wealth Loyal Development Limited, a private company engaged in investment holding. Ms. Li is a sister of Mr. Li.

Ms. Seto Ying ("Ms. Seto"), aged 32, was appointed as an executive Director on 18 June 2008. Ms. Seto graduated from the Chinese University of Hong Kong in 1998 with a Bachelor degree in Business Administration in Accountancy. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Seto has more than 9 years of experience in the field of finance and accounting including working in an international accounting firm. Ms. Seto is also a director of a wholly-owned subsidiary of the Company.

Independent non-executive Directors

Mr. Lau Tai Chim, aged 57, is a solicitor practising law in Hong Kong in the firm T. C. Lau & Co.. He holds a Bachelor degree in Laws from the University of Buckingham, United Kingdom. Apart from practising as a solicitor in Hong Kong, Mr. Lau Tai Chim is also a solicitor in England and Wales and the Republic of Singapore, who has cultivated over 21 years of law practising experience. Furthermore he is also a notary public and an attesting officer appointed by Ministry of Justice in Beijing, the People's Republic of China. Mr. Lau Tai Chim was appointed as an independent non-executive Director on 26 April 2002.

Mr. Tam Ping Kuen, Daniel ("Mr. Tam"), aged 44, is the founder of Daniel Tam & Co., Certified Public Accountants (Practising). He holds a Master degree of Financial Economics from the University of London, United Kingdom and is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. Mr. Tam was appointed as an independent non-executive Director on 27 September 2004.

Mr. Li Siu Yui, aged 38, was appointed as an independent non-executive Director on 18 June 2008. He holds a Master degree in Business Administration from University of Wales. He has over 10 years' experience in the area of investment. He was working in securities companies during the period from 1997 to 2002. He has been engaged as an investment manager of two private companies since 2002.

Mr. Ip Woon Lai ("Mr. Ip"), aged 37, was appointed as an independent non-executive Director on 18 June 2008. Mr. Ip holds a Bachelor of Commerce in Accounting and Finance degree from University of New South Wales and was admitted as a certified practicing accountant of the Australian Society of Certified Practicing Accountants in 1998. He began his professional career with an international accounting firm in Hong Kong in 1994. Mr. Ip has extensive corporate finance and investment banking experience and had worked for various international investment banks including Warburg Dillon Read and ING Bank N.V.. He had also worked in Hysan Development Company Limited where he served as deputy head of corporate finance from 2005 to 2006. After that, Mr. Ip has been working in a private equity industry in the Greater China region.

Mr. Lee Kong Leong ("Mr. Lee"), aged 44, was appointed as an independent non-executive Director on 18 June 2008. Mr. Lee holds a Bachelor of Commerce in Accounting and Information Systems degree from the University of New South Wales. He began his professional career with Coopers & Lybrand in Malaysia in 1988. From 1989 to 1995, he held senior positions with PriceWaterhouseCoopers and C.P. Pokphand Ltd. in Hong Kong. He is a certified practicing accountant with the Australian Society of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. From 2001 to 2004, he was a director of Harbin Brewery Group Limited, the shares of which are listed on the Stock Exchange from 2002 to 2004.

BUSINESS AND FINANCIAL REVIEW

The year ended 30 April 2007 was a challenging year for Warderly International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"). The financial situation of the Group deteriorated during the year and the Group had difficulties in repaying the amounts due to the banks and the suppliers. As a result of the Group's poor financial performance, various creditors of the Group brought legal actions against the Group to demand immediate repayment. Faced with keen competition, lower profit margin, rising production costs and lacking of the necessary working capital support, the Group reduced its scale of operations and recorded a turnover of approximately HK$187 million for the year ended 30 April 2007, representing a decrease of approximately 35% compared with last year.

The Group recorded a gross loss of approximately HK$62 million this year, compared with a gross profit of approximately HK$95 million last year.

In light of the sealing up of the factory in the People's Republic of China (the "PRC") and the aging analysis, the Group had made the provision of trade and other receivables and inventories amounted to approximately HK$34 million and HK$177 million respectively this year, which was based on the best estimation of the directors (the "Directors") of the Company. The Group had also recognised an impairment loss of approximately HK$240 million in respect of property, plant and equipment during the year.

The Group, in summary, recorded a loss of approximately HK$707 million this year and was in substantial financial difficulties.

IMPORTANT EVENTS AND PROSPECTS

Trading in the shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 14 May 2007 at the request of the Securities and Futures Commission in Hong Kong (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 board (the "Board") of Directors proposed to undergo the debt restructuring by way of schemes of arrangement with the creditors of the Company to revitalize the Company and settle the Company's indebtedness.

To fulfil the funding needs for implementation of the schemes and to provide general working capital for the Group's operations, the Company proposed to issue zero coupon convertible notes with an aggregate principal amount of HK$84.4 million by way of open offer (the "Open Offer").

Upon completion of the debt restructuring and the Open Offer, additional working capital will be injected into the Group and the Directors are optimistic about the Group's future prospect. The Directors are looking for new business opportunities that offer better returns for our shareholders and are confident that the Group's business will recover gradually.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK$7 million as at 30 April 2007 (2006: approximately HK$116 million). Balance of bank overdrafts and bank borrowings were approximately HK$318 million as at 30 April 2007 (2006: approximately HK$326 million). The gearing ratio of the Group as at 30 April 2007 calculated as a ratio of total bank loans and bank overdrafts, to total assets was approximately 242% (2006: approximately 41%). Net liabilities were approximately HK$367 million (2006: net assets of approximately HK$370 million).

The Group recorded total current asset value of approximately HK$13 million as at 30 April 2007 (2006: approximately HK$336 million) and total current liability value of approximately HK$498 million (2006: approximately HK$211 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 2007 (2006: approximately 1.60).

The Group recorded a loss for the year ended 30 April 2007 and this attributed to a decrease in shareholders' funds to a negative value of approximately HK$367 million as at 30 April 2007.

FOREIGN EXCHANGE EXPOSURE

Transactions of the Group were mainly denominated either in Hong Kong dollars, United States dollars or Renminbi. In view of the stability of the exchange rate between these currencies during the year, the Directors did not consider that the Group was significantly exposed to foreign exchange risk for the year.

TREASURY POLICIES

The Group's major borrowings are in Hong Kong dollars and with variable interest rates. 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 2007.

INVESTMENTS

The Group had not held any significant investment for the year ended 30 April 2007.

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 2007.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 30 April 2007 are set out in note 7 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 April 2007.

STAFF AND REMUNERATION POLICIES

As at 30 April 2007, the Group had 26 employees (2006: approximately 1,900 employees). The Group's total staff costs amounted to approximately HK$24 million (2006: HK$37 million) for the year ended 30 April 2007.

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 of 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 2007. The audit committee of the Company currently comprises five independent non-executive Directors.

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

During the year ended 30 April 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of directors (the "Directors") of Warderly International Holdings Limited (the "Company") is of the view that corporate governance is vital to the continued success of the Company and has therefore adopted various measures to ensure that a high standard of corporate governance is upheld. With effect from 1 January 2005, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") under Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") save and except certain deviations as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

Code Provision A.2

Mr. Yeung Kui Wong was the chairman of the Company and resigned on 20 March 2007. Mr. Chui Chi Keung, Raymond ("Mr. Chui"), who was appointed as the chief executive officer of the Company, has resigned with effect from 1 July 2006. Since then, the Company has not appointed any individual to take up the posts of the chief executive officer and the chairman of the Company and the daily operation and management of the Group was 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.

Code Provision A.3 and Rule 3.10 of the Listing Rules

Every Board must include at least three independent non-executive Directors. After the resignation of Mr. Wu Wan Chung, Patrick on 11 April 2007, the Board consisted of only two independent non-executive Directors until the appointment of Mr. Chow Yiu Wah, Joseph as an independent non-executive Director on 5 December 2007. Since then, the Board has sufficient number of independent non-executive Directors.

Code Provision A.4.1

During the year, although the non-executive Directors and the independent non-executive Directors were not appointed for a specific term, 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.

DIRECTORS

Directors' Securities Transactions

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under 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.

Board of Directors and Directors Attendance at Board Meetings

During the financial year ended 30 April 2007, nine Board meetings were held and the attendance of each Director was set out as follows:

Name of Directors	Number of Board meetings attended in the financial year ended 30 April 2007	Attendance rate
Executive Directors:		
Mr. Yeung Kui Wong (resigned on 20 March 2007)	9	100% (during appointment period)
Mr. Hung Kwok Wa	3	33.3%
Mr. Lai Wing Chuen	6	66.7%
Ms. Yeung Ying Fong (resigned on 15 January 2007)	5	83.3% (during appointment period)
Mr. Yu Hung Wong (appointed on 16 January 2007 and resigned on 12 March 2007)	2	100% (during appointment period)
Non-executive Directors:		
Mr. Paul Steven Wolansky	attended by his alternate director	N/A
Mr. Leung Ping Chung, Hermann (Alternate to Mr. Paul Steven Wolansky)	3	33.3%
*Mr. Ma Ka Wai (appointed on 20 March 2007)	0	N/A
Independent non-executive Directors:		
Mr. Lau Tai Chim	4	44.4%
Mr. Tam Ping Kuen, Daniel	4	44.4%
Mr. Lau Yau Cheung (resigned on 2 August 2006)	0	0% (during appointment period)
Mr. Au Yeung Po Leung (appointed on 2 August 2006 and resigned on 15 January 2007)	1 (by telephone)	25% (during appointment period)
Mr. Wu Wan Chung, Patrick (appointed on 16 January 2007 and resigned on 11 April 2007)	3	100% (during appointment period)

* No meeting was held during appointment period

The Board is responsible for the types of decision relating to the following aspects:

– formulation of the strategic direction of the Company;

– monitoring the financial performance of the Company;

– overseeing the performance of the management of the Company;

– ensuring a prudent and effective framework of internal control is in place to enable risks to be assessed and managed; and

– setting the Company's values and standards,

while daily operations and administration are delegated to the management of the Company.

The Board held meetings from time to time whenever necessary. At least 14 days notice of all Board meetings is given to all Directors and they can propose to include matters for discussion in the agenda if they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents. Draft minutes are circulated to all Directors for their perusal and comments prior to confirmation of the minutes at the following Board meeting. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

Ms. Yeung Ying Fong is the daughter of Mr. Yeung Kui Wong. Ms. Yeung Ying Fong and Mr. Yeung Kui Wong resigned on 15 January 2007 and 20 March 2007 respectively.

Chairman and Chief Executive Officer

Mr. Yeung Kui Wong was the chairman of the Company and resigned on 20 March 2007. Mr. Chui, who was appointed as the chief executive officer of the Company, has resigned with effect from 1 July 2006. Since then, the Company has not appointed any individual to take up the posts of the chief executive officer and the chairman of the Company and the daily operation and management of the Group was 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.

Appointment and Re-election of Directors

Each of the executive Directors during the year has entered into a service agreement with the Company for a specific term and renewable automatically for successive terms of one year until termination by either party subject to the terms of the service agreement. The non-executive Directors and the independent non-executive Directors were not appointed for a specific term. However, all Directors 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 (the “Articles of Association”) at least once every three years. This practice deviates from the code provision A.4.1 of the Code which requires non-executive Director be appointed for a specific term.

Nomination of Directors

The Company has not established a nomination committee during the year. The Board has established formal procedures for the appointments of new Directors and re-nomination and re-election of Directors. In nominating candidates for appointment of Directors, the Board will consider their necessary expertise and experience.

Independent non-executive Directors

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors. The Company has received from each of its existing independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all independent non-executive Directors are independent. There were only two independent non-executive Directors after the resignation of Mr. Wu Wan Chung, Patrick with effect from 11 April 2007 until the appointment of Mr. Chow Yiu Wah, Joseph as an independent non-executive Director on 5 December 2007. Thus, the Company was not in compliance with the Code Provision A.3 and Rule 3.10 of the Listing Rules regarding the minimum number of three independent non-executive Directors during that period.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established on 18 January 2006 comprising three independent non-executive Directors, Mr. Yeung Kui Wong and Mr. Leung Ping Chung, Hermann. Mr. Yeung Kui Wong was the chairman of the first meeting of the Remuneration Committee.

According to the terms of reference of the Remuneration Committee, its major roles and functions are as follows:

(1) to make recommendations to the Board on the Company’s policy and structure for all remuneration of executive Directors (except the chairman of the Board) and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(2) to have the delegated responsibility to determine the specific remuneration package for all executive Directors (except the chairman of the Board) and senior management of the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere and desirability of performance-based remunerations;

(3) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(4) to review and approve the compensation payable to executive Directors (except the chairman of the Board) and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(5) to review and approve compensation arrangement relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(6) to ensure that no Director or any of his associate is involved in deciding his own remuneration;

(7) to advise shareholders of the Company on how to vote with respect to any service contracts of Directors that require shareholders' approval under requirements from time to time published by the Stock Exchange, the Securities and Futures Commission in Hong Kong or/and as required by law; and

(8) from time to time evaluate, and assess its duties and terms of reference and recommend any proposed changes to the Board for consideration and approval.

One meeting was held on 23 August 2006 and the Group's remuneration policy and remuneration packages of the Directors were discussed. The attendance of each member is set out as follows:

Name of Directors	**Number of meetings attended in the financial year ended 30 April 2007**	**Attendance rate**
Mr. Yeung Kui Wong (resigned on 20 March 2007)	1	100% (during appointment period)
Mr. Leung Ping Chung, Hermann (Alternate to Mr. Paul Steven Wolansky)	1	100%
Mr. Lau Tai Chim	1	100%
Mr. Tam Ping Kuen, Daniel	1	100%
*Mr. Lau Yau Cheung (resigned on 2 August 2006)	0	N/A
Mr. Au Yeung Po Leung (appointed on 2 August 2006 and resigned on 15 January 2007)	1 (by telephone)	100% (during appointment period)
*Mr. Wu Wan Chung, Patrick (appointed on 16 January 2007 and resigned on 11 April 2007)	0	N/A

* No meeting was held during appointment period

At the meeting held on 23 August 2006, in performing its duties in accordance with its terms of reference, the work performed by the Remuneration Committee included:

– make recommendations on the Group's remuneration policy;

– review and approve remuneration packages of the Directors and senior management of the Company.

The emoluments payable to Directors depends on their respective contractual terms under the service agreements, and as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 10 to the consolidated financial statements.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group. The Directors ensure that the consolidated financial statements of the Group for the year ended 30 April 2007 have been properly prepared in accordance with statutory requirements and applicable accounting standards.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion solely to the shareholders of the Company, as a body, and for no other purpose. A statement by the auditors about their reporting responsibility is set out on page 20 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the Group's system of internal control. The Board has conducted a review of the effectiveness of the system of internal control of the Group during the year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 26 November 2002 comprising all independent non-executive Directors. Mr. Lau Tai Chim is the chairman of the Audit Committee. All members have appropriate professional qualifications or accounting or related financial management expertise. No member of the Audit Committee is a member of the former or existing auditors of the Company.

The existing terms of the reference of the Audit Committee, its major role and functions are, amongst others, as follows:

(1) to make recommendation to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditors;

(2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the auditors process in accordance with applicable standard;

(3) to discuss with the external auditors before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firm is involved;

(4) to develop and implement policy on the engagement of the external auditors to provide non-audit services;

(5) to review the Company's financial and accounting policies and practices;

(6) to review the Company's financial controls, internal control and risk management systems;

(7) to discuss with the management of the Company the system of internal control and ensure that the management of the Company has discharged its duty to have an effective internal control system;

(8) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;

(9) where an internal audit function exists, to be involved in the recruitment of the internal auditor(s), to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(10) to monitor integrity of the interim and annual financial statements and interim and annual report and accounts, and to review significant financial reporting judgements contained in them before submission to the Board, focusing particularity on:

- (i) any changes in accounting policies and practices;
- (ii) major judgement areas;
- (iii) significant adjustment resulting from the audit;
- (iv) the going concern assumption and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

(11) to review the external auditors' management letter, any material queries raised by the auditors to the management of the Company in respect of the accounting records, financial accounts or systems of internal control and the management's response and to ensure that the Board will provide a timely response to the issues raised;

(12) to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give due consideration to any matters that have been raised by the qualified accountant of the Company or auditors;

(13) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of the management of the Company where necessary);

(14) to report to the Board on the matters raised in the Code; and

(15) to consider other topics within the duties mentioned above as requested from time to time by the Board.

Two meetings were held in the financial year. The attendance of each member is set out as follows:

Name of Directors	Number of meetings attended in the financial year ended 30 April 2007	Attendance rate
Mr. Lau Tai Chim	2	100%
Mr. Tam Ping Kuen, Daniel	2	100%
*Mr. Lau Yau Cheung (resigned on 2 August 2006)	0	N/A
Mr. Au Yeung Po Leung (appointed on 2 August 2006 and resigned on 15 January 2007)	0	0% (during appointment period)
Mr. Wu Wan Chuang, Patrick (appointed on 16 January 2007 and resigned on 11 April 2007)	1	100% (during appointment period)

* No meeting was held during appointment period

At the meetings held during the year, in performing its duties in accordance with its terms of reference, the work performed by the Audit Committee included:

– reviewed the financial reports for the year ended 30 April 2006 and six months ended 31 October 2006;

– reviewed the effectiveness of internal control system of the Company.

During the year, the Company was not in compliance with Rule 3.10 of the Listing Rules regarding the minimum number of independent non-executive Directors due to the resignation of Mr. Wu Wan Cheung, Patrick on 11 April 2007 until the appointment of Mr. Chow Yiu Wah, Joseph in December 2007.

AUDITORS' REMUNERATION

The remuneration payable to the Company's auditors, PKF, for the audit services rendered in preparing the consolidated financial statements of the Group for the year ended 30 April 2007 is set out as follows:

Services rendered	Fees paid/payable (HK$000)
Audit services	580

The board (the "Board") of directors (the "Directors") of Warderly International Holdings Limited (the "Company") presents the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 April 2007.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of the Group are manufacturing and trading of household electrical appliances and audio-visual products and trading of kitchenware.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2007 are set out in the consolidated income statement on page 23 to the consolidated financial statements.

The Directors do not recommend the payment of any dividend for the year ended 30 April 2007.

DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Law (2007 Revision) of the Cayman Islands, the share premium account and the contributed surplus are distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

As at 30 April 2007, the Company did not have any distributable reserves for cash distribution.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 24 to the consolidated financial statements.

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

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

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer and five largest customers together accounted for approximately 23% and 46% of the total turnover for the year respectively.

The Group's five largest suppliers together accounted for approximately 18% of the total purchases for the year.

At no time during the year did a Director, an associate of a Director or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest suppliers or customers.

DIRECTORS

The Directors during the year and up to the date of this report were:–

Executive Directors:

Mr. Hung Kwok Wa
Mr. Lau Man Tak (appointed on 5 December 2007)
Mr. Li Kai Yien, Arthur Albert (appointed on 18 June 2008)
Ms. Li Shu Han, Eleanor Stella (appointed on 18 June 2008)
Ms. Seto Ying (appointed on 18 June 2008)
Mr. Yu Hung Wong (appointed on 16 January 2007 and resigned on 12 March 2007)
Mr. Charles Chu (appointed on 28 May 2007 and resigned on 23 July 2008)
Ms. Yeung Ying Fong (resigned on 15 January 2007)
Mr. Yeung Kui Wong (resigned on 20 March 2007)
Mr. Lai Wing Chuen (resigned on 10 June 2007)

Non-executive Directors:

Mr. Ma Ka Wai (appointed on 20 March 2007 and resigned on 4 May 2007)
Mr. Paul Steven Wolansky (resigned on 16 May 2007)
Mr. Leung Ping Chung, Hermann (alternate to Mr. Paul Steven Wolansky) (resigned on 16 May 2007)

Independent non-executive Directors:

Mr. Tam Ping Kuen, Daniel
Mr. Lau Tai Chim
Mr. Lee Kong Leong (appointed on 18 June 2008)
Mr. Li Siu Yui (appointed on 18 June 2008)
Mr. Ip Woon Lai (appointed on 18 June 2008)
Mr. Au Yeung Po Leung (appointed on 2 August 2006 and resigned on 15 January 2007)
Mr. Wu Wan Chung, Patrick (appointed on 16 January 2007 and resigned on 11 April 2007)
Mr. Chow Yiu Wah, Joseph (appointed on 5 December 2007 and resigned on 23 July 2008)
Mr. Lau Yau Cheung (resigned on 2 August 2006)

In accordance with the provisions of the Company's articles of association (the "Articles of Association"), Mr. Hung Kwok Wa, Mr. Lau Man Tak, Mr. Tam Ping Kuen, Daniel and Mr. Lau Tai Chim will retire by rotation and, being eligible, offer themselves for re-election in the forthcoming annual general meeting of the Company ("2007 AGM") .

Each of Mr. Hung Kwok Wa, Mr. Yeung Kui Wong and Mr. Lai Wing Chuen has entered into a service agreement with the Company under which each of them is to act as an executive Director for an initial term of three years commencing from 1 May 2002 and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term unless terminated by not less than three months' notice in writing served by either party on the other party expiring at the end of the initial term or at any time thereafter. Each of them is entitled to a monthly salary plus a gratuity payment payable on or before the Chinese New Year's eve in each financial year for the Company equal to the amount of the then monthly salary subject to such increase as the Board may determine from time to time. Each of them may be entitled to a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed 10 percent of the consolidated audited net profits of the Group (after taxation and minority interests but before extraordinary items) for that financial year and payment of such bonus shall be made on such date as the Board may resolve. Save as disclosed, the existing Directors were not appointed for a specific term.

Save as disclosed, none of the Directors being proposed for re-election at the 2007 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the existing independent non-executive Directors an annual confirmation of his independence as required under Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and considers all the independent non-executive Directors are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 April 2007, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme (the "Option Scheme") are set out in note 25 to the consolidated financial statements.

As at the date of this report, the total number of shares of the Company (the "Shares") available for issue under the Option Scheme is 42,200,000 Shares, representing 10% of the issued share capital of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Option Scheme disclosed in the section "Share Option Scheme" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, nor had there been any contract of significance entered into between the Group and a controlling shareholder of the Company during the year.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 10 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

So far as was known to the Directors and the chief executive of the Company, as at 30 April 2007, the following persons (other than a Director or chief executive of the Company) had, an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions

Name of shareholders	**Number of issued Shares held**	**Percentage of the issued share capital of the Company**
Yeung Kui Wong	152,050,000 (Note 1)	36.03%
Imperial Profit Enterprises Limited	151,800,000	35.97%
The Cathay Investment Fund, Limited	43,987,500	10.42%
New China Management Corp.	43,987,500 (Note 2)	10.42%
Liu Su Ke	30,000,000	7.11%

Notes:

1. These Shares represent 151,800,000 Shares held by Imperial Profit Enterprises Limited and 250,000 Shares held by Primer Capital Investments Limited. Both Imperial Profit Enterprises Limited and Primer Capital Investments Limited are wholly-owned by Mr. Yeung Kui Wong. Therefore, Mr. Yeung Kui Wong is deemed to be interested in the Shares held by both Imperial Profit Enterprises Limited and Primer Capital Investments Limited pursuant to the SFO.

2. New China Management Corp. is the investment manager of The Cathay Investment Fund, Limited and is deemed to be interested in the same 43,987,500 Shares pursuant to the SFO.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 April 2007.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors was interested in any business apart from the Group's business, which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the “Remuneration Committee”) on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company’s operating results, individual performance and comparable market statistics.

The Company has adopted the Option Scheme as an incentive to Directors and eligible employees, details of the Option Scheme are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information publicly available to the Company, there was a sufficient public float throughout the year ended 30 April 2007 and as at the latest practicable date prior to the issue of this annual report.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 29 to the consolidated financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu resigned on 6 December 2007 and Messrs. PKF was appointed as auditors of the Company on 18 August 2008.

A resolution to re-appoint Messrs. PKF as auditors of the Company will be proposed at the 2007 AGM.

On behalf of the Board

Hung Kwok Wa
Director
Hong Kong
22 October 2008

To the Members of

Warderly International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Warderly International Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") set out on pages 23 to 60, which comprise the consolidated balance sheet as at 30 April 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

However, because of the matters described in the basis for disclaimer of opinion paragraph, we were not able to obtain appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

(1) As detailed in note 26 to the consolidated financial statements, following the claims by creditors of the Company's wholly-owned subsidiary, Dongguan Kalee Electrical Co., Ltd. ("Dongguan Kalee"), the People's Court in Dongguan City of Guangdong Province granted a seal order on the whole factory of Dongguan Kalee and Dongguan Intermediate People's Court contemplated a forced sale order on all the assets owned by Dongguan Kalee including its factory, land, plant and equipment by way of auction for the purpose of discharging claims by its creditors. Due to the seal order, only limited financial information of Dongguan Kalee was available for our inspection.

In addition, certain accounting books and records of the Company's wholly-owned subsidiary, Housely (Macao) Commercial Offshore Company Limited ("Housely Macao"), were lost because they were not properly kept by the former employee in Macau.

As a result of the lack of certain accounting books and records for our inspection, we were unable to carry out audit procedures to satisfy ourselves as to whether certain balances relating to Dongguan Kalee and Housely Macao, which have been included in the consolidated financial statements of the Group, are valid, complete, accurately recorded and properly accounted for in the consolidated financial statements.

They include the following income and expenses for the year ended 30 April 2007:–

Turnover	HK$133,770,000
Cost of sales	HK$228,921,000
Other income	HK$5,112,000
Distribution costs	HK$3,141,000
Loss of a PRC factory	HK$528,852,000

(2) Included in the Group's trade and other payables of HK$135,712,000 were recorded payables of HK$100,885,000 relating to Dongguan Kalee (the "Payables"). No satisfactory replies to our satisfaction on the direct confirmations from the major creditors in respect of the Payables were received as at the date of this audit report. There were no other satisfactory audit procedures that we could adopt as only limited financial information was available for our inspection as disclosed in point (1) above. Consequently, we were unable to satisfy ourselves on the completeness and valuation of the Payables amounting to HK$100,885,000 stated in the consolidated balance sheet as at 30 April 2007.

(3) Included in the Group's property, plant and equipment of HK$117,539,000 was HK$114,669,000 owned by Dongguan Kalee. As detailed in point (1) above and note 26 to the consolidated financial statements, the whole factory of Dongguan Kalee has been sealed up. As the directors did not consider the possibility of debt restructuring arrangement and intend to liquidate Dongguan Kalee after the expected forced sale, the directors estimate the fair value of assets of Dongguan Kalee as at 30 April 2007 by reference to the fair value of its total outstanding liabilities including the Payables of HK$100,885,000 and other liabilities of HK$15,410,000 of Dongguan Kalee on the same date.

As we were unable to satisfy ourselves as to the completeness and valuation of the Payables as detailed in point (2) above, we were unable to satisfy ourselves on the valuation of the property, plant and equipment of HK$114,669,000 stated in the consolidated balance sheet as at 30 April 2007.

Any adjustments that might have been found to be necessary in respect of the matters set out in points (1) to (3) above may have a consequential and significant effect on the aforementioned items for the year ended 30 April 2007 and the related disclosures in the consolidated financial statements.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 30 April 2007 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

REPORT ON MATTERS UNDER SECTIONS 141(4) AND 141(6) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the limitation on our work as set out in the basis for disclaimer of opinion paragraph of this report:–

(1) we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

(2) we were unable to determine whether proper books of account had been kept.

PKF
Certified Public Accountants
Hong Kong
22 October 2008

Consolidated Income Statement

For the year ended 30 April 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	6	**187,384**	288,688
Cost of sales		**(249,548)**	(193,306)
Gross (loss)/profit		**(62,164)**	95,382
Other income		**7,363**	5,955
Distribution costs		**(12,489)**	(15,490)
Administrative expenses		**(52,002)**	(46,676)
Allowance for doubtful debts		**(18,398)**	(510)
Interest in and advance to an associate written off	16	**(2,580)**	–
Finance costs	8	**(15,136)**	(13,985)
Loss of a PRC factory	26	**(528,852)**	–
(Loss)/profit before taxation	9	**(684,258)**	24,676
Taxation	11	**(23,101)**	(24,278)
(Loss)/profit for the year attributable to equity holders of the Company		**(707,359)**	398
Dividend	12	**–**	10,550
(Loss)/earnings per share	13		
– Basic		**HK$(1.68)**	0.1 HK cent
– Diluted		**N/A**	0.1 HK cent

Consolidated Balance Sheet

At 30 April 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**117,539**	448,346
Prepaid lease payments	15	**616**	630
Interest in an associate	16	**–**	2
Advance to an associate	16	**–**	748
Fair value through profit and loss investments		**–**	1,190
Deposits for acquisitions of property, plant and equipment		**–**	14,098
		118,155	465,014
CURRENT ASSETS			
Prepaid lease payments	15	**14**	14
Held for trading investments		**–**	1,940
Inventories	17	**–**	99,760
Trade and other receivables	18	**6,023**	118,498
Bank balances and cash	19	**7,006**	116,168
		13,043	336,380
CURRENT LIABILITIES			
Trade and other payables	20	**135,712**	57,147
Obligations under finance leases	21	**–**	1,191
Bank borrowings	22	**307,346**	115,109
Bank overdrafts		**10,440**	11,021
Taxation payable		**44,858**	26,174
		498,356	210,642
NET CURRENT (LIABILITIES)/ASSETS		**(485,313)**	125,738
TOTAL ASSETS LESS CURRENT LIABILITIES		**(367,158)**	590,752
NON-CURRENT LIABILITIES			
Obligations under finance leases	21	**–**	376
Bank borrowings	22	**–**	199,829
Deferred tax liabilities	23	**222**	20,200
		222	220,405
NET (LIABILITIES)/ASSETS		**(367,380)**	370,347
CAPITAL AND RESERVES			
Share capital	24	**4,220**	4,220
Reserves		**(371,639)**	366,088
(Capital deficiency)/equity attributable to equity holders of the Company		**(367,419)**	370,308
Minority interest		**39**	39
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(367,380)**	370,347

The consolidated financial statements set out on pages 23 to 60 were approved and authorised for issue by the Board of Directors on 22 October 2008 and are signed on its behalf by:–

Hung Kwok Wa
Director

Lau Man Tak
Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2007

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Share option reserve HK$'000	Properties revaluation reserve HK$'000	Translation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Minority interest HK$'000	Total HK$'000
At 1 May 2005	4,220	84,868	1,010	–	–	556	224,463	315,117	–	315,117
Effect of changes in accounting policy	–	–	–	–	52,225	–	–	52,225	–	52,225
Surplus on revaluation of leasehold properties, net of deferred tax liabilities arising on valuation of leasehold properties of HK$150,000	–	–	–	–	718	–	–	718	–	718
Exchange differences arising on translation of foreign operations	–	–	–	–	–	11,648	–	11,648	–	11,648
Net income recognised directly in equity	–	–	–	–	718	11,648	–	12,366	–	12,366
Profit for the year	–	–	–	–	–	–	398	398	–	398
Total recognised income and expenses for the year	–	–	–	–	718	11,648	398	12,764	–	12,764
Recognition of share-based payments	–	–	–	752	–	–	–	752	–	752
Dividend paid	–	–	–	–	–	–	(10,550)	(10,550)	–	(10,550)
Capital contribution from minority interest	–	–	–	–	–	–	–	–	39	39
At 1 May 2006	4,220	84,868	1,010	752	52,943	12,204	214,311	370,308	39	370,347
Release of surplus on revaluation and reversal of deferred tax liabilities arising on valuation on disposal of leasehold properties	–	–	–	–	(4,130)	–	5,006	876	–	876
Impairment of leasehold properties, net of reversal of deferred tax liabilities arising on valuation of leasehold properties of HK$10,130,000	–	–	–	–	(47,765)	–	–	(47,765)	–	(47,765)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	16,521	–	16,521	–	16,521
Net (expenses)/income recognised directly in equity	–	–	–	–	(51,895)	16,521	5,006	(30,368)	–	(30,368)
Loss for the year	–	–	–	–	–	–	(707,359)	(707,359)	–	(707,359)
Total recognised income and expenses for the year	–	–	–	–	(51,895)	16,521	(702,353)	(737,727)	–	(737,727)
Cancellation of share options previously granted to an employee	–	–	–	(443)	–	–	443	–	–	–
At 30 April 2007	**4,220**	**84,868**	**1,010**	**309**	**1,048**	**28,725**	**(487,599)**	**(367,419)**	**39**	**(367,380)**

The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation in 2002.

Consolidated Cash Flow Statement

For the year ended 30 April 2007

	2007 HK$'000	2006 HK$'000
OPERATING ACTIVITIES		
(Loss)/profit before taxation	**(684,258)**	24,676
Adjustments for:–		
Finance costs	**15,136**	13,985
Share-based payments	**–**	752
Allowance for doubtful debts	**33,825**	510
Depreciation of property, plant and equipment	**57,968**	47,396
Release of prepaid lease payments	**14**	13
Write-down of inventories	**177,323**	–
Interest in and advance to an associate written off	**2,580**	–
Impairment loss recognised in respect of property, plant and equipment	**239,838**	–
Loss on disposal of fair value through profit and loss investments	**28**	–
Loss on disposal of property, plant and equipment	**2,517**	–
Interest income	**(151)**	(810)
Operating cash flows before movements in working capital	**(155,180)**	86,522
Decrease/(increase) in held for trading investments	**1,940**	(646)
Increase in inventories	**(77,563)**	(31,162)
Decrease/(increase) in trade and other receivables	**78,650**	(13,631)
Increase in trade and other payables	**75,258**	4,719
Cash (used in)/from operations	**(76,895)**	45,802
Hong Kong Profits Tax paid	**(13,091)**	(16,413)
People's Republic of China ("PRC") enterprise income tax paid	**(298)**	(552)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(90,284)**	28,837
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	**13,500**	–
Proceeds from disposal of fair value through profit and loss investments	**1,162**	–
Interest received	**151**	810
Purchase of property, plant and equipment	**(10,364)**	(143,955)
Deposit for acquisition of property, plant and equipment	**–**	(14,098)
Advance to an associate	**(1,830)**	(748)
Acquisition of interest in an associate	**–**	(2)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**2,619**	(157,993)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(129,205)**	(167,409)
Interest paid	**(15,136)**	(13,985)
Dividend paid	**–**	(10,550)
Repayment of obligations under finance leases	**(1,567)**	(2,979)
Bank borrowings raised	**121,613**	306,930
Advances from directors	**3,307**	–
Contribution from minority shareholder	**–**	39
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(20,988)**	112,046
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(108,653)**	(17,110)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**105,147**	119,214
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	**72**	3,043
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**(3,434)**	105,147
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**7,006**	116,168
Bank overdrafts	**(10,440)**	(11,021)
	(3,434)	105,147

1. GENERAL INFORMATION

Warderly International Holdings Limited (the "Company", together with its subsidiaries, the "Group") 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 addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company is an investment holding company and provides corporate management services. The principal activities of its principal subsidiaries are manufacturing and trading of household electrical appliances and audio-visual products and trading of kitchenware. The principal activities of its subsidiaries are set out in note 30 to the consolidated financial statements.

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

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

2. BASIS OF PREPARATION

(a) 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 (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

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.

(b) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:–

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKAS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HK(IFRIC)-Int 4	Determining whether an Arrangement Contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics
HKFRS-Int 8	Scope of HKFRS 2

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

2. BASIS OF PREPARATION *(continued)*

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue as at 30 April 2007 have not been applied in the preparation of the consolidated financial statements for the year ended 30 April 2007 since they were not yet effective for the annual period beginning on 1 May 2006:–

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[3]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[4]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[5]
HK(IFRIC)-Int 12	Service Concession Arrangements[6]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 June 2006
[4] Effective for annual periods beginning on or after 1 November 2006
[5] Effective for annual periods beginning on or after 1 March 2007
[6] Effective for annual periods beginning on or after 1 January 2008

The directors of the Company (the "Directors") anticipate that the application of these Hong Kong Financial Reporting Statements will have no material impact on the results and the financial position of the Group.

(d) Going concern basis

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$367 million as at 30 April 2007.

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

As part of the Resumption Proposal, the Company proposed to settle all amounts due to the creditors of the Company (the "Creditors") by way of the schemes of arrangement to be made between the Company and the Creditors (the "Schemes"). To fulfil the funding needs for the implementation of the Schemes and to provide general working capital for the Group's operations, the Company proposed to raise HK$84.4 million, before expenses, 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.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis *(continued)*

The proceeds from the Open Offer of HK$84.4 million will be used as to (i) approximately HK$37 million for the full settlement of all amounts due to the Creditors pursuant to the Schemes; (ii) approximately HK$7.7 million for the repayment of shareholder's loan due to Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), a controlling shareholder of the Company, which were/will be used as general working capital of the Group and settlement of professional fees and costs in relation to the Schemes and the Open Offer; and (iii) the remaining amount for the general working capital of the Group.

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, who is beneficially interested in approximately 36.03% of the entire issued share capital of the Company as at 30 April 2008, 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 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 Proposed from the Stock Exchange having been obtained, the Schemes being sanctioned by the Court of First Instance of the High Court of Hong Kong and the Grand Court of the Cayman Islands (as the case may be), the approval of the Open Offer and transactions contemplated thereunder by the independent shareholders of the Company, by way of a poll, at the extraordinary general meeting of the Company, and the Underwriting Agreement becoming unconditional. Accordingly, the Open Offer may or may not proceed.

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 are satisfied with the financial position of the Group and consider the preparation of the consolidated financial statements on a going concern basis as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

Measurement basis

The consolidated financial statements are prepared using the historical cost basis, as modified for leasehold buildings and certain financial instruments, which are measured at revalued amounts or fair values, respectively, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 April each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investments in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Construction in progress is carried at cost, less any identified impairment loss. Construction in progress is not depreciated until completion of construction when assets are ready for their intended use. Costs on completed construction work are transferred to the appropriate category of property, plant and equipment.

Property, plant and equipment other than construction in progress are stated at cost or fair value less subsequent accumulated depreciation and impairment losses.

Leasehold properties held for use in manufacturing and for administrative purposes are stated in the balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of the properties is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits/(accumulated losses).

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment other than construction in progress over their estimated useful lives after taking into account of their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Leasing *(continued)*

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowings costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables, including trade receivables, other receivables and bank balances, are carried at amortised cost using the effective interest rate method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities, including trade payables, other payables, obligations under finance leases and bank borrowings, are generally classified as other financial liabilities. Other financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are separated from the relevant host contracts and deemed as held-for-trading when the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contracts, and the combined contracts are not measured at fair value through profit or loss. In all other circumstances, derivatives embedded are not separated and are accounted for together with the host contracts in accordance with appropriate standards. Where the Group needs to separate an embedded derivative but is unable to measure the embedded derivative, the entire combined contracts are treated as held-for-trading.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit and loss.

Prepaid lease payments

The payments made on the acquisitions of land use rights are accounted for as operating leases and are carried at cost and amortised on a straight-line basis over the relevant lease terms.

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Taxation *(continued)*

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and bank overdrafts.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Retirement benefit scheme

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is based on terms agreed by both parties.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segment reporting *(continued)*

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 enterprises within a single segment.

Segment assets consist primarily of property, plant and equipment, inventories, and trade and other receivables. Segment liabilities comprise operating liabilities and mainly exclude items such as income taxation payable and deferred tax liabilities.

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.

Unallocated items comprise financial and corporate assets, bank borrowings and corporate and financing expenses.

Related parties

An individual is related to the Group if the individual (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is a member of the key management personnel of the Group, or (iii) is a close member of the family of the individuals in (i) or (ii).

An entity is related to the Group if the entity (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is controlled by or under common control with the Group, or (iii) is an associate or a jointly controlled entity of the Group, or (iv) is controlled, jointly-controlled or significantly influenced by an individual related to the Group.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT

In the process of applying the Group's accounting policies which are described in note 3 to the consolidated financial statements, management has made the following estimation uncertainty and judgement that has most significant effect on the amounts recognised in the consolidated financial statements.

Estimated impairment of trade receivables

The provision policy for bad and doubtful debts of the Group is based on the on-going evaluation of collectability and aging analysis of the outstanding receivables and on management's judgment by reference to the estimation of the future cash flow discounted at an effective interest rate to calculate the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their abilities to make payments, additional allowances may be required. As at 30 April 2007, the carrying value of trade receivables, after impairment loss recognised, is HK$6,023,000.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT *(continued)*

Write-down of inventories

The management reviews the aging analysis of inventories at each balance sheet date and writes down the value of obsolete and slow-moving inventory items identified that are no longer suitable for trade. The management estimates the net realisable value for finished goods based primarily on the latest invoice prices and current market conditions.

Impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the cash generating units to which the property, plant and equipment have been allocated. The calculation of value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

Income tax

At 30 April 2007, no deferred tax assets had been recognised in respect of the tax losses of HK$18,877,000 (2006: HK$18,877,000) due to the unpredictability of future taxable profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in future. In case where the actual future profit generated is more than expected, a material recognition of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a recognition takes place.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 30 April 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

The Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk on bank balances is minimal because the counterparties are banks with high credit ratings.

Liquidity risk

In light of the Group's net current liabilities and net liabilities as at 30 April 2007, the management is implementing several measures in order to improve the Group's working capital position, profitability and net financial position. Details of these measures are disclosed in note 2(d) to the consolidated financial statements.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Currency risk

Several subsidiaries of the Company have sales and purchases in currencies other than the functional currency of the Company ("foreign currency"), which expose the Group to foreign currency risk. In addition, certain trade and other payables of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's exposure to changes in interest rate risk is mainly attributable to its bank borrowings at variable interest rates and short-term interest-bearing bank deposits at market interest rates, which expose the Group to cash flow and fair value interest-rate risk respectively. Details of the Group's bank deposits and bank borrowings are disclosed in notes 19 and 22 to the consolidated financial statements respectively. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Commodity price risk

The Group is exposed to fluctuations in the prices of raw materials for the manufacturing of household electrical appliances, primarily copper and plastic materials. The Group purchased from most of its suppliers of copper and plastic materials at market prices. Rising prices for these materials will affect the Group's cost of production. As a result, fluctuations in the prices of the manufacturing materials have a significant impact on the Group's results of operations. The Group currently does not have any commodity price hedging policy. The Directors monitor the Group's exposure on going basis and will consider hedging such risk should the need arise.

Fair value estimation

The carrying amounts of the Group's financial assets and liabilities approximate their fair values due to their short maturities.

6. 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.

7. SEGMENT INFORMATION

All of the Group's turnover, assets and liabilities were derived from the manufacturing and trading of household electrical appliances and audio-visual products and trading of kitchenware. The turnover, (loss)/profit and assets attributable to the manufacturing and trading of audio-visual products and the trading of kitchenware contributed to less than 10% of the Group's turnover, (loss)/profit and assets. Accordingly, no analysis of financial information by business segment is presented.

An analysis of the Group's turnover and (loss)/profit for the year and segment assets and liabilities by geographical market, irrespective of the origin of the goods, is as follows:–

By geographical market

	Europe HK$'000	Asia HK$'000	North America HK$'000	Australia and New Zealand HK$'000	Eliminations HK$'000	Consolidated total HK$'000
For the year ended 30 April 2007						
TURNOVER						
External sales	123,583	29,782	32,224	1,795	–	187,384
Inter-segment sales	–	126,445	–	–	(126,445)	–
Total	123,583	156,227	32,224	1,795	(126,445)	187,384
RESULT						
Segment results	(51,775)	(17,873)	(10,374)	(701)	–	(80,723)
Unallocated other operating income						7,363
Unallocated corporate expenses						(595,762)
Finance costs						(15,136)
Loss before taxation						(684,258)
Taxation						(23,101)
Loss for the year						(707,359)
Assets and liabilities at 30 April 2007						
ASSETS						
Segment assets	–	6,023	–	–	–	6,023
Unallocated corporate assets						125,175
Consolidated total assets						131,198
LIABILITIES						
Segment liabilities	9,164	74,863	–	321	–	84,348
Unallocated corporate liabilities						414,230
Consolidated total liabilities						498,578

7. SEGMENT INFORMATION *(continued)*

	Europe HK$'000	Asia HK$'000	North America HK$'000	Australia and New Zealand HK$'000	Eliminations HK$'000	Consolidated total HK$'000
For the year ended 30 April 2006						
TURNOVER						
External sales	175,961	74,752	35,211	2,764	–	288,688
Inter-segment sales	–	245,154	–	–	(245,154)	–
Total	175,961	319,906	35,211	2,764	(245,154)	288,688
RESULT						
Segment results	63,267	21,840	12,676	857	–	98,640
Unallocated other operating income						5,955
Unallocated corporate expenses						(65,934)
Finance costs						(13,985)
Profit before taxation						24,676
Taxation						(24,278)
Profit for the year						398
Assets and liabilities at 30 April 2006						
ASSETS						
Segment assets	13,952	120,416	2,051	46	–	136,465
Interest in an associate						2
Advance to an associate						748
Unallocated corporate assets						664,179
Consolidated total assets						801,394
LIABILITIES						
Segment liabilities	7,137	58,307	–	250	–	65,694
Unallocated corporate liabilities						365,353
Consolidated total liabilities						431,047

No analysis of the carrying amounts of segment assets nor additions to property, plant and equipment by geographical location is prepared as substantially all the property, plant and equipment are located in the PRC and Hong Kong.

8. FINANCE COSTS

	2007 HK$'000	2006 HK$'000
Interest on:–		
Bank borrowings and overdrafts wholly repayable		
– Within five years	**15,067**	13,597
– Over five years	**–**	221
Finance leases	**69**	167
	15,136	13,985

9. (LOSS)/PROFIT BEFORE TAXATION

	2007 HK$'000	2006 HK$'000
(Loss)/profit before taxation has been arrived at after charging:–		
Auditors' remuneration	**580**	1,350
Depreciation of property, plant and equipment	**57,968**	47,396
Allowance for doubtful debts – Note (a)	**33,825**	510
Operating lease rentals in respect of rented premises	**1,465**	2,008
Release of prepaid lease payments	**14**	13
Staff costs, including Directors' emoluments	**23,650**	35,638
Retirement benefits scheme contributions, including Directors	**749**	1,406
Loss on disposal of fair value through profit and loss investments	**28**	–
Write-down of inventories – Note (b)	**177,323**	–
Loss on disposal of property, plant and equipment	**2,517**	–
Impairment loss recognised in respect of property, plant and equipment – Note (b)	**239,838**	–
and after crediting:–		
Gain on disposal of held for trading investments	**502**	–
Unrealised holding gain on fair value through profit and loss investments	**–**	112
Interest income	**151**	810

Notes:–

(a) Amount of HK$15,427,000 was included in the loss of a PRC factory.

(b) These items were included in the loss of a PRC factory.

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration

The emoluments paid or payable to each of the thirteen (2006: ten) Directors were as follows:–

	Fees HK$'000	Other emoluments HK$'000	Salaries and other benefits HK$'000	Contribution to retirement benefits scheme HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
For the year ended 30 April, 2007						
Executive Directors:–						
Yeung Kui Wong	**–**	**–**	**1,557**	**11**	**–**	**1,568**
Hung Kwok Wa	**–**	**–**	**1,560**	**12**	**–**	**1,572**
Lai Wing Cheun	**–**	**–**	**455**	**12**	**–**	**467**
Yeung Ying Fong	**–**	**–**	**373**	**8**	**–**	**381**
Yu Hung Wong	**–**	**–**	**19**	**–**	**–**	**19**
Non-executive Directors:–						
Paul Steven Wolansky	**–**	**–**	**–**	**–**	**–**	**–**
Leung Ping Chung, Hermann	**–**	**–**	**–**	**–**	**–**	**–**
Ma Ka Wai	**–**	**–**	**–**	**–**	**–**	**–**
Independent non-executive Directors:–						
Lau Yau Cheung	**45**	**–**	**–**	**–**	**–**	**45**
Tam Ping Kuen, Daniel	**180**	**–**	**–**	**–**	**–**	**180**
Lau Tai Chim	**180**	**–**	**–**	**–**	**–**	**180**
Au Yeung Po Leung	**74**	**–**	**–**	**–**	**–**	**74**
Wu Wan Chung, Patrick	**43**	**–**	**–**	**–**	**–**	**43**
	522	**–**	**3,964**	**43**	**–**	**4,529**
For the year ended 30 April, 2006						
Executive Directors:–						
Yeung Kui Wong	–	443	1,950	12	–	2,405
Hung Kwok Wa	–	–	1,440	12	–	1,452
Lai Wing Chuen	–	–	560	12	–	572
Yeung Ying Fong	–	–	355	6	309	670
Non-executive Directors:–						
Paul Steven Wolansky	–	–	–	–	–	–
Leung Ping Chung, Hermann	–	–	–	–	–	–
Independent non-executive Directors:–						
Lau Yau Cheung	105	–	–	–	–	105
Tam Ping Kuen, Daniel	180	–	–	–	–	180
Luo Ben Jin	50	–	–	–	–	50
Lau Tai Chim	180	–	–	–	–	180
	515	443	4,305	42	309	5,614

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

For 2006, included in other emoluments above was rent free accommodation provided to a director of the Company with the rateable value of this property amounting to HK$443,000.

At 30 April 2007, the remuneration payable to the Directors was approximately HK$3,231,000 (2006: HK$1,780,000) which was included in trade and other payables in note 20 to the consolidated financial statements.

Employees' emoluments

During the year, the five highest paid individuals included three (2006: two) Directors, details of whose emoluments are set out above. The emoluments of the remaining two (2006: three) highest paid individuals are as follows:–

	2007 HK$'000	2006 HK$'000
Salaries and other benefits	**991**	2,676
Retirement benefits scheme contributions	**24**	33
	1,015	2,709

Their emoluments were within the following bands:–

	2007 No. of employees	2006 No. of employees
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**–**	1
	2	3

During the year, no emoluments were paid by the Group to the Directors or the two highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the Directors waived any emoluments during the year.

11. TAXATION

	2007 HK$'000	2006 HK$'000
The taxation charge comprises:–		
Hong Kong Profits Tax		
– Current year	**–**	6,538
– Under-provision in prior years	**31,775**	16,554
PRC enterprise income tax	**298**	1,733
	32,073	24,825
Deferred taxation (Note 23)	**(8,972)**	(547)
	23,101	24,278

11. TAXATION *(continued)*

Hong Kong Profits Tax and PRC enterprise income tax were calculated at 17.5% (2006: 17.5%) and 27% (2006: 27%) respectively, on the respective estimated assessable profits for the year.

The under-provision of Hong Kong Profits Tax for both years is primarily related to a change in estimate by the Directors of the likely outcome of a subsidiary's offshore claims and depreciation claims of certain plant and machineries used in the PRC in prior years as a result of certain assessments issued by the Inland Revenue Department to the Group.

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

	2007	2006
	HK$'000	HK$'000
(Loss)/profit before taxation	**(684,258)**	24,676
Tax at Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	**(119,745)**	4,319
Tax effect of non-taxable income	**(3,101)**	(1,528)
Tax effect of non-deductible expenses	**114,273**	1,977
Under-provision in prior years	**31,775**	16,554
Tax effect of tax losses not recognised	**–**	2,631
Utilisation of tax losses previously not recognised	**–**	(11)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(101)**	336
Taxation for the year	**23,101**	24,278

12. DIVIDEND

	2007	2006
	HK$'000	HK$'000
Ordinary shares		
Final, paid for 2005 – HK2.5 cents per share	**–**	10,550

The Directors do not recommend the payment of any dividend for both years.

13. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per Share attributable to the equity holders of the Company is based on the following data:–

	2007 HK$'000	2006 HK$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per Share	**(707,359)**	398
Number of Shares		
Number of Shares for the purposes of basic (loss)/earnings per Shares	**422,000**	422,000
Effect of dilutive potential Shares – share options	**–**	339
Number of Shares for the purposes of diluted (loss)/earnings per Shares	**422,000**	422,339

The calculation of diluted loss per Share 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 year.

For 2006, weighted average number of Shares for the purpose of the computation of diluted earnings per Share had taken into account the dilutive effect of the outstanding share options.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Moulds HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 May 2005	69,986	3,172	149,854	98,688	871	4,120	107,288	433,979
Effect of change in accounting policy	53,976	–	–	–	–	–	–	53,976
Currency realignment	–	71	7,919	1,643	–	45	90	9,768
Additions	–	1,484	–	3,142	551	479	145,517	151,173
Reclassification	39,475	–	40,828	–	–	–	(80,303)	–
Decrease in revaluation	(2,354)	–	–	–	–	–	–	(2,354)
At 30 April 2006	161,083	4,727	198,601	103,473	1,422	4,644	172,592	646,542
Currency realignment	8,593	144	2,790	3,015	–	48	10,457	25,047
Additions	8,151	75	–	13,215	39	–	2,982	24,462
Reclassification	68,056	–	117,975	–	–	–	(186,031)	–
Disposals	(12,210)	(4,387)	(64,546)	(816)	(1,461)	(4,692)	–	(88,112)
At 30 April 2007	**233,673**	**559**	**254,820**	**118,887**	**–**	**–**	**–**	**607,939**
DEPRECIATION AND IMPAIRMENT								
At 1 May 2005	9,327	2,476	94,969	49,043	843	2,158	–	158,816
Effect of change in accounting policy	(9,327)	–	–	–	–	–	–	(9,327)
Currency realignment	–	58	4,106	349	–	20	–	4,533
Provided for the year	3,222	849	34,012	8,543	128	642	–	47,396
Reverse on revaluation	(3,222)	–	–	–	–	–	–	(3,222)
At 30 April 2006	–	3,383	133,087	57,935	971	2,820	–	198,196
Currency realignment	–	142	7,384	999	–	73	–	8,598
Provided for the year	3,312	276	47,879	6,217	74	210	–	57,968
Impairment loss recognised	120,653	–	125,302	51,778	–	–	–	297,733
Eliminated on disposals	–	(3,242)	(64,546)	(159)	(1,045)	(3,103)	–	(72,095)
At 30 April 2007	**123,965**	**559**	**249,106**	**116,770**	**–**	**–**	**–**	**490,400**
CARRYING VALUES								
– at cost	–	–	5,714	2,117	–	–	–	7,831
– at valuation	109,708	–	–	-	–	–	–	109,708
At 30 April 2007	**109,708**	**–**	**5,714**	**2,117**	**–**	**–**	**–**	**117,539**
– at cost	–	1,344	65,514	45,538	451	1,824	172,592	287,263
– at valuation	161,083	–	–	–	–	–	–	161,083
At 30 April 2006	161,083	1,344	65,514	45,538	451	1,824	172,592	448,346

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Certain owner-occupied leasehold land is included in the leasehold land and building of property, plant and equipment as in the opinion of the Directors, allocation between the land and building elements could not be made reliably. The leasehold land and buildings are held in Hong Kong under medium-term lease.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:–

Leasehold land and buildings	2%
Leasehold improvements	25%
Moulds	$33^1/_3$%
Plant, machinery and equipment	10%
Furniture and fixtures	25%
Motor vehicles	20%

On 26 April 2007, the Company's wholly-owned subsidiary, Housely Industries Limited ("Housely Industries"), entered into an agreement for sale and purchase (the "Agreement") for a property in Hong Kong with net book value of HK$2,870,000 as at 30 April 2007 to a purchaser. On 3 September 2007, the purchaser brought an action in High Court of Hong Kong against Housely Industries, a bank for specific performance of the Agreement, damages, costs and other relief. The Agreement has not been completed as at 30 April 2007. Details of the litigation are set out in note 29(d) to the consolidated financial statements.

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise land use right held under medium-term lease in the PRC of approximately HK$630,000 (2006: HK$644,000). For the purpose of the consolidated financial statements, the current portion of HK$14,000 (2006: HK$14,000) was presented separately.

16. INTEREST IN AND ADVANCE TO AN ASSOCIATE

	2007 HK$'000	2006 HK$'000
Cost of unlisted investment in an associate	**2**	2
Advance to an associate	**2,578**	748
Less: Written off	**(2,580)**	–
	–	750

As at 30 April 2007, the Group had 30% equity interest in, by holding of 30% ordinary shares in issue of Graysmith Limited ("Graysmith"), a company incorporated in the British Virgin Islands on 22 November 2005 with total issued share capital of US$1,000 and is principally engaged in electronic commerce.

The Directors considered that in light of the recurring operating losses of the associate and the unfavorable market conditions, the interest in and advance to this associate is considered to be irrecoverable. Accordingly, the interest in and advance to this associate of HK$2,580,000 (2006: nil) was written off in the consolidated income statement for the year.

The summarised financial information in respect of the Group's associate is set out below:

	2007 HK$'000	2006 HK$'000
Total assets	**4,146**	2,503
Total liabilities	**(10,617)**	(2,495)
Net (liabilities)/assets	**(6,471)**	8
Group's share of net assets of an associate	**–**	–
Revenue	**619**	–
(Loss)/profit for the year	**(6,496)**	4
Group's share of results of an associate for the year	**–**	–

17. INVENTORIES

	2007 HK$'000	2006 HK$'000
Raw materials	–	58,533
Work in progress	–	22,148
Finished goods	–	19,079
	–	99,760

18. TRADE AND OTHER RECEIVABLES

	2007 HK$'000	2006 HK$'000
Trade receivables	11,416	98,873
Less: Allowance for doubtful debts	(5,393)	(2,560)
	6,023	96,313
Other receivables	28,432	22,185
Less: Allowance for doubtful debts	(28,432)	–
	–	22,185
Total trade and other receivables	6,023	118,498

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days.

The aged analysis of the Group's trade receivables (net of allowance for doubtful debts) at the balance sheet date is as follows:–

	2007 HK$'000	2006 HK$'000
0 to 90 days	6,023	74,313
91 to 180 days	–	19,949
181 to 365 days	–	2,051
	6,023	96,313

As at 30 April 2007, HK$Nil (2006: HK$61,440,000) of the balances are denominated in US dollars.

19. BANK BALANCES AND CASH

Bank balances and cash comprises bank balances and cash held by the Group and short-term bank deposits that are interest-bearing at market interest rate and are with maturity of three months or less. As at 30 April 2007, approximately HK$996,000 (2006: HK$ 107,020,000) of the bank balances are denominated in Renminbi.

20. TRADE AND OTHER PAYABLES

	2007 HK$'000	2006 HK$'000
Trade payables	81,148	35,814
Other payables	51,257	21,333
Amounts due to Directors	3,307	–
	135,712	57,147

The aged analysis of the Group's trade payables at the balance sheet date is as follows:–

	2007 HK$'000	2006 HK$'000
0 to 90 days	5,116	19,663
91 to 180 days	34,201	9,526
Over 180 days	41,831	6,625
	81,148	35,814

As at 30 April 2007, HK$68,830,000 (2006: HK$Nil) of the balances are denominated in Renminbi.

The amounts due to Directors are interest-free, unsecured and repayable on demand.

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Amounts payable under finance lease:–				
Within one year	**–**	1,302	**–**	1,191
In the second to fifth year inclusive	**–**	411	**–**	376
	–	1,713	**–**	1,567
Less: Future finance charges	**–**	(146)	**N/A**	N/A
Present value of lease obligations	**–**	1,567	**–**	1,567
Less: Amount due for settlement within twelve months (shown under current liabilities)			**–**	(1,191)
Amount due for settlement after twelve months			**–**	376

22. BANK BORROWINGS

	2007 HK$'000	2006 HK$'000
The Group's bank borrowings comprises:–		
Bank loans	**296,146**	275,845
Trust receipt loans	**11,200**	39,093
	307,346	314,938
Secured	**–**	5,090
Unsecured	**307,346**	309,848
	307,346	314,938
The maturity profile of the above bank borrowings is as follows:–		
Within one year or on demand	**307,346**	115,109
More than one year, but not exceeding two years	**–**	62,690
More than two years, but not exceeding five years	**–**	133,139
More than five years	**–**	4,000
	307,346	314,938
Less: Amount due within one year shown under current liabilities	**(307,346)**	(115,109)
	–	199,829

22. BANK BORROWINGS *(continued)*

The bank borrowings are variable-rate borrowings which carry interest at 0.85% to 1.5% above Hong Kong Interbank Offered Rate ("HIBOR") (2006: 0.85% to 1.5% above HIBOR) per annum. Effective interest rate on the variable-rate borrowings ranged from 5.06% to 5.92% (2006: 4.10% to 6.11%) per annum.

All bank borrowings are denominated in Hong Kong dollars.

During the year, the Group obtained new loans in the amount of HK$121,613,000 (2006: HK$306,930,000). The loans bear interest at market rates and will be repayable in 2008 (2006: repayable in 2007).

23. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised and their movements thereon during the current and prior years:–

	Property revaluation reserve HK$'000	**Accelerated tax depreciation** HK$'000	**Total** HK$'000
At 1 May 2005	–	9,519	9,519
Effect of changes in accounting policy	11,078	–	11,078
Credit to consolidated income statement for the year (Note 11)	–	(547)	(547)
Charge to equity	150	–	150
At 30 April 2006	11,228	8,972	20,200
Credit to consolidated income statement for the year (Note 11)	–	(8,972)	(8,972)
Credit to equity	(11,006)	–	(11,006)
At 30 April 2007	222	–	222

At 30 April 2007, the Group had unused tax losses of approximately HK$18,877,000 (2006: HK$18,877,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

24. SHARE CAPITAL

	Number of Shares '000	**Amount** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:–		
At 1 May 2005, 30 April 2006 and 30 April 2007	8,000,000	80,000
Issued and fully paid:–		
At 1 May 2005, 30 April 2006 and 30 April 2007	422,000	4,220

25. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 26 November 2002 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 25 November 2012. Under the Scheme, the Directors may grant options to eligible participants, including any full-time or part-time employee of Company or any member of the Group, including any executive, non-executive and independent non-executive directors, advisors and consultants of the Company or any subsidiaries of the Company, to subscribe for Shares in the Company.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the Shares in issue at the date of listing of Shares on the Stock Exchange and other share option scheme of the Company. The number of Shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the total number of Shares in issue from time to time, without prior approval from the Company's shareholders.

Options granted must be taken up within 28 days from the date of offer, upon payment of HK$1 per offer. The exercise price is determined by the Directors, and will be the highest of: (i) the closing price of the Shares on the date of offer; (ii) the average closing price of the Shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Share.

The following table discloses details of the Company's share options outstanding as at the respective balance sheet dates and their movements thereon during the current and prior years:-

For the year ended 30 April 2007

					Number of Shares to be subscribed for under the share options		
	Date of grant	**Vesting period**	**Exercise period**	**Exercise price**	**Outstanding as at 1.5.2006**	**Exercised/ Lapsed/ Cancelled during the year**	**Outstanding as at 30.4.2007**
				HK$			
Yeung Ying Fong *(Director)*	1 November 2005	1 November 2005 to 30 October 2008	1 November 2008 to 30 October 2013	0.668	4,220,000	–	4,220,000
An employee	1 November 2005	Fully vest at date of grant	1 November 2005 to 30 October 2010	0.668	4,220,000	4,220,000	–
					8,440,000	4,220,000	4,220,000

No share option has been granted during the year.

25. SHARE OPTION SCHEME *(continued)*

For the year ended 30 April 2006

	Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of Shares to be subscribed for under the share options: Outstanding as at 1.5.2005	Granted during the year	Outstanding as at 30.4.2006
Yeung Ying Fong *(Director)*	1 November 2005	1 November 2005 to 30 October 2008	1 November 2008 to 30 October 2013	0.668	–	4,220,000	4,220,000
An employee	1 November 2005	Fully vest at date of grant	1 November 2005 to 30 October 2010	0.668	–	4,220,000	4,220,000
					–	8,440,000	8,440,000

The Group recognised total expense of HK$752,000 for the year ended 30 April 2006 in relation to share options granted by the Company. No expense was recognised for the year ended 30 April 2007.

On 9 July 2008, Ms. Yeung Ying Fong, who resigned as a Director on 15 January 2007, irrevocably and unconditionally agreed to forfeit and surrender all rights attached to all outstanding share options granted to her on 1 November 2005.

26. LOSS OF A PRC FACTORY

The Group's factory (the "PRC Factory") situated in Dongguan, Guangdong Province, the PRC is owned and run by its wholly-owned subsidiary, Dongguan Kalee Electrical Co., Ltd. ("Dongguan Kalee") whose production was ceased during the year due to the insolvency of Dongguan Kalee to pay its debts and liabilities.

In April 2007, the PRC Factory was sealed up and closed down by the People's Court in Dongguan City of Guangdong Province following the claims by Dongguan Kalee's creditors. Due to the sealing up of the PRC Factory together with the plant and equipment therein, the manufacturing operations of Dongguan Kalee ceased. Dongguan Kalee filed to Dongguan Intermediate People's Court (the "Court") an application for insolvency, which was accepted by the Court in December 2007. During the period of insolvency, the debt restructuring arrangement proposed by Dongguan Kalee was not accepted by its creditors. The liquidator on behalf of the creditors filed an application to the Court for liquidated settlement of debts. In May 2008, the Court ordered that Dongguan Kalee be liquidated for settlement of the debts by sale of the PRC Factory, land, together with the plant and equipment therein, through auction.

In view of the foregoing, the Directors will not contemplate a debt restructuring arrangement of the indebtedness of Dongguan Kalee and intends to liquidate Dongguan Kalee after the sale of the PRC Factory, land, together with the plant and equipment therein to discharge the claims by its creditors. Accordingly, the Group (i) wrote down the inventories of Dongguan Kalee as at 30 April 2007 to zero value; (ii) provided an allowance for doubtful debts for all the outstanding receivables of Dongguan Kalee as at 30 April 2007; (iii) provided certain provisions for losses; and (iv) recognised an impairment loss to write down the PRC Factory, together with the plant and equipment therein, of Dongguan Kalee as at 30 April 2007 to an aggregate value equivalent to the carrying amounts of the subsidiary's total liabilities less prepaid lease payments and bank balances and cash on the same date.

26. LOSS OF A PRC FACTORY *(continued)*

The assets and liabilities of Dongguan Kalee included in the consolidated balance sheet as at 30 April 2007 are as follows:–

	HK$'000
Property, plant and equipment	114,669
Prepaid lease payments	630
Amount due from ultimate holding company	2,274
Bank balances and cash	996
Trade and other payables	(100,885)
Taxation payable	(12,888)
Bank borrowings	(2,522)
	2,274

The aforementioned write-down of inventories, allowance for doubtful debts, provisions for losses and impairment loss on property, plant and equipment were included in loss of a PRC Factory shown on the consolidated income statement.

27. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund scheme for all qualifying employees of its Hong Kong subsidiaries. The assets of the scheme are held separately from those of the Group and in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of HK$749,000 (2006: HK$1,406,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes.

At the balance sheet date, there was no significant forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which was available to reduce the contribution payable in the future years.

28. LITIGATIONS

(a) On 7 March 2007, China Construction Bank (Asia) Limited commenced proceedings in the High Court of Hong Kong under HCA 438 of 2007 against Housely Industries and the Company for approximately HK$1,540,000, interest and costs on indemnity basis.

(b) On 3 April 2007, China Construction Bank (Asia) Limited commenced proceedings in the High Court of Hong Kong under HCA 673 of 2007 against Housely Industries and the Company for approximately HK$1,016,000, interest and costs on indemnity basis. On 26 April 2007, the court granted a final and interlocutory judgment against Housely Industries and the Company for approximately HK$1,016,000, interest and costs on indemnity basis. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

(c) On 14 April 2007, the Bank of Tokyo-Mitsubishi UFJ, Ltd. commenced proceedings in the High Court of Hong Kong under HCA 733 of 2007 against Housely Industries and the Company for approximately HK$4,985,000, interest and costs. On 7 June 2007, the court granted a judgement against Housely Industries and the Company for the sum of approximately HK$4,985,000, interest and costs in the sum of approximately HK$2,000. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year. The indebtedness claimed was subsequently assigned by the Bank of Toyko-Mitsubishi UFJ. Ltd. to an independent third party of the Group.

(d) On 16 April 2007, Kingport Technology Limited commenced proceedings in the District Court of Hong Kong under DCCJ 1670 of 2007 against Housely Industries for approximately HK$650,000, interest and costs. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

(e) On 20 April 2007, DBS Bank (Hong Kong) Limited commenced proceedings in the High Court of Hong Kong under HCA 797 of 2007 against the Company for approximately HK$5,060,000, interest and costs on indemnity basis. On 18 June 2007, the court granted a judgement against the Company for the sum of approximately HK$5,060,000 and interest. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year. The indebtedness claimed was subsequently assigned by DBS Bank (Hong Kong) Limited to an independent third party of the Group.

(f) On 20 April 2007, DBS Bank (Hong Kong) Limited commenced proceedings in the High Court of Hong Kong under HCA 798 of 2007 against Housely Industries and the Company for approximately HK$5,449,000, approximately US$90,000, interest and costs on indemnity basis. On 18 June 2007, the court granted a judgment against Housely Industries and the Company for the sum of approximately HK$5,449,000, approximately USD90,000, interest and costs on indemnity basis. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year. The indebtedness claimed was subsequently assigned by DBS Bank (Hong Kong) Limited to an independent third party of the Group.

29. EVENTS AFTER THE BALANCE SHEET DATE

(a) On 1 June 2007, Bank of Communications Co., Ltd. (Hong Kong Branch) commenced proceedings in the High Court of Hong Kong under HCA 1161 of 2007 against Housely Industries, Housely Technology Limited (a wholly-owned subsidiary of the Company), Housely Trading Company Limited (a wholly-owned subsidiary of the Company) and the Company for approximately HK$13,652,000 and approximately US$329,000, interest and costs on indemnity basis. On 16 July 2007, the court granted a judgment against the said companies for approximately HK$13,652,000 and approximately US$329,000, interest and fixed costs in the sum of approximately HK$2,000. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

(b) On 25 June 2007, Rei Hsing Electric Co. Limited commenced proceedings in the High Court of Hong Kong under HCA1334 of 2007 against Housely Industries for approximately HK$1,385,000, interest and costs. On 30 July 2007, the court granted a judgment against Housely Industries for approximately HK$1,385,000, interest and costs in the sum of HK$11,000. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

(c) On 27 June 2007, TUV Rhineland Hong Kong Limited commenced proceedings in the High Court of Hong Kong under HCA 1352 of 2007 against Housely Industries for approximately HK$1,130,000. On 18 July 2007, judgment was granted by the court against Housely Industries for approximately HK$1,130,000, interest and costs in the sum of approximately HK$2,000. The claim has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

(d) On 3 September 2007, Fairlady Fashion Limited commenced proceedings in the High Court of Hong Kong under HCMP1669 of 2007 against Housely Industries and China Construction Bank (Asia) Limited for specific performance of a sale and purchase agreement, damages, interest and costs. On 17 January 2008, the court made an order stating, among other things, there be specific performance of the sale and purchase agreement. The transaction has not been completed as at the date of this report. The net book value of the property was HK$2,870,000 as at 30 April 2007.

(e) On 31 October 2007, the Commissioner of Inland Revenue commenced proceedings in District Court of Hong Kong under DCTC 8694 of 2007 against Tacho Company Limited ("Tacho") for the sum of approximately HK$26,593,000, interest and costs. On 14 January 2008, the court granted a judgment against Tacho for approximately HK$26,583,000, interest and costs in the sum of approximately HK$1,000. The judgment has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

(f) On 5 December 2007, the Commissioner of Inland Revenue commenced proceedings in District Court of Hong Kong under DCTC 9371 of 2007 against Tacho for the sum of approximately HK$62,000, interest and costs. On 18 February 2008, the court granted a judgment against Tacho for approximately HK$62,000, interest and costs in the sum of approximately HK$1,000. A writ of fieri facias has been issued against Tacho. The judgment has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

29. EVENTS AFTER THE BALANCE SHEET DATE *(continued)*

(g) On 21 January 2008, the Commissioner of Inland Revenue commenced proceedings in District Court of Hong Kong under DCTC 554 of 2007 against Tacho for the sum of approximately HK$6,089,000, interest and costs. On 19 March 2008, a judgment was granted by the District Court of Hong Kong against Tacho for approximately HK$6,089,000, interest and costs. A writ of fieri facias has been issued to enforce the judgment. The judgement has not been settled as at the date of this report and the Group has provided for the liabilities in the consolidated financial statements for the year.

(h) On 23 January 2008, the High Court of Hong Kong ordered Housely Industries be wound up under the provisions of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), and that the Official Receiver be constituted provisional liquidator of the affairs of Housely Industries. Two individuals were appointed as liquidators of Housely Industries.

(i) On 14 February 2008, Golden China Industrial Limited commenced proceedings against Housely Industries in the High Court of Hong Kong under HCA 237 of 2008 for approximately HK$1,840,000, interest and costs.

(j) On 23 July 2008, the Commissioner of Inland Revenue commenced proceedings in the District Court of Hong Kong under DCTC 5918 of 2008 against Tacho for approximately HK$3,206,000, interest and costs. The amount of approximately HK$3,206,000 represented tax surcharge for the unpaid taxes mentioned in notes 29(e) and 29(g) to the consolidated financial statements. The claim has not been settled as at the date of this report and the Group will provide for the liabilities in the consolidated financial statements for the year ending 30 April 2008.

(k) On 8 October 2008, the Company announced the proposed Open Offer of the Offer Convertible Notes with the aggregate principal amount of HK$84.4 million. Details of the Open Offer are set out in note 2(d) to the consolidated financial statements.

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 April 2007 are as follows:–

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/registered capital	Principal activities
Dongguan Kalee Electrical Co., Ltd. ("DGKL")	PRC*	HK$43,150,000 (Paid up: HK$30,028,403)	Ceased operation
Dongguan Warderly Technology Co., Ltd. ("DGWT")	PRC*	HK$62,000,000 (Paid up: HK$9,682,828)	Ceased operation
Homemax (H.K.) Limited	Hong Kong	HK$2	Trading of kitchenware
Housely Industries Limited	Hong Kong	HK$1,001,000	Investment holding and trading of household electrical appliances

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid ordinary share capital/registered capital	Principal activities
Housely (Macao) Commercial Offshore Company Limited	Macau	HK$98,039	Trading of household electrical appliances and other electrical products
Housely Trading Company Limited	Hong Kong	HK$10,000	Trading of home appliances and audio and video products
Tacho Company Limited	Hong Kong	HK$1,002	Investment holding and manufacturing and trading of household electrical appliances

* *DGKL and DGWT are wholly foreign owned enterprises.*

All subsidiaries are indirectly wholly-owned by the Company.

None of the subsidiaries had issued debt securities at the end of the year.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

31. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company as at 30 April 2007 is as follow:–

	2007 HK$'000	2006 HK$'000
Non-current asset		
Investment in a subsidiary	–	105,808
Current assets		
Amounts due from subsidiaries	–	63,406
Dividend receivable	–	65,000
Bank balances and cash	1	129
	1	128,535
Current liabilities		
Other payables	4,461	1,881
Amounts due to subsidiaries	4,722	4,153
Bank overdraft	24	–
	9,207	6,034
Net current (liabilities)/assets	(9,206)	122,501
Net (liabilities)/assets	(9,206)	228,309
Capital and reserves		
Share capital	4,220	4,220
Reserves	(13,426)	224,089
(Capital deficiency)/total equity	(9,206)	228,309

32. RELATED PARTY TRANSACTIONS

Apart from the information as disclosed elsewhere in the consolidated financial statements, the Group had no other material transaction with its related parties during the year.

Compensation of key management personnel

Details of the remunerations of the Directors are set out in note 10 to the consolidated financial statements.

Financial Summary

RESULTS

	2003 HK$'000	2004 HK$'000	2005 HK$'000	2006 HK$'000	**2007** **HK$'000**
Turnover	235,935	291,219	337,499	288,688	**187,384**
Profit/(loss) before taxation	65,137	79,119	67,238	24,676	**(684,258)**
Taxation	(8,740)	(11,236)	(9,224)	(24,278)	**(23,101)**
Profit/(loss) for the year	56,397	67,883	58,014	398	**(707,359)**

ASSETS AND LIABILITIES

	2003 HK$'000	2004 HK$'000 (restated)	2005 HK$'000 (restated)	2006 HK$'000	**2007** **HK$'000**
Total assets	290,287	422,580	584,244	801,394	**131,198**
Total liabilities	111,091	142,267	269,127	431,047	**498,578**
Total equity/(capital deficiency)	179,196	280,313	315,117	370,347	**(367,380)**
Attributable to:–					
Equity holders of the Company	179,196	280,313	315,117	370,308	**(367,419)**
Minority interests	–	–	–	39	**39**
	179,196	280,313	315,117	370,347	**(367,380)**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2007 annual general meeting of Warderly International Holdings Limited (the "**Company**") will be held at 15th Floor, No. 88 Lockhart Road, Wanchai, Hong Kong on 26 November 2008 at 10:00 a.m. to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and reports of the directors (the "**Directors**") and auditors of the Company for the year ended 30 April 2007;

2. to re-elect Directors and to authorise the board of Directors to fix the Directors' remuneration; and

3. to re-appoint auditors and to authorise the board of Directors to fix their remuneration.

By Order of the Board
Warderly International Holdings Limited
Hung Kwok Wa
Director

Hong Kong, 31 October 2008

Principal place of business in Hong Kong:
15th Floor
No. 88 Lockhart Road
Wanchai
Hong Kong

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and, subject to the provisions of the articles of association of the Company, vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint holders of any share (the "**Shares**") in the capital of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the joint holder whose name stands first on the register of members of the Company in respect of the joint holding who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

3. In order to be valid, the form of proxy for use at the meeting must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, at the office of the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjournment thereof.

4. As at the date of this notice, the board of Directors consists of Mr. Hung Kwok Wa, Mr. Lau Man Tak, Ms. Li Shu Han, Eleanor Stella, Mr. Li Kai Yien, Arthur Albert and Ms. Seto Ying (all being executive Directors), and Mr. Tam Ping Kuen, Daniel, Mr. Lau Tai Chim, Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong (all being independent non-executive Directors).

5. Set out below are the particulars of the retiring Directors at the meeting and they offered themselves for re-election:

Mr. Hung Kwok Wa ("Mr. Hung")

Mr. Hung Kwok Wa, aged 39, was appointed as an executive Director in 2002. Mr. Hung graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1993 and is a fellow member of the Association of Chartered Certified Accountants. Mr. Hung is responsible for financial planning and related financial activities of the Company and its subsidiaries (the "**Group**"). He is also a director of various subsidiaries of the Company. Save as disclosed, Mr. Hung does not hold any other position with any members of the Group. Prior to joining the Group in 2002, Mr. Hung worked as executive director with two listed companies and has also worked for several commercial banks in Hong Kong as well as an international certified public accountants firm. He has over eight years of experience in financial related industry.

Mr. Hung does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. Mr. Hung did not hold any directorship in listed public companies in the last three years and he was not interested in any Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") as at the date of this notice.

Mr. Hung entered into a service agreement with the Company on 26 November 2002 under which he is to act as an executive Director for an initial term of three years commencing from 1 May 2002 and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term unless terminated by not less than three months' notice in writing served by either party on the other party expiring at the end of the initial term or at any time thereafter. He is entitled to an annual remuneration of HK$10,000. His remuneration was determined with reference to his duties and responsibilities.

Save as disclosed, there is no information in relation to the re-election of Mr. Hung which is required to be disclosed pursuant to Rule 13.51(2) of the Rules (the "**Listing Rules**") Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and there are no other matters in relation to the re-election of Mr. Hung that need to be brought to the attention of the shareholders of the Company.

Mr. Lau Man Tak ("Mr. Lau")

Mr. Lau Man Tak, aged 38, was appointed as an executive Director in 2007. Mr. Lau holds a bachelor degree in accountancy from the Hong Kong Polytechnic University and has more than 15 years experience in finance, accounting and auditing. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He is also a member of the Hong Kong Securities Institute.

Save for being an executive Director, Mr. Lau does not hold any other position with any members of the Group. Mr. Lau does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. Mr. Lau was an executive director of Solartech International Holdings Limited, the shares of which are listed on the Stock Exchange, during the period from 2002 to 2007. Mr. Lau was also an executive director of Hua Yi Copper Holdings Limited from 2004 to 2007 and Premium Land Limited from 2001 to 2005, the shares of both of which are listed on the Stock Exchange. Mr. Lau was an independent non-executive director of Hong Kong Health Check and Laboratory Holdings Company Limited from 2003 to 2006, the shares of which are listed on the Stock Exchange. Currently, Mr. Lau is an independent non-executive director of Golden Resorts Group Limited, the shares of which are listed on the Stock Exchange, and an independent non-executive director, the chairman of the audit committee and remuneration committee of Climax International Company Limited, the shares of which are listed on the Stock Exchange. Save as disclosed, Mr. Lau did not hold any directorship in listed public companies in the last three years and he was not interested in any Shares within the meaning of Part XV of the SFO as at the date of this notice.

The Company has not entered into any service contract with Mr. Lau and he has not been appointed for a specific term, but he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Mr. Lau is entitled to an annual remuneration of HK$10,000. His remuneration was determined with reference to his duties and responsibilities.

Save as disclosed, there is no information in relation to the re-election of Mr. Lau which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters in relation to the re-election of Mr. Lau that need to be brought to the attention of the shareholders of the Company.

Mr. Tam Ping Kuen, Daniel ("Mr. Tam")

Mr. Tam Ping Kuen, Daniel, aged 44, was appointed as an independent non-executive Director in 2004. Mr. Tam obtained a master degree of financial economics from University of London and is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. Mr. Tam is the founder of Daniel Tam & Co., Certified Public Accountants (Practising). He had several years of working experience in corporate finance, asset management and financial management.

Save for being an independent non-executive Director, Mr. Tam does not hold any other position with any members of the Group. Mr. Tam does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. Mr. Tam is currently an independent non-executive director of Ming Fung Jewellery Group Limited, the shares of which are listed on the Stock Exchange. Save as disclosed, Mr. Tam did not hold any directorship in listed public companies in the last three years and he was not interested in any Shares within the meaning of Part XV of the SFO as at the date of this notice.

As at the date of this notice, there is no service contract/appointment letter existed between Mr. Tam and the Company and Mr. Tam has not been appointed for a specific term, but he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Mr. Tam is entitled to an annual remuneration of HK$50,000. His remuneration was determined with reference to his duties and responsibilities.

Save as disclosed, there is no information in relation to the re-election of Mr. Tam which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters in relation to the re-election of Mr. Tam that need to be brought to the attention of the shareholders of the Company.

Mr. Lau Tai Chim

Mr. Lau Tai Chim, aged 57, was appointed as an independent non-executive Director in 2002. He is a solicitor practicing law in Hong Kong in the firm T.C. Lau & Co.. He holds a bachelor degree in laws from the University of Buckingham in England. Apart from practicing as a solicitor in Hong Kong, Mr. Lau Tai Chim is also a solicitor in England and Wales and the Republic of Singapore, who has cultivated over 21 years of law practicing experience. Furthermore, Mr. Lau Tai Chim is also a notary public and an attesting officer appointed by Ministry of Justice in Beijing, the People's Republic of China.

Save for being an independent non-executive Director, Mr. Lau Tai Chim does not hold any other position with any members of the Group. Mr. Lau Tai Chim does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company. Mr. Lau Tai Chim did not hold any directorship in listed public companies in the last three years and he is not interested in any Shares within the meaning of Part XV of the SFO as at the date of this notice.

As at the date of this notice, there is no service contract/appointment letter existed between Mr. Lau Tai Chim and the Company and he has not been appointed for a specific term, but he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Mr. Lau Tai Chim is entitled to an annual remuneration of HK$50,000. His remuneration was determined with reference to his duties and responsibilities.

Save as disclosed, there is no information in relation to the re-election of Mr. Lau Tai Chim which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters in relation to the re-election of Mr. Lau Tai Chim that need to be brought to the attention of the shareholders of the Company.