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 2013

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Kan Che Kin, Billy Albert *(Chairman)*
Li Kai Yien, Arthur Albert
Li Shu Han, Eleanor Stella
Seto Ying

Independent Non-executive Directors
Li Siu Yui
Ip Woon Lai
Lee Kong Leong

AUDITORS

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

COMPANY SECRETARY

Ha Cheuk Man

AUDIT COMMITTEE

Li Siu Yui *(Chairman)*
Ip Woon Lai
Lee Kong Leong

REMUNERATION COMMITTEE

Li Siu Yui *(Chairman)*
Ip Woon Lai
Lee Kong Leong

NOMINATION COMMITTEE

Ip Woon Lai *(Chairman)*
Li Siu Yui
Lee Kong Leong

PRINCIPAL BANKER

Hang Seng Bank Limited
Bank of China

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit B, 8/F.,
St. John's Building,
33 Garden Road, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Standard Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

warderly.todayir.com

STOCK CODE

607

Biographical Details of Directors

DIRECTORS

Executive Directors

Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), aged 61, was appointed as an executive Director, the chairman and the chief executive officer of the Company on 30 August 2011. He graduated from the University of East Anglia with a Bachelor of Science degree. Mr. Kan is an associate member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and Hong Kong Securities Institute. Mr. Kan had worked with Deloitte Touche Tohmatsu and KPMG and is equipped with extensive experience in accounting, taxation and corporate finance. In addition, Mr. Kan has over 20 years of experience in serving on the board of directors of financial institutions and listed companies in Hong Kong, including Security Pacific Finance Limited, Burlingame International Company Limited (now renamed Interchina Holdings Company Limited) (stock code: 202) and Greater China Holdings Limited (stock code: 431). Mr. Kan resigned as a director of Interchina Holdings Company Limited in September 2000 and of Greater China Holdings Limited in June 2004. Mr. Kan is currently an executive director, the chairman and the chief executive officer of Artel Solutions Group Holdings Limited (stock code: 931), the shares of which are listed on the Stock Exchange. Mr. Kan is also a director of two wholly-owned subsidiaries of the Company. Ms. Li Shu Han, Eleanor Stella is a niece of Mr. Kan, Mr. Li Kai Yien, Arthur Albert is a nephew of Mr. Kan.

Mr. Li Kai Yien, Arthur Albert ("Mr. Li"), aged 40, was appointed as an executive Director on 18 June 2008. Mr. Li graduated from University of Southern California with a bachelor degree in Science 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 and an executive director of Artel Solutions Group Holdings Limited (stock code: 931), the shares of which are listed on the Shock Exchange. Mr. Li is a brother of Ms. Li Shu Han, Eleanor Stella, an executive Director.

Ms. Li Shu Han, Eleanor Stella ("Ms. Li"), aged 43, was appointed as an executive Director on 18 June 2008. She graduated from University of Southern California with a bachelor degree in Science Accounting. 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, and an executive director of Artel Solutions Group Holdings Limited (stock code: 931), the shares of which are listed on the Shock Exchange. Ms. Li is a sister of Mr. Li.

Ms. Seto Ying ("Ms. Seto"), aged 36, 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 10 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, and the company secretary of two wholly-owned subsidiaries of the Company. Moreover, Ms. Seto is currently a company secretary of Artel Solutions Group Holdings Limited (stock code: 931), the shares of which are listed on the Stock Exchange.

Biographical Details of Directors

Independent Non-executive Directors

Mr. Li Siu Yui, aged 43, 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 and is currently an independent non-executive director of Artel Solutions Group Holdings Limited (stock code: 931), the shares of which are listed on the Stock Exchange.

Mr. Ip Woon Lai ("Mr. Ip"), aged 42, was appointed as an independent non-executive Director on 18 June 2008. Mr. Ip holds a bachelor degree of Commerce in Accounting and Finance 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 private equity industry in the Greater China region and is currently an independent non-executive director of Artel Solutions Group Holdings Limited (stock code: 931), the shares of which are listed on the Stock Exchange.

Mr. Lee Kong Leong ("Mr. Lee"), aged 49, was appointed as an independent non-executive Director on 18 June 2008. Mr. Lee holds a bachelor degree of Commerce in Accounting and Information Systems 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 were listed on the Stock Exchange from 2002 to 2004. Mr. Lee is currently an independent non-executive director of Artel Solutions Group Holdings Limited (stock code: 931), the shares of which are listed on the Stock Exchange and was appointed as an independent non-executive director of SBC Corporation Berhad, a property developer listed at the Stock Exchange of Kuala Lumpur, Malaysia in October 2012.

Senior Management

Ms. Ha Cheuk Man ("Ms. Ha"), aged 33, was appointed as the company secretary of the Company on 8 January 2010. Ms. Ha holds a Bachelor Degree of Business Administration (Hon) in Accounting from the Hong Kong Baptist University. She is a member of the Hong Kong Institute of Certified Public Accountants and has several years of experience in the field of accounting, auditing and taxation.

Chairman's Statement

On behalf of the board of directors (the "Directors") of Warderly International Holdings Limited (the "Company"), I now present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 April 2013.

BUSINESS REVIEW

Trading in the shares (the "Shares") of the Company 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").

During the year, the operation of the Group only remained the business of manufacturing and sale of household electrical appliances (the "Manufacturing Business") such as convection panel heaters, quartz heaters, bathroom panel heaters and electric fans. Its products are mainly supplied to overseas customers in Europe, Australia and America through a People's Republic of China (the "PRC") import and export company. Due to the fluctuating economics in overseas market, the number of customers decreased and the orders from each customer decreased largely compared with last year. Moreover, the increasing material and labor costs and appreciation in Renminbi caused the profit margin of the Group not as high as before. Therefore, the turnover of the Manufacturing Business decreased and the result of the Manufacturing Business changed from a profit of approximately HK$2 million for the year ended 30 April 2012 to a loss of approximately HK$2.8 million for the year ended 30 April 2013.

In order to fulfill the requirements of the Stock Exchange to maintain the listing of the Shares, the Company identified a suitable acquisition target with sizable track records, Nanjing Fullshare Asset Management Limited（南京豐盛資產管理有限公司）(the "Target Company"), which is a limited liability company established in the PRC and is wholly owned by Nanjing Fullshare Industrial Holding Group Co. Limited*（南京豐盛產業控股集團有限公司）("Nanjing Fullshare Holding"). On 21 August 2012, an acquisition agreement was entered into between Mighty Fame Limited, a wholly owned subsidiary of the Company, and Nanjing Fullshare Holding in relation to the acquisition of the entire equity interest of the Target Company at a consideration of HK$500 million (the "Acquisition"). The Target Company is a property developer currently focusing primarily on developing and selling residential complex in Yancheng, Jiangsu Province and Chongqing Municipality in the PRC. In addition, the Company proposed to raise HK$84.4 million by allotment and issuance of 1,688,000,000 new Shares (the "Offer Share(s)") at the subscription price of HK$0.05 per Offer Share on the basis of 4 Offer Shares for every 1 Share (the "Open Offer") and issuance of the convertible bonds (the "Convertible Bonds") under the subscription agreement (the "Subscription Agreement") dated 21 August 2012 entered into between the Company, Magnolia Wealth International Limited ("Magnolia Wealth"), a company incorporated in the British Virgin Islands and Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), the executive Director and the substantial shareholder (the "Shareholder") of the Company, with an aggregate principal amount of HK$500,000,000. The Company submitted a new resumption proposal in respect of, amongst other things, the Acquisition, the Open Offer and the Subscription Agreement (the "New Resumption Proposal") to the Stock Exchange during the appeal stage on 22 August 2012 and attended the appeal hearing held by the Listing Appeals Committee of the Stock Exchange on 7 September 2012. On 17 September 2012, the Company was pleased to announce that the Listing Appeals Committee of the Stock Exchange decided to exercise its discretion to receive and consider the New Resumption Proposal and refer the matter back to the Listing Committee of the Stock Exchange, and to allow the Listing Division of the Stock Exchange and the SFC to complete its usual vetting work for the proposed transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Code on Takeovers and Mergers. The Listing Appeals Committee of the Stock Exchange considered that the proposed transactions contained in the New Resumption Proposal constitute a reverse takeover and hence subject to the Listing Rules applicable to such transactions. As such, CMB International

Chairman's Statement

Capital Limited has been appointed as the sponsor to the Company in relation to the reverse takeover involving a new listing application to fulfill the requirements under the Listing Rules.

During the process of restructuring of the Company, on 18 January 2013, the Company disposed of the entire interest in Warderly Group Limited ("WGL"), Olevia Home Appliances Limited ("Olevia") and Rich Honest (Europe) Limited ("RHE") (collectively, the "Disposal Companies") at a consideration of HK$1 each to Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), an executive director and a substantial shareholder of the Company (the "Disposal"). Each of the Disposal Companies, namely WGL, RHE and Olevia, has been dormant since April 2007, October 2011 and April 2012 respectively. As at the date of the Disposal, the Disposal Companies had aggregate consolidated net liabilities of approximately HK$86 million. As the Company provided corporate guarantee to certain banks to secure the banking facilities granted to the subsidiaries of WGL and its subsidiaries had net liabilities and they were in default on payment of such bank borrowings and overdrafts, the Company recognised a liability of approximately HK$24 million, equivalent to the outstanding bank borrowings and overdrafts and accrued interest therein, to reflect its obligations under the guarantee arrangements. Therefore, a gain on disposal of approximately HK$62 million was recognised for the year ended 30 April 2013. Accordingly, following the completion of the Disposal, the Group will save administrative costs relating to the maintenance and reporting of such non-core subsidiaries. The Disposal forms part of the Company's pursuit of the restructuring of the Group and resumption of trading in the Shares and was completed on 18 January 2013.

After completion of the Acquisition, the Company has no intention to continue the existing Manufacturing Business and therefore, on 5 April 2013, a disposal agreement (the "Disposal Agreement") was entered into between the Company and Homely Manufacturing Limited ("Homely"), a limited company incorporated in Hong Kong, which is wholly and beneficially owned by Mr. Yeung Kui Wong, who was the founder of the Company and had been the controlling shareholder and chairman of the Company, to dispose of the entire interest in Up Stand Holdings Limited ("Up Stand"), a wholly owned subsidiary of the Company, and its subsidiary, Dongguan Up Stand Electrical Manufacturing Company Limited, which is principally engaged in the Manufacturing Business, to Homely at a consideration of HK$10 million subject to adjustment by the increases/decreases in the consolidated net asset value of Up Stand during the period from 31 December 2012 to the date of completion of the disposal of Up Stand with limit of HK$1 million. After completion of the Acquisition and the disposal of Up Stand, the Group will be solely engaged in property development industry in the PRC. The Acquisition and the disposal of Up Stand have not been completed as at the date of this report.

As the Disposal Agreement was entered into on 5 April 2013, the Company's interest in Up Stand is treated as "assets held for sale". After the completion of the Disposal Agreement, all the existing business of the Group would be discontinued and hence, were treated as discontinued operations for the year ended 30 April 2013.

PROSPECTS

The Company is now taking appropriate steps to comply with the requirements under the Listing Rules and the Hong Kong Code on Takeovers and Mergers in respect of the proposed transactions set out in the New Resumption Proposal, which include, amongst other things, the Acquisition (constituting a reverse takeover), the Open Offer (instead of zero coupon convertible notes) and the subscription of the Convertible Bonds. The relevant agreements in relation to the Acquisition and the subscription of Convertible Bonds were entered into by the Company with relevant parties on 21 August 2012 and announced on 21 March 2013.

Chairman's Statement

The Company has appointed relevant professional parties, including a sponsor, CMB International Capital Limited, to prepare the required documents relating to those transactions pursuant to the Listing Rules and the Hong Kong Code on Takeovers and Mergers.

Upon completion of the Acquisition, the debt restructuring and the resumption of trading in the Shares on the Stock Exchange, the Group would have a sufficient level of operation and would become almost debt free and additional working capital would be injected into the Group. The capital base and the financial and liquidity position of the Group will substantially improve. The Group will participate in the new prospects in the property development industry in the PRC.

Kan Che Kin, Billy Albert
Chairman

Hong Kong, 30 July 2013

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 30 April 2013, the net result of the Group changed from a loss of approximately HK$14 million to a profit of approximately HK$43 million compared with last year.

The net profit of the Group was mainly derived from the gain on disposal of the entire interest in the Disposal Companies at an aggregate consideration of HK$3 to Mr. Kan, offset by the administrative expenses of the Group of approximately HK$19 million for the year. The gain on the Disposal was approximately HK$62 million, which was a result of the net effect from written off of the net liabilities of the Disposal Companies and additional guarantee liability taken up by the Company.

During the year, the Group recorded a turnover of approximately HK$23 million from discontinued operations, which was solely derived from the Manufacturing Business, representing a decrease by 65% in overall turnover compared with last year. Since the Group has ceased the operation of RHE and Olevia since October 2011 and April 2012, the Group only remained the Manufacturing Business during the year.

For the Manufacturing Business segment, the turnover decreased by 51% from approximately HK$47 million to approximately HK$23 million compared with last year. The average gross profit margin changed from 13% to 8% compared with last year. The decrease in turnover was mainly due to fluctuating economics in Europe, Australia and America, where it is the target market of the Group, the number of customers decreased and the orders from each customer decreased largely compared with last year. The increasing material and labor costs and appreciation in Renminbi caused the average profit margin of the Group decreased by 5% to 8% compared with last year. Moreover, in order to better control the cashflow, the products were sold to oversea customers through a PRC import and export company since April 2012. Therefore, the average gross profit was further eroded by the PRC import and export company. As a result, the net profit of the Manufacturing Business changed from a profit of approximately HK$2 million to a loss of approximately HK$2.8 million compared with last year.

On the other hand, the Company is under restructuring and is now taking appropriate steps to comply with the requirements under the Listing Rules and the Hong Kong Code on Takeovers and Mergers in respect of the proposed transactions set out in the New Resumption Proposal. Therefore, out of the administrative expenses of the Group, the Company incurred relevant legal and professional fees of approximately HK$11.5 million for the engagement of services from the sponsor, financial adviser, solicitors, reporting accountant, auditors, valuer and etc.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group currently finances its operations mainly by internally generated funds and a loan from a shareholder of the Company.

The Group had total cash and bank balances of approximately HK$62,000 as at 30 April 2013 (2012: approximately HK$1.7 million). Balance of bank overdrafts, bank borrowings and guarantor's liability were approximately HK$348 million as at 30 April 2013 (2012: approximately HK$351 million). The gearing ratio of the Group as at 30 April 2013 calculated as a ratio of total bank loans, bank overdrafts and guarantor's liability to total assets was approximately 2,512% (2012: approximately 1,935%). Net liabilities were approximately HK$376 million (2012: approximately HK$420 million).

The Group recorded total current asset value of approximately HK$14 million as at 30 April 2013 (2012: approximately HK$12 million) and total current liability value of approximately HK$390 million (2012: approximately HK$438 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was about 0.04 as at 30 April 2013 (2012: approximately 0.03). The improvement of current assets and current ratio of the Group as at 30 April 2013 was due to the reclassification of the non-current assets attributable to the Manufacturing Business to current assets as the Manufacturing Business is expected to be sold within twelve months.

The Group recorded a profit of approximately HK$43 million for the year ended 30 April 2013 (2012: loss of approximately HK$14 million) and this resulted in an increase in shareholders' funds to a negative value of approximately HK$376 million as at 30 April 2013 (2012: negative value of approximately HK$420 million).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

PLEDGE OF ASSETS

The Group had no pledged assets as at 30 April 2013.

INVESTMENTS

The Group had not held any significant investment for the year ended 30 April 2013.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

On 18 January 2013, the Company disposed of the entire interest in Rich Honest (Europe) Limited ("RHE") and Olevia Home Appliances Limited ("Olevia"), which are incorporated in Hong Kong with limited liability and Warderly Group Limited ("WGL"), which is incorporated in the British Virgin Islands with limited liability, at a cash consideration of HK$1 each to Mr. Kan Che Kin, Billy Albert, an executive director and controlling shareholder of the Company. The principal activities of RHE, Olevia and WGL are manufacturing and sale of electrical appliances, development and distribution of household electrical appliances and investment holding respectively and they have been dormant since October 2011, April 2012 and April 2007 respectively. A gain on disposal of subsidiaries of approximately HK$62 million was recognised during the year ended 30 April 2013 and was classified as a profit from discontinued operations. The disposal of RHE, Olevia, WGL constituted a connected transaction under Chapter 14A of the Listing Rules and a disclosable transaction under Chapter 14 of the Listing Rules.

On 5 April 2013, the Company entered into a disposal agreement to dispose of the entire interest in Up Stand Holdings Limited ("Up Stand"), a wholly owned subsidiary of the Company, and its subsidiary, Dongguan Up Stand Electrical Manufacturing Company Limited, whose principal activities are manufacturing and sale of household electrical appliances and audio-visual products. The disposal of Up Stand has not been completed as at the date of this report. The disposal of Up Stand constituted a connected transaction under Chapter 14A of the Listing Rules and a very substantial disposal under Chapter 14 of the Listing Rules. Details of the disposal of Up Stand are included in note 33(ii) to the consolidated financial statements.

The Company confirms that it has complied with all the disclosure requirements under Chapters 14 and 14A of the Listing Rules.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 30 April 2013 are set out in note 6 to the consolidated financial statements.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 April 2013.

STAFF AND REMUNERATION POLICIES

As at 30 April 2013, the Group had about 113 employees (2012: 91 employees). The Group's total staff costs amounted to approximately HK$5,180,000 (2012: HK$10,288,000) for the year ended 30 April 2013.

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.

Management Discussion and Analysis

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code 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 2013. The audit committee of the Company currently comprises three independent non-executive Directors.

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

During the year ended 30 April 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Report

CORPORATE GOVERNANCE CODE

Warderly International Holdings Limited (the "Company") is committed to maintaining a high standard of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Company and its subsidiaries (collectively, the "Group") to manage business risks, enhance transparency, maintain high standards of accountability and protect interests of shareholders of the Company (the "Shareholders") and other stakeholders.

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has made various amendments to the Code on Corporate Governance Practices (the "Old Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange and renamed it the Corporate Governance Code (the "CG Code"). The CG Code took effect on 1 April 2012.

The Company has complied with the CG Code during the year ended 30 April 2013 except for the following deviations:

1. Code Provision A.2.1

The roles of chairman and chief executive officer should be separate. The positions of chairman and chief executive officer of the Company were held by Mr. Kan Che Kin, Billy Albert ("Mr. Kan"). The board (the "Board") of directors (the "Directors") of the Company believes that holding of both positions of chairman and chief executive officer by the same person allows more effective planning and execution of business strategies. The Board has full confidence in Mr. Kan and believes that his dual roles will be beneficial to the Group.

2. Code Provision A.4.1

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

3. Code Provision A.1.8

Under the Code Provision A.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors. Up to the date of this report, the Company has not arranged such insurance coverage for the Directors as the Board was of the opinion that sound and effective corporate governance within the Group would suffice in monitoring and mitigating legal and compliance risks. Nevertheless, in order to offer fuller protection to the Directors, the Board is under discussions to arrange appropriate insurance coverage for the Directors in future.

4. **Code Provision A.6.7**

   Under the Code Provision A.6.7, non-executive directors, including independent non-executive directors, should attend board, committee and general meetings. Two of the INEDs, namely Mr. Li Siu Yui and Mr. Lee Kong Leong were unable to attend the annual general meeting (the "AGM") of the Company held on 19 September 2012 as they had other business engagements. However, they subsequently requested the company secretary of the Company to report to them on the views of the Shareholders in the AGM. As such, the Board considers that the development of a balances understanding of the views of the Shareholders among the INEDs was ensured.

5. **Code Provision E.1.2**

   Under the Code Provision E.1.2, the chairmen of the board, the audit, remuneration and nomination committees should attend the annual general meeting. Mr. Kan, the chairman of the Board and Mr. Li Siu Yui, the chairman of the audit committee and remuneration committee of the Company were unable to attend the AGM as they had other business engagements. Ms. Seto Ying, an executive Director, was elected as the chairman of the AGM to ensure effective communication with Shareholders at the AGM. Mr. Ip Woon Lai, the chairman of the nomination committee and member of the audit committee and remuneration committee of the Company had attended the AGM and answered the questions at the AGM on behalf of Mr. Li Siu Yui.

6. **Code Provision A.5.1 to A.5.5**

   Under the code provisions A.5.1 to A.5.5, the Company should establish a nomination committee with written terms of reference and sufficient resources and the nomination committee should review the structure, size and composition of the board at least annually. The Board did not establish a nomination committee during the period from 1 April 2012 to 8 November 2012 to allow a more informed and balanced decision to be made by the Board as to suitability of the role. The nomination committee of the Company (the "Nomination Committee") was established on 9 November 2012. The Nomination Committee comprises three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Ip Woon Lai and Mr. Lee Kong Leong. Mr. Ip Woon Lai was appointed and acted as the chairman of the Nomination Committee. The first meeting of the Nomination Committee was held on 30 July 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

BOARD OF DIRECTORS

The Board currently comprises seven Directors, with three INEDs. The composition of the Board during the year is set out as follows:

Executive Directors

Mr. Kan* *(Chairman)*
Mr. Li Kai Yien, Arthur Albert*
Ms. Li Shu Han, Eleanor Stella*
Ms. Seto Ying

INEDs

Mr. Li Siu Yui
Mr. Ip Woon Lai
Mr. Lee Kong Leong

* Ms. Li Shu Han, Eleanor Stella is the niece of Mr. Kan and sister of Mr. Li Kai Yien, Arthur Albert. Mr. Li Kai Yien, Arthur Albert is the nephew of Mr. Kan.

The Board is responsible for approving and monitoring the Group's strategies, policies and business plans, revaluating the performance of the Group and supervising the work of management. The management of the Company is responsible for the daily operations and administration of the Group.

Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules that requires every board of directors of a listed issuer must include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

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 INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent.

The INEDs were not appointed for specific terms but were subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles of Association") at least once every three years.

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. According to the training records provided to the Company by the individual Directors, the Directors have read regulatory updates and/or attended external seminars and programmes with appropriate emphasis on the roles, functions and duties of a director of a listed company during the year.

The posts of the chief executive officer and chairman of the Company were both held by Mr. Kan. The reasons have been explained in paragraph 1 on page 12 of this annual report.

Two INEDs, namely Mr. Li Siu Yui and Mr. Lee Kong Leong and the chairman of the Board, Mr. Kan were unable to attend the AGM as they had other business engagements. However, they subsequently requested the company secretary of the Company to report to them on the views of the Shareholders in the AGM. Ms. Seto Ying, an executive Director, was elected as the chairman of the AGM to ensure effective communication with Shareholders at the AGM. As such, the Board considers that the development of a balances understanding of the views of the Shareholders among the INEDs was ensured.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 18 January 2006. It comprised of only INEDs. The members during the year were:

Mr. Li Siu Yui *(Chairman)*
Mr. Lee Kong Leong
Mr. Ip Woon Lai

The Remuneration Committee is responsible for determining the specific remuneration packages of all executive Directors and senior management of the Company, including benefits-in-kind, pension rights and compensation payments, and to advise the Board on the remuneration of the non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management of the Company, the Remuneration Committee takes into account the performance of the Group as well as individual Directors and senior management of the Company. No Directors can determine their own remuneration package.

The terms of reference of the remuneration committee, which described its authority and duties, are available on the Company's website.

During the year, the Remuneration Committee held one meeting. Matters considered at the meeting included revision of the compensation payable to all Directors and senior management of the Group and recommendation to the Board on the Group's remuneration policy and structure.

Remuneration payable to senior management (excluding Directors) for the year ended 30 April 2013 is within the HK$0 to HK$500,000 band. Directors' emoluments comprise payments to Directors by the Group in connection with the management of the affairs of the Group and other benefits. The amounts paid to each Director for the year ended 30 April 2013 are shown in note 8 to the consolidated financial statements.

Corporate Governance Report

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was formed to review and supervise the financial reporting process and internal control of the Company. The Audit Committee currently comprises three INEDs and two members possess the appropriate professional qualifications, business and financial experience and skills. The members during the year were:

Mr. Li Siu Yui *(Chairman)*
Mr. Lee Kong Leong
Mr. Ip Woon Lai

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of the system of internal control of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determine is necessary and to perform investigations. The terms of reference of the Audit Committee, which described its authority and duties, are available on the Company's website.

During the year, the Audit Committee held two meetings. Matters considered at the meetings included review of the Group's 2012 annual and interim results, the fees for engaging the external auditors to provide the audit for the relevant years, the independence of the external auditors, the Company's financial control, internal control and risk management system.

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 9 November 2012. The Nomination Committee currently comprises three INEDs and its members during the year were:

Mr. Ip Woon Lai *(Chairman)*	(appointed on 9 November 2012)
Mr. Li Siu Yui	(appointed on 9 November 2012)
Mr. Lee Kong Leong	(appointed on 9 November 2012)

The Nomination Committee 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 Nomination Committee will consider their necessary expertise and experience. No meeting was held by the Nomination Committee during the year. The first meeting was held on 30 July 2013. The matters considered at the meeting will include the revision of the structure, size and composition of the Board, qualifications for all Directors and senior management of the Group and independence of the INEDs.

The term of reference of the Nomination Committee, which described its authority and duties, are available on the Company's website.

DIRECTORS' ATTENDANCE AT BOARD, REMUNERATION COMMITTEE, AUDIT COMMITTEE AND NOMINATION COMMITTEE MEETINGS AND GENERAL MEETINGS

	Attendance/Number of meetings held during the year			
Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Annual general meeting
Executive Directors				
Mr. Kan	21/21	N/A	N/A	0/1
Mr. Li Kai Yien, Arthur Albert	21/21	N/A	N/A	0/1
Ms. Li Shu Han, Eleanor Stella	21/21	N/A	N/A	0/1
Ms. Seto Ying	21/21	N/A	N/A	1/1
INEDs				
Mr. Li Siu Yui	21/21	2/2	1/1	0/1
Mr. Ip Woon Lai	21/21	2/2	1/1	1/1
Mr. Lee Kong Leong	21/21	2/2	1/1	0/1

Note: No meeting has been held by the Nomination Committee since the establishment of the Nomination Committee was on 9 November 2012.

AUDITORS' REMUNERATION

The amount of audit fee for the year ended 30 April 2013 was HK$220,000 and the fee for other assurance service accrued during the year was HK$60,000. In considering the appointment of external auditors, the Audit Committee has taken into consideration their relationship with the Company and their independence in the provision of non-audit services. Messrs. PKF will retire at the conclusion of the forthcoming 2013 ("2013 AGM") annual general meeting of the Company. For the future development of the Company and after taking into account of the opinion of the management of the Group, the Audit Committee recommended the Board to propose the appointment of Shinewing HK (CPA) Limited as the new external auditors of the Company to fill the vacancy following the retirement of Messrs. PKF at the 2013 AGM, subject to approval by the Shareholders at the 2013 AGM. There is no former partner of the existing firm auditing the accounts of the Company acting as a member of the Audit Committee within one year commencing on the date of his ceasing to be a partner of the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

INTERNAL CONTROL

During the year, the Board through the Audit Committee, has conducted a review of the effectiveness of the system of internal control of the Group to ensure that a sound internal control system is maintained and operated by the management in compliance with the agreed procedures and standards. The review has covered all material aspects of internal control including financial, operational and compliance controls and risk management functions of the Group.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Group for the year ended 30 April 2013. The Directors ensure that the audited consolidated financial statements of the Group for the year ended 30 April 2013 have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

A report of the independent auditor of the Group is set out in pages 27 to 28 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

A Shareholders' communication policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at http://warderly.todayir.com/;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information and the Memorandum and Articles of Association of the Company are made available on the Company's website;

(iv) Annual general meeting and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management;

(v) the Company's share registrars' serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters;

(vi) Shareholders and the investment community may at any time make a request to the company secretary of the Company in writing for the Company's information to the extent such information is publicly available. The contacts details are set out in the "Company Information" section of the Company's website at http://warderly.todayir.com/; and

(vii) Publicly available news and information about the Company can also be sent to Shareholders who have subscribed to the service on the Company's website.

The Company's AGM is a valuable forum for the Board to communicate directly with the Shareholders. Under Code Provision E.1.2, the chairman of the board, remuneration committee, audit committee and nomination committee should attend the annual general meeting of the Company. Mr. Kan, the chairman of the Board and Mr. Li Siu Yui, the chairman of the Remuneration Committee and Audit Committee were unable to attend the AGM as they had other business engagements. However, the Board has delegated these chairmen's duty to Ms. Seto Ying, an executive Director and Mr. Ip Woon Lai, an INED and the chairman of the Nomination Committee and member of the Remuneration Committee and Audit Committee, to ensure effective communication with Shareholders at the AGM.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business engagements, two of the INEDs, Li Sui Yiu and Lee Kong Leong could not attend the AGM. However, they subsequently requested the company secretary of the Company to report to them on the views of the Shareholders in the AGM. As such, the Board considers that the development of a balanced understanding of the views of the Shareholders among the INEDs was ensured.

The notice to Shareholders is to be sent in the case of an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered not less than 20 clear business days before the meeting. All other extraordinary general meetings may be called by not less than 10 clear business days' notice. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The chairman of the meeting answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Articles of Association, the Board shall, on the written requisition to the Board or the company secretary of the Company of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carrying the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting of the Company for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionst(s) shall convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Corporate Governance Report

Procedures for Proposing a Person for Election as a Director

Shareholders may by ordinary resolution elect any individual ("Candidate") to be a Director. Candidate for election is proposed by separate resolutions put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of Association of the Company (the "Articles"), any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedure:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.

2. Obtain a notice signed by the Candidate stating his willingness to be elected.

3. Both notices, completed in accordance with listing rules 13.51(2), are to be submitted to the head office or the Registration Office at least 7 days before the dispatch of the notice of such general meeting.

4. Should the notice of the general meeting appointed for such election has been sent out, the period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is 7 days before the date of such general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the company secretary of the Company whose contact details are set out in the "Company Information" section of the Company's website at http://warderly.todayir.com/.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

During the year, the Company has not made any changes to its Memorandum and Articles of Association. An updated version of the Memorandum and Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

Report of the Directors

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 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group during the year are manufacturing, development, distribution and trading of household electrical appliances and audio-visual products. Due to the completion of the disposal of Rich Honest (Europe) Limited, Olevia Home Appliances Limited and Warderly Group Limited, and the disposal agreement in respect of Up Stand Holdings Limited and its subsidiary before 30 April 2013, all these activities are classified as discontinued operations during the year. Upon completion of the proposed acquisition of Nanjing Fullshare Asset Management Limited and the disposal of Up Stand Holdings Limited, the Group will be engaged in the property developing industry in the PRC.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2013 are set out in the consolidated statement of comprehensive income on page 29 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 30 April 2013.

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 2013, the Company did not have any distributable reserves for cash distribution.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 23(a) 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.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

The Group only has one customer during the year.

The Group's largest supplier and five largest suppliers together accounted for approximately 13% and 34% of the total purchases for the year respectively.

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 share capital) has an interest in any of the Group's five largest suppliers and customers.

DIRECTORS

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

Executive Directors:

Mr. Kan Che Kin, Billy Albert *(Chairman)*
Mr. Li Kai Yien, Arthur Albert
Ms. Li Shu Han, Eleanor Stella
Ms. Seto Ying

Independent Non-Executive Directors:

Mr. Lee Kong Leong
Mr. Li Siu Yui
Mr. Ip Woon Lai

In accordance with the provisions of the Company's articles of association (the "Articles of Association"), Ms. Seto Ying, Mr. Li Siu Yui and Mr. Ip Woon Lai will retire by rotation and, being eligible, offer themselves for re-election in the forthcoming 2013 annual general meeting of the Company (the "2013 AGM").

The Company has not entered into any service agreement with the existing Directors.

Each of the independent non-executive Directors was appointed in accordance with the Articles of Association.

None of the existing Directors were appointed for a specific term and none of the Directors being proposed for re-election at the 2013 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 2013, the interests and short positions of the Directors and the chief executive of the Company 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) (the "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, were as follows:

Long positions

Name of Director	Name of company in which interests were held	Nature of interests	Number of issued Shares held	Percentage of the issued share capital of the Company
Kan Che Kin, Billy Albert ("Mr. Kan")	The Company	Beneficial owner	1,752,050,000 (Note 1)	415.18%

Notes:

(1) These Shares represent (i) 152,050,000 Shares held by Mr. Kan; and (ii) 1,600,000,000 Shares to be allotted and issued to Mr. Kan upon the exercise in full of the conversion rights attaching to the 2% coupon convertible notes to be subscribed by Mr. Kan pursuant to the subscription agreement (the "Subscription Agreement) dated 21 August 2012 entered into between the Company, Mr. Kan and Magnolia Wealth International Limited ("Magnolia"). The Subscription Agreement forms part of the proposed transactions contemplated in a new resumption proposal (the "New Resumption Proposal") submitted to the Stock Exchange on 22 August 2012. Details of the Subscription Agreement were disclosed in the Company's announcement on 21 March 2013.

Save as disclosed above, none of the Directors or chief executives 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 SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 April 2013.

SHARE OPTION

Particulars of the Company's share option scheme (the "Option Scheme") are set out in note 26 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

On 21 August 2012, a subscription agreement (the "Subscription Agreement") was entered into between the Company, Mr. Kan and Magnolia Wealth International Limited ("Magnolia"), a company incorporated in the British Virgin Islands. Pursuant to the Subscription Agreement, 1,600,000,000 Shares at HK$0.05 per Share are to be allotted and issued to Mr. Kan upon the exercise in full of the conversion rights attaching to the 2% coupon convertible notes to be subscribed by Mr. Kan. The subscription of the convertible notes by Mr. Kan constituted a connected transaction under Chapter 14A of the Listing Rules and the Company confirms that it has complied with all the disclosure requirements under the Listing Rules.

Other than the Option Scheme disclosed in the section "Share Option" and the conversion rights stated in the Subscription Agreement above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements 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

Save for the Subscription Agreement and the Loan Agreement as set out in note 2(d) to the consolidated financial statements, 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 which had been entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company during the year.

CONNECTED TRANSACTIONS

Save for the disposal of Olevia Home Appliances Limited, Rich Honest (Europe) Limited and Warderly Group Limited on 18 January 2013 (note 24), the disposal of Up Stand Holdings Limited on 5 April 2013 (note 33(ii)) and the subscription of the convertible notes by Mr. Kan under the Subscription Agreement, no other transaction falls within the definition of "Connected Transactions" in Chapter 14A of the Listing Rules 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 8 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executive of the Company, as at 30 April 2013, 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
Magnolia	8,400,000,000 (Note 1)	1990.52%
Ji Changqun	8,400,000,000 (Note 2)	1990.52%
Mrs. Kan Kung Chuen Lai	1,752,050,000 (Note 3)	415.18%
The Cathay Investment Fund, Limited	43,987,500	10.42%
New China Management Corp.	43,987,500 (Note 4)	10.42%
Liu Su Ke	30,000,000	7.11%

Notes:

(1) These Shares represent 8,400,000,000 Shares to be allotted and issued to Magnolia upon the exercise in full of the conversion rights attaching to the 2% coupon convertible notes to be subscribed by Magnolia pursuant to the Subscription Agreement which forms part of the proposed transactions contemplated in the New Resumption Proposal. Details of the Subscription Agreement were disclosed in the Company's announcement on 21 March 2013.

(2) Ji Changqun is the sole shareholder of Magnolia and is deemed to be interested in the same 8,400,000,000 Shares pursuant to the SFO.

(3) Mrs. Kan Kung Chuen Lai is the spouse of Mr. Kan. Therefore, she is deemed to be interested in the same 1,752,050,000 Shares for which Mr. Kan is interested pursuant to the SFO.

(4) 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 2013.

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 business of the Group during the year.

Report of the Directors

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 26 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.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme maintained by the Group are set out in note 27 to the consolidated financial statements.

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 2013 and as at the latest practicable date prior to the issue of this annual report.

SUBSEQUENT EVENTS

Details of the subsequent events are set out in note 33 to the consolidated financial statements.

AUDITORS

Messrs. PKF will retire at the conclusion of the 2013 AGM. The Board has resolved to propose the appointment of Shinewing (HK) CPA Limited as new external auditors to fill the vacancy following the retirement of Messrs. PKF at the 2013 AGM.

On behalf of the Board
Kan Che Kin, Billy Albert
Chairman

Hong Kong
30 July 2013

Independent Auditor's Report

26th Floor, Citicorp Centre,
18 Whitfield Road,
Causeway Bay,
Hong Kong

To the Members of
Warderly International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Warderly International Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") set out on pages 29 to 77, which comprise the consolidated statement of financial position as at 30 April 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except for the inability to obtain sufficient appropriate audit evidence 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 financial statements are free from material misstatement. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

As at 30 April 2013, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$376 million. These conditions, together with other matters as set forth in note 2(d) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. We were unable to obtain the management's assessment on whether the management's use of the going concern assumption in the consolidated financial statements is appropriate or not.

Independent Auditor's Report

DISCLAIMER OF OPINION

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

PKF
Certified Public Accountants

Hong Kong
30 July 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2013

	Notes	2013 HK$'000	2012 HK$'000 (restated)
Continuing operation			
Turnover	6	–	–
Cost of sales		–	–
Gross profit		–	–
Other income		67	–
Selling and distribution expenses		–	–
Administrative expenses		(14,267)	(2,721)
Operating loss		(14,200)	(2,721)
Finance costs		–	–
Loss before taxation	7	(14,200)	(2,721)
Taxation	9	–	–
Loss for the year from continuing operation		(14,200)	(2,721)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	10	57,418	(11,702)
Profit/(loss) for the year		43,218	(14,423)
Other comprehensive income			
Exchange differences on translating foreign operations		158	250
Total comprehensive income/(loss) for the year attributable to equity shareholders of the Company		43,376	(14,173)
Earnings/(loss) per share	12		
From continuing and discontinued operations			
– Basic		HK$0.10	(HK$0.03)
– Diluted		N/A	N/A
From continuing operation			
– Basic		(HK$0.03)	(HK$0.01)
– Diluted		N/A	N/A
From discontinued operations			
– Basic		HK$0.13	(HK$0.02)
– Diluted		N/A	N/A

Consolidated Statement of Financial Position

At 30 April 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Goodwill	14	–	–
Property, plant and equipment	15	–	6,042
		–	6,042
CURRENT ASSETS			
Inventories	16	–	3,670
Trade receivables, deposits and other receivables	17	290	6,748
Bank balances and cash	18	62	1,657
		352	12,075
Assets classified as held for sale	19	13,500	–
		13,852	12,075
CURRENT LIABILITIES			
Trade and other payables	20	38,001	38,259
Guarantor's liability and accrued liability for potential claims	21	347,989	340,346
Bank borrowings	22	–	22,948
Unsecured bank overdrafts		26	3,710
Taxation payable		–	32,529
		386,016	437,792
Liabilities directly associated with assets held for sale	19	4,135	–
		390,151	437,792
NET CURRENT LIABILITIES		(376,299)	(425,717)
NET LIABILITIES		(376,299)	(419,675)
CAPITAL AND RESERVES			
Share capital	23(a)	4,220	4,220
Reserves		(380,519)	(423,895)
CAPITAL DEFICIENCIES		(376,299)	(419,675)

The consolidated financial statements set out on pages 29 to 77 were approved and authorised for issue by the Board of Directors on 30 July 2013 and are signed on its behalf by:

Li Kai Yien, Arthur Albert
Director

Kan Che Kin, Billy Albert
Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2013

	Attributable to equity holders of the Company					
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2011	4,220	84,868	1,010	(34)	(495,566)	(405,502)
Total comprehensive income/(loss) for the year	–	–	–	250	(14,423)	(14,173)
At 1 May 2012	4,220	84,868	1,010	216	(509,989)	(419,675)
Total comprehensive income for the year	–	–	–	158	43,218	43,376
At 30 April 2013	**4,220**	**84,868**	**1,010**	**374**	**(466,771)**	**(376,299)**

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 Statement of Cash Flows

For the year ended 30 April 2013

	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Profit/(loss) before taxation		
– Continuing operation	(14,200)	(2,721)
– Discontinued operations	57,485	(11,615)
Adjustments for:		
Depreciation	996	1,114
Amortisation of intangible asset	–	8
Interest income	(3)	(5)
Impairment of goodwill	–	5,497
Impairment of property, plant and equipment	–	1,083
Impairment of intangible assets	–	186
Impairment of inventories	81	1,913
Impairment of trade receivables	–	948
Written-off of property, plant and equipment	1,052	–
Written-off of other receivables, prepayments and deposits	–	3,926
Waiver of other payables	–	(5,000)
Gain on disposal of subsidiaries	(61,850)	–
Finance costs	–	34
Operating cash flows before movements in working capital	(16,439)	(4,632)
Decrease in inventories	991	3,362
Decrease in trade receivables, deposits and other receivables	1,577	32,205
Increase/(decrease) in trade and other payables	10,924	(33,381)
CASH USED IN OPERATIONS	(2,947)	(2,446)
Hong Kong Profits Tax paid	(209)	(2,334)
PRC income tax paid	(67)	(83)
NET CASH USED IN OPERATING ACTIVITIES	(3,223)	(4,863)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(563)	(3,362)
Decrease in bank overdraft from disposal of subsidiaries – note 24	3,684	–
Bank overdraft from acquisition of subsidiary – note 25	–	(1,583)
Interest received	3	5
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	3,124	(4,940)
FINANCING ACTIVITIES		
Net advances from/(repayment to) a shareholder	3,494	(8,070)
Interest paid	–	(34)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	3,494	(8,104)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,395	(17,907)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	99	209
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(2,053)	15,645
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,441	(2,053)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	1,467	1,657
Unsecured bank overdrafts	(26)	(3,710)
	1,441	(2,053)

NON CASH TRANSACTION

For the year ended 30 April 2012, the Group settled debts of approximately HK$2,213,000 with property, plant and equipment of approximately HK$1,324,000 and inventories of approximately HK$889,000.

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 "Corporation Information" section of the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are manufacturing, development, distribution and trading of household electrical appliances and audio-visual products, details of which are set out in note 30 to the consolidated financial statements.

On 18 January 2013, three directly owned subsidiaries were disposed of by the Company (note 24). On 5 April 2013, the Company entered into a disposal agreement in respect of another directly owned subsidiary, the completion of disposal of which has not taken place yet, but the assets and liabilities of which had been classified as assets and liabilities held for sale on the consolidated statement of financial position of the Company as at 30 April 2013 (note 19). According to Hong Kong Financial Reporting Standards 5, the operations of all these subsidiaries are treated as discontinued operations (note 10).

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:–

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets

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 the date of authorisation of these consolidated financial statements have not been applied in the preparation of the Group's consolidated financial statements for the year ended 30 April 2013 since they were not yet effective for the annual period beginning on 1 May 2012:–

HKAS 19 (Revised 2011)	Employee Benefits [2]
HKAS 27 (Revised 2011)	Separate Financial Statements [2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures [2]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine [2]
HK(IFRIC)-Int 21	Levies[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income [1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [3]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets [3]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting [3]
Amendments to HKFRS 1	Government Loans [2]
Amendments to HKFRS 7 (Revised 2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities [2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures [4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance [2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities [3]
Amendments to HKFRSs 2011	Annual improvement to HKFRSs 2009-2011 cycles [2]

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

The Group is in the process of making an assessment of what the impact of these standards, amendments and interpretations are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis

In preparing the consolidated financial statements, the directors (the "Director(s)") of the Company have given careful consideration to the future liquidity of the Group in light of its net liabilities of approximately HK$376 million as at 30 April 2013.

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

The Company submitted a new resumption proposal (the "New Resumption Proposal") to the Stock Exchange on 22 August 2012 and attended the appeal hearing held by the Listing Appeals Committee of the Stock Exchange (the "Listing Appeals Committee") on 7 September 2012. After the appeal hearing, the Company received a letter dated 10 September 2012 from the Stock Exchange, which states that, having considered all accepted submissions presented by the review parties, the Listing Appeals Committee decided to exercise its discretion to receive and consider the New Resumption Proposal, and refer the matter back to the Listing Committee of the Stock Exchange, and to allow the Listing Division of the Stock Exchange and the SFC to complete its usual vetting work for the proposed transactions under the Listing Rules and the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). The Listing Appeals Committee considered that the proposed transactions contained in the New Resumption Proposal constitute a reverse takeover and hence subject to the Listing Rules applicable to such transactions. Details please refer to the announcement of the Company dated 17 September 2012.

The Company is now taking appropriate steps to comply with the requirements under the Listing Rules and the Hong Kong Code on Takeovers and Mergers in respect of the proposed transactions set out in the New Resumption Proposal. CMB International Capital Limited has been appointed as the sponsor to the Company in relation to the reverse takeover involving a new listing application to fulfil the requirements under the Listing Rules.

Included in the New Resumption Proposal, the Company proposed to raise HK$84.4 million by allotment and issuance of 1,688,000,000 new Shares (the "Offer Share(s)") at the subscription price of HK$0.05 per Offer Share on the basis of 4 Offer Shares for every 1 Share (the "Open Offer") and issuance of the convertible bonds (the "Convertible Bonds") under the subscription agreement (the "Subscription Agreement") dated 21 August 2012 entered into between the Company, Magnolia Wealth International Limited ("Magnolia Wealth"), a company incorporated in the British Virgin Islands and Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), the executive Director and the substantial shareholder (the "Shareholder") of the Company, with an aggregate principal amount of HK$500,000,000.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis *(continued)*

The Open Offer is only available to the shareholders (the "Qualifying Shareholders") on the register of members of the Company on the date for 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. Magnolia Wealth is the underwriter to the Open Offer. The underwriting agreement (the "Underwriting Agreement") has not been entered into between Magnolia Wealth and the Company in relation to the Open Offer as at the date of this annual report.

The gross proceeds from the Open Offer and issue of the Convertible Bonds amount to HK$584.4 million which will be used (i) to pay for the consideration of HK$500 million pursuant to the acquisition agreement (the "Acquisition Agreement") dated 21 August 2012 entered into between Mighty Fame Limited ("Mighty Fame"), a company incorporated in Hong Kong and a wholly owned subsidiary of the Company, and Nanjing Fullshare Holding, a company incorporated in the People's Republic of China (the "PRC") to acquire the entire equity interest of Nanjing Fullshare Asset Management Limited* (南京豐盛資產管理有限公司) (the "Target"), a company incorporated in the PRC; (ii) to settle the amounts of HK$37 million due to the creditors whose claims against the Company are to be dealt with under the schemes of arrangement (the "Schemes") having been approved by the Grand Court of the Cayman Islands and the High Court of Hong Kong; (iii) to fully repay the Shareholder's loan to Mr. Kan pursuant to a loan agreement (the "Loan Agreement") entered into between Up Stand Holdings Limited, a wholly owned subsidiary of the Company, the Company and Mr. Kan dated 2 January 2009, which has been used as general working capital of the Group and (iv) the remaining balance as the general working capital of the Group and the Target.

The Open Offer is conditional and the Open Offer is expected to be fully underwritten by Magnolia Wealth. In particular, the Open Offer is conditional upon (a) the conditions precedent to the Acquisition Agreement being fulfilled; (b) the approval of the Open Offer, the Underwriting Agreement and a waiver (the "Whitewash Waiver") in respect of the obligation of Magnolia Wealth to make a mandatory general offer to other Shareholders in respect of the Shares as a result of the underwriting of the Offer Shares pursuant to the Underwriting Agreement and conversion of the Convertible Bonds by it pursuant to the Subscription Agreement pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code by the independent shareholders (the "Independent Shareholders") of the Company; (c) the grant of the Whitewash Waiver by the Executive Director of the Corporate Finance Division of the SFC (the "Executive") or any of his delegate; (d) the Independent Shareholders' approval for the full repayment of the Shareholder's loan to Mr. Kan as a special deal (the "Special Deal") under Note 5 to Rule 25 of the Takeovers Code and the consent to the Special Deal by the Executive; (e) the listing approval from the Stock Exchange on the listing of and permission to deal in all the Offer Shares; and (f) the Stock Exchange having conditionally or unconditionally approved, or decided to allow the Company to proceed with, the resumption of trading in the Shares on the Stock Exchange. All these conditions except for condition (d) are not waivable. Accordingly, the Open Offer may or may not proceed.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis *(continued)*

The Subscription Agreement is conditional, in particular, upon (a) the Underwriting Agreement having been agreed and duly signed by Magnolia Wealth and the Company, (b) all of the conditions precedent to the Underwriting Agreement, having been duly satisfied or waived in accordance with the terms set out therein, (c) the warranties under the Subscription Agreement remaining true, accurate and correct in all aspects, (d) all issued Shares remaining listed on, and not having been withdrawn from, the Stock Exchange, (e) listing of, and permission to deal in, all of the conversion shares upon conversion of the Convertible Bonds having been granted by the Listing Committee of the Stock Exchange, (f) there being no event existing or having occurred and no condition being in existence which would (had any Convertible Bonds already been issued) constitute an event of default, (g) there being no injunction, restraining order or order of similar nature by a governmental authority issued as of the date of completion of the transactions contemplated in the Subscription Agreement that could prevent or materially interfere with the consummation of the transactions contemplated under the Subscription Agreement, (h) the passing by the Shareholders (other than those who are required by the Listing Rules and/or the Takeovers Code to abstain from voting) in a general meeting of resolution(s) in relation to the Subscription Agreement, (i) Magnolia Wealth and Mr. Kan in their sole and absolute determination being satisfied with their due diligence investigation in respect of the Group, (j) the Company having only three subsidiaries being (1) Mighty Fame; (2) Up Stand Holdings Ltd.; and (3) Dongguan Up Stand Electrical Manufacturing Co., Ltd., and (k) any other waivers, consents, authorisations, clearances and approvals which are required from the relevant courts, governmental authorities in Hong Kong, the Cayman Islands and the PRC, for the Subscription Agreement and the transactions contemplated herein having been granted, fulfilled or given (as applicable). Accordingly, the issue of the Convertible Bonds may or may not proceed.

As the Acquisition, the issue of the Convertible Bonds and the Open Offer form part and parcel of the whole proposed restructuring of the Company, a confirmation letter (the "Confirmation Letter") was entered into on 21 August 2012 among the Company, Mighty Fame, Nanjing Fullshare Holding, Magnolia Wealth and Mr. Kan. The Confirmation Letter is used to ensure the Acquisition Agreement, the Subscription Agreement, the proposed underwriting arrangements in relation to the Open Offer and the application for Whitewash Waiver will be carried out by the relevant parties in accordance with the arrangements as stated therein. Pursuant to the terms of the Confirmation Letter, the completion of the Acquisition is conditional on the completion of the Open Offer and the Subscription Agreement.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Measurement basis

The consolidated financial statements are prepared using the historical cost basis.

Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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.

Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of relevant leases.

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 less subsequent accumulated depreciation and impairment losses.

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

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 profit or loss in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and in the case of work in progress and finished goods, cost comprises direct materials, direct labour and an attributable proportion of projection overheads. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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 end of the reporting period, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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.

Financial assets

The Group's financial assets are classified into 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

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 the end of each reporting period subsequent to initial recognition, loans and receivables, including trade receivables, deposits and 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group 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. Equity instrument issued by the Company comprises share capital.

The Group's financial liabilities, including trade and other payables, guarantor's liability, bank borrowings and bank overdrafts, are generally classified as other financial liabilities. Other financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

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 or receivable 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 consolidated statement of financial position 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 or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:–

– property, plant and equipment;
– intangible assets; and
– goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 profit or loss 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 end of the reporting period.

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 the end of each reporting period 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 profit or loss, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Employee benefits

(i) Retirement benefit scheme

The retirement benefit costs charged to profit or loss represent the contributions payable in respect of the current year to the Group's defined contribution retirement benefits schemes for its employees.

(ii) Termination benefits

Termination benefits are recognised when, and only when the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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

Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate of joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are a joint venture of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close member of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets and financial assets (other than investments in subsidiaries). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 3.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current assets is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale and discontinued operations *(continued)*

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

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, deposit and other 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 judgement 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 judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer and other debtors. If the financial conditions of customers and other debtors of the Group were to deteriorate, resulting in an impairment of their abilities to make payments, allowances may be required. As at 30 April 2013, the carrying value of trade receivables, deposit and other receivables was approximately HK$Nil (2012: HK$6,748,000).

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

Fair value of identifiable assets and liabilities acquired through business combination

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates and other assumptions.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of a similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to industry cycles. Management reassesses these estimates at the end of each reporting period.

Estimated useful lives of property, plant and equipment

Management of the Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives or residual values are different from those previously estimated. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

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

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. During the year ended 30 April 2012, the Group recognised an impairment loss of HK$5,497,000. Details of the value in use calculation are set out in note 14.

Income tax

As at 30 April 2013, no deferred tax assets had been recognised in respect of the tax losses from continuing operation of HK$1,620,000 (2012: HK$1,620,000) 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 profit or loss for the period in which such a recognition takes place.

5. FINANCIAL RISK MANAGEMENT

(a) Nature and extent of financial statement risks

Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group manages credit risk by setting up credit control policy and periodic evaluation of credit performance of other parties, measured by the extent of past due or default and their financial healthiness.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

5. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Nature and extent of financial statement risks *(continued)*

Credit risk *(continued)*

The Group does not have significant exposure to credit risk as at 30 April 2013.

As at 30 April 2012, the Group's maximum exposure to credit risk arises from the carrying amounts of respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has no significant concentration of credit risk on trade receivables. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio as mentioned in note 23(b) to the consolidated financial statements.

In light of the Group's net liabilities as at 30 April 2013, the management has implemented several measures in order to improve the Group's working capital position and net financial position. Details of these measures are disclosed in note 2(d) to the consolidated financial statements.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities as at 30 April 2013 based on the undiscounted cash flows:–

	2013 **HK$'000**	2012 HK$'000
Trade and other payables	**38,001**	38,259
Guarantor's liability and accrued liability for potential claims	**347,989**	340,346
Bank borrowings	**–**	22,948
Unsecured bank overdrafts	**26**	3,710
Due for payment within one year or on demand	**386,016**	405,263

5. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Nature and extent of financial statement risks *(continued)*

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group considers hedging significant currency risk should the need arise.

The following table details the Group's exposure to currency risk at the end of the reporting period arising from recognised assets or liabilities denominated in a currency other than functional currency of the group entity to which they relate. The exposure arising form the current accounts among the Company and its subsidiaries which form part of net investment in foreign operation is excluded.

	2013 United States Dollars '000	2012 United States Dollars '000
Trade and other payables	**–**	(53)
Net exposure arising from recognised assets and liabilities	**–**	(53)

The Group operates in Hong Kong and the People's Republic of China ("PRC") and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars ("USD") and Hong Kong dollars ("HKD") respectively.

Since HKD is pegged to USD, material fluctuations in the exchange rates of HKD against USD are remote.

As at 30 April 2013 and 2012, if RMB appreciated/depreciated 5 percent against HKD with all other variables held constant, there would be no significant change to the Group's profit/loss for both years.

5. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Nature and extent of financial statement risks *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group manages interest rate risk, when it is considered significant, by entering into appropriate swap contracts.

As at 30 April 2013, bank balances of approximately HK$Nil (2012: HK$109,000) and bank overdrafts of HK$26,000 (2012: HK$3,710,000) bore interest at rates varies with the then prevailing market condition.

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable-rate bank balances, bank borrowings, bank overdrafts and guarantor's liability as at 30 April 2013 and 2012. For variable-rate bank balances, bank borrowings, bank overdrafts and guarantor's liability, the analysis is prepared assuming the amount of assets or liability outstanding as at 30 April 2013 and 2012 was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates as at 30 April 2013 and 2012 had been 50 basis points higher/lower and all other variables were held constant, there would be no significant change to the Group's profit/loss for both years.

(b) Fair value estimation

The fair values of financial assets and financial liabilities are determined based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. TURNOVER AND SEGMENT INFORMATION

The Company disposed of the entire interest in Olevia Home Appliances Limited, Rich Honest (Europe) Limited and Warderly Group Limited on 18 January 2013 (note 24) and entered into an agreement to dispose of subject to certain conditions precedent, Up Stand Holdings Limited on 5 April 2013 (note 33(ii)). Therefore, all businesses of the Group, comprising the operations of manufacturing and sale of household electrical appliances and trading of household electrical appliances and audio-visual products, are classified as discontinued operations. Information of discontinued operations is set out in note 10 to the consolidated financial statements.

No segment information in relation to the continuing operations is disclosed.

7. LOSS BEFORE TAXATION

	2013 **HK$'000**	2012 HK$'000 (restated)
Loss before taxation has been arrived at after charging:–		
Auditors' remuneration	**280**	–
Operating lease rentals in respect of rented premises	**326**	–
Staff costs, including Directors' emoluments	**359**	–
Retirement benefits scheme contributions, including Directors	**6**	–

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration

The emoluments paid or payable to each of the seven (2012: seven) Directors were as follows:–

	Fees HK$'000	Other emoluments HK$'000	Salaries and other benefits HK$'000	Contribution to retirement benefit scheme HK$'000	Share-based payment HK$'000	Total emoluments HK$'000
For the year ended 30 April 2013						
Executive Directors:						
Kan Che Kin, Billy Albert	10	–	–	–	–	10
Li Kai Yien, Arthur Albert	10	–	–	–	–	10
Li Shu Han, Eleanor Stella	10	–	–	–	–	10
Seto Ying	10	–	–	–	–	10
Independent non-executive Directors:						
Lee Kong Leong	50	–	–	–	–	50
Li Siu Yui	50	–	–	–	–	50
Ip Woon Lai	50	–	–	–	–	50
	190	–	–	–	–	190
For the year ended 30 April 2012						
Executive Directors:						
Kan Che Kin, Billy Albert	7	–	–	–	–	7
Li Kai Yien, Arthur Albert	10	–	–	–	–	10
Li Shu Han, Eleanor Stella	10	–	–	–	–	10
Seto Ying	10	–	–	–	–	10
Independent non-executive Directors:						
Lee Kong Leong	50	–	–	–	–	50
Li Siu Yui	50	–	–	–	–	50
Ip Woon Lai	50	–	–	–	–	50
	187	–	–	–	–	187

As at 30 April 2013, the remuneration payable to the Directors was approximately HK$1,286,000 (2012: HK$1,096,000) which was included in trade and other payables in note 20 to the consolidated financial statements.

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

Employees' emoluments

The emoluments of the five highest paid individual (no Director is included) for the year ended 30 April 2013 are as follows:–

	2013	2012
	HK$'000	HK$'000
Salaries and other benefits	**946**	1,173
Retirement benefits scheme contributions	**18**	33
	964	1,206

Their emoluments were within the following band:

	2013 Number of employee	2012 Number of employee
HK$0 to HK$500,000	**5**	5

There was no other arrangement under which a Director waived or agreed to waive any emoluments and no remuneration was paid by the Group to the Directors or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

9. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not have any assessable profit for both years.

9. TAXATION *(continued)*

Taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:–

	2013 HK$'000	2012 HK$'000 (restated)
Loss before taxation from continuing operation	(14,200)	(2,721)
Tax at Hong Kong Profits Tax rate of 16.5% (2012: 16.5%)	(2,343)	(449)
Tax effect of non-taxable income	(11)	–
Tax effect of non-deductible expenses	2,354	449
Taxation for the year	–	–

At 30 April 2013, the Group had unused tax losses from continuing operation of approximately HK$1,620,000 (2012: HK$1,620,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

At 30 April 2013 and 2012, the Group had no deductible temporary differences from continuing operation arising from the decelerated tax allowances.

10. DISCONTINUED OPERATIONS

On 18 January 2013, the Company disposed of the entire interest in Warderly Group Limited ("WGL"), Olevia Home Appliances Limited ("Olevia") and Rich Honest (Europe) Limited ("RHE") (collectively, the "Disposal Companies") at a consideration of HK$1 each to Mr. Kan. The principal activities of each of the Disposal Companies, namely WGL, Olevia and RHE, were investment holding, trading of household electrical appliances and manufacturing and trading of household electrical appliances respectively.

On 5 April 2013, the Company entered into an agreement (the "Disposal Agreement") to dispose of the entire interest in Up Stand Holdings Limited ("Up Stand"), and its subsidiary, Dongguan Up Stand Electrical Manufacturing Company Limited, whose principal activities are manufacturing and trading of household electrical appliances and audio-visual products, at a consideration of HK$10,000,000 subject to adjustment by the increase/decrease in the consolidated net asset value of Up Stand during the period from 31 December 2012 to the date of completion of the disposal of Up Stand with a limit of HK$1 million. Completion shall take place on the day on which the conditions precedent as set out in the Disposal Agreement are fulfilled. As at the date of this report, the disposal of Up Stand has not been completed.

After the disposal of the Disposal Companies and Up Stand, all the businesses of the Group would be discontinued and are treated as discontinued operations and the comparative figures in the consolidated statement of comprehensive income are re-presented.

10. DISCONTINUED OPERATIONS *(continued)*

The profit/(loss) from discontinued operations are as follows:–

	2013 HK$'000	2012 HK$'000
Loss on discontinued operations	**(4,432)**	(11,205)
Gain on disposal of subsidiaries	**61,850**	–
Impairment of goodwill	**–**	(5,497)
Change in fair value of contingent consideration in respect of acquisition of a subsidiary	**–**	5,000
	57,418	(11,702)

The results of the discontinued operations are as follows:–

	2013 HK$'000	2012 HK$'000
Turnover	**22,545**	63,576
Cost of sales	**(20,826)**	(58,523)
Gross profit	**1,719**	5,053
Other income	**33**	950
Selling and distribution expenses	**(951)**	(2,056)
Administrative expenses	**(5,166)**	(15,031)
Operating loss	**(4,365)**	(11,084)
Interest on bank overdraft	**–**	(34)
Loss before taxation	**(4,365)**	(11,118)
Taxation	**(67)**	(87)
Loss for the year	**(4,432)**	(11,205)

10. DISCONTINUED OPERATIONS *(continued)*

Loss from discontinued operations include the following:-

	2013 HK$'000	2012 HK$'000
Auditors' remuneration	–	280
Amortisation of intangible assets	–	8
Depreciation of property, plant and equipment	996	1,114
Impairment of property, plant and equipment	–	1,083
Impairment of intangible asset	–	186
Impairment of inventories	81	1,913
Impairment of trade receivables	–	948
Written-off of property, plant and equipment	1,052	–
Written-off of other receivables, prepayments and deposits	–	3,926
Operating lease rentals in respect of rented premises	585	884
Staff costs, including Directors' emoluments	4,821	10,288
Retirement benefits scheme contributions, including Directors	178	261
Interest income	(3)	(5)

The cash flows of the discontinued operations are as follows:-

	2013 HK$'000	2012 HK$'000
Net cash outflow from operating activities	(1,223)	(1,877)
Net cash inflow/(outflow) from investing activities	1,930	(4,940)
Net cash outflow from financing activities	–	(34)
Total net cash inflow/(outflow)	707	(6,851)

11. DIVIDEND

No dividend was paid or proposed during the year ended 30 April 2013, nor has any dividend been proposed since the end of the reporting period.

12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per Share attributable to equity holders of the Company for the year is based on the profit for the year attributable to equity holders of the Company of approximately HK$43,218,000 (2012: loss of HK$14,423,000) and the weighted average number of 422,000,000 (2012: 422,000,000) Shares in issue.

	2013		2012	
	Profit/(loss) attributable to Shareholders HK$'000	**Weighted average number of Shares '000**	Loss attributable to Shareholders HK$'000	Weighted average number of Shares '000
Continuing operations	**(14,200)**	**422,000**	(2,721)	422,000
Discontinued operations	**57,418**	**422,000**	(11,702)	422,000
	43,218	**422,000**	(14,423)	422,000

The Company had no potential dilutive instruments during the years ended 30 April 2013 and 2012. Accordingly, diluted earnings per share is not presented.

13. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated net loss attributable to equity shareholders of the Company includes a loss of approximately HK$20,170,000 (2012: HK$2,917,000) which has been dealt with in the financial statements of the Company.

14. GOODWILL

	HK$
Cost:–	
Addition and at 30.4.2012	5,497
Written off on disposal	(5,497)
At 30.4.2013	–
Accumulated impairment losses:–	
Impairment loss and at 30.4.2012	5,497
Written off on disposal	(5,497)
At 30.4.2013	–
Carrying amount:–	
At 30.4.2013 and 30.4.2012	–

Impairment test for cash-generating units containing goodwill

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

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

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

(b) Goodwill arose from an acquisition of a subsidiary in June 2011 (Note 25). However, the subsidiary generated loss during the period after acquisition, the management decided to stop the operation of the subsidiary. Accordingly, the goodwill was impaired and recorded in profit or loss during the year ended 30 April 2012.

15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress HK$'000	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Total HK$'000
Cost:–						
At 1.5.2011	428	557	160	1,074	2,408	4,627
Acquisition from a subsidiary	–	–	247	677	1,217	2,141
Exchange difference	8	5	1	9	19	42
Additions	865	282	40	956	1,219	3,362
Disposals	–	–	(257)	(1,175)	–	(1,432)
Reallocation	(1,301)	476	–	825	–	–
At 30.4.2012	–	1,320	191	2,366	4,863	8,740
Exchange difference	–	15	1	26	26	68
Additions	–	–	–	16	547	563
Written off	–	(531)	(112)	–	(2,179)	(2,822)
Reclassified as held for sale – Note 19	–	(804)	(80)	(2,408)	(3,257)	(6,549)
At 30.4.2013	**–**	**–**	**–**	**–**	**–**	**–**
Aggregate depreciation:–						
At 1.5.2011	–	233	43	70	262	608
Exchange difference	–	–	–	1	–	1
Charge for the year	–	177	64	264	609	1,114
Elimination on disposals	–	–	(25)	(83)	–	(108)
At 30.4.2012	–	410	82	252	871	1,615
Exchange difference	–	2	–	3	4	9
Charge for the year	–	170	29	243	554	996
Written off	–	(454)	(82)	–	(151)	(687)
Reclassified as held for sale – Note 19	–	(128)	(29)	(498)	(1,278)	(1,933)
At 30.4.2013	**–**	**–**	**–**	**–**	**–**	**–**
Aggregate impairment:–						
Charge for the year and at 30.4.2012	–	–	18	–	1,065	1,083
Written off	–	–	(18)	–	(1,065)	(1,083)
At 30.4.2013	**–**	**–**	**–**	**–**	**–**	**–**
Net book value:–						
At 30.4.2013	**–**	**–**	**–**	**–**	**–**	**–**
At 30.4.2012	–	910	91	2,114	2,927	6,042

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

The above items of plant and equipment were depreciated on a straight-line basis at the following rate per annum:–

Construction in progress	Nil
Leasehold improvement	10% to 25%
Furniture, fixtures and equipment	20% to 33%
Plant and machinery	10%
Moulds	10% to 20%

The Company disposed of the entire interest in Up Stand on 5 April 2013. The disposal of Up Stand has not been completed as at 30 April 2013. Therefore, all the above property, plant and equipment were reclassified to assets classified as held for sale (see note 19).

16. INVENTORIES

	2013 **HK$'000**	2012 HK$'000
Raw materials	**–**	1,811
Work-in-progress	**–**	1,609
Finished goods	**–**	250
	–	3,670

The analysis of the amount of inventories recognised on expenses and included in profit or loss is as follows:–

	2013 **HK$'000**	2012 HK$'000
Carrying amount of inventories sold	**20,826**	58,523
Write down of inventories	**81**	1,913
	20,907	60,436

Operation of a subsidiary of the Group was ceased last year, all unsold goods was fully written off.

17. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	HK$'000
Trade receivables	**–**	3,413
Deposits and other receivables	**290**	3,335
At end of the year	**290**	6,748

For the year ended 30 April 2012, the Group allowed its trade customers with a credit period normally ranging from payment on delivery to 120 days. The aged analysis (based on invoice date) of the Group's trade receivables as at 30 April 2012 was within 90 days.

Included in the Group's trade receivables, the carrying amount of approximately HK$2,054,000 was past due but not impaired as at 30 April 2012.

As at 30 April 2012, trade receivables that were past due but not impaired are related to independent customers that had a good track record with the Group. Based on the past experience, management believed that no impairment allowance is necessary in respect of these balances as there had not been a significant change in credit quality and the balances were considered fully recoverable. The Group does not hold any collateral over the balances.

18. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with original maturity of three months or less at prevailing interest rates. The bank balances are denominated primarily in HKD and RMB.

19. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 5 April 2013, the Company and Homely Manufacturing Limited ("Homely"), a limited company incorporated in Hong Kong, which is wholly and beneficially owned by Mr. Yeung Kui Wong, who was the founder of the Company and had been the controlling Shareholder and the chairman and the Director of the Company, entered into the Disposal Agreement, pursuant to which, Homely has conditionally agreed to acquire and the Company has conditionally agreed to sell the 100% issued share capital of Up Stand and its subsidiary, whose principal activities are manufacturing and trading of household electrical appliances and audio-visual products, at a consideration of HK$10,000,000 subject to adjustment by the increase/decrease in the consolidated net asset value of Up Stand during the period from 31 December 2012 to the date of completion of the disposal of Up Stand with a limit of HK$1 million. Completion shall take place on the day on which the conditions precedent (refer to note 33(ii)) as set out in the Disposal Agreement are fulfilled.

The consolidated assets and liabilities attributable to Up Stand are expected to be sold within twelve months and have been classified as held for sale and are presented separately in the consolidated statement of financial position (see below).

The major classes of consolidated assets and liabilities of Up Stand classified as held for sale are as follows:–

	Notes	HK$'000
ASSETS		
Property, plant and equipment	15	4,616
Inventories		2,598
Trade receivables, deposits and other receivables		4,881
Bank balances and cash	18	1,405
Assets classified as held for sale		13,500
LIABILITIES		
Trade and other payables		3,311
Taxation payable		824
Liabilities directly associated with assets held for sale		4,135
Net assets classified as held for sale		9,365

Cumulated income recognised directly in equity relating to Up Stand classified as held for sale:–

	HK$'000
Exchange reserve	374

20. TRADE AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Trade payables	–	3,215
Other payables	15,055	18,040
Amount due to a shareholder	18,224	14,730
Amount due to a former subsidiary	2,448	–
Amount due to a deconsolidated subsidiary	2,274	2,274
	38,001	38,259

The aged analysis of the Group's trade payables as at 30 April 2013 and 2012 is as follows:–

	2013 HK$'000	2012 HK$'000
Aged:		
0 to 90 days	–	1,439
91 to 180 days	–	1,391
Over 180 days	–	385
	–	3,215

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

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

The amount represents (i) the liability of the bank borrowings and overdrafts and the accrued interest therein arising from the guarantee arrangements between the Company and two deconsolidated subsidiaries, namely Housely Industries Limited ("Housely Industries") and Dongguan Kalee Electrical Co., Ltd. ("Dongguan Kalee") of approximately HK$323,846,000 (2012: HK$323,846,000); (ii) the liability of the bank borrowings and overdrafts and the accrued interest therein arising from the guarantee arrangements between the Company and the Disposal Companies of approximately HK$24,143,000 (2012: HK$Nil); (iii) the accrued liability for potential claims against the Group by the creditors of Housely Industries of approximately HK$Nil (2012: HK$16,500,000).

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

22. BANK BORROWINGS

	2013 HK$'000	2012 HK$'000
The Group's unsecured bank borrowings comprise:–		
Bank loans	–	21,456
Trust receipt loans	–	1,492
	–	22,948

All bank borrowings come from the Disposal Companies. Upon the disposal of the Disposal Companies, the bank borrowings were transferred to the guarantor's liability of the Company under the guarantee arrangements between the Company and the Disposal Companies.

All bank borrowings are denominated in HKD. There was no new bank borrowing raised during the current and preceding years.

23. SHARE CAPITAL

(a) Share capital

	Number of Shares '000	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:–		
At 1 May 2011, 30 April 2012 and 30 April 2013	8,000,000	80,000
Issued and fully paid:–		
At 1 May 2011, 30 April 2012 and 30 April 2013	422,000	4,220

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which is unchanged from the previous periods, is to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debts over equity capital.

The only externally imposed capital requirement is that under the Listing Rules, the Company has to maintain the minimum public float requirement of which at least 25% of the issued Shares being held in public hands. Details of sufficiency of public float have been included in the paragraph headed "Sufficiency of Public Float" in the section headed "Report of the Directors" of this annual report.

24. DISPOSAL OF SUBSIDIARIES

As mentioned in note 10, on 18 January 2013, the Company disposed of the entire interest in the Disposal Companies to Mr. Kan at an aggregate cash consideration of HK$3 (the "Consideration"). The details of the disposal of the Disposal Companies had been set out in the Company's announcement dated 18 January 2013.

The disposal of the Disposal Companies was completed during the year. Up to 30 April 2013, the Company has fully received the Consideration.

The aggregate net liabilities of Disposal Companies disposed of were as follows:–

	Olevia	**RHE**	**WGL**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Net liabilities disposed of:–				
Amount due from ultimate holding company	–	–	2,448	2,448
Trade and other payables	–	(15)	(13,798)	(13,813)
Accrued liability for potential claims	–	–	(16,500)	(16,500)
Bank borrowings	–	–	(22,948)	(22,948)
Unsecured bank overdrafts	–	(1,606)	(2,078)	(3,684)
Taxation payable	–	–	(31,496)	(31,496)
Net liabilities disposed of	–	(1,621)	(84,372)	(85,993)
Guarantor's liability (Note)	–	–	24,143	24,143
Gain on disposal of subsidiaries	–	(1,621)	(60,229)	(61,850)
Net cash inflow arising on disposal of subsidiaries:-				
Cash consideration	–	–	–	–
Unsecured bank overdrafts	–	1,606	2,078	3,684
	–	1,606	2,078	3,684

Note: The Company provided corporate guarantees to certain banks to secure the banking facilities granted to Warderly Group Limited and its subsidiaries. As Warderly Group Limited and its subsidiaries had net liabilities and they were in default on payment of such bank borrowings and overdrafts, the Group recognised a liability of approximately HK$24,143,000 (note 21), equivalent to the outstanding bank borrowings and overdrafts and accrued interest thereon of Warderly Group Limited and its subsidiaries, to reflect its obligations under the guarantee arrangements.

The cash flows of the Disposal Companies are as follows:-

	2013	2012
	HK$'000	HK$'000
Net cash inflow/(outflow) from operating activities	**13,061**	(4,637)
Net cash outflow from investing activities	**–**	(2,087)
Net cash outflow from financing activities	**–**	(34)
Total net cash inflow/(outflow)	**13,061**	(6,758)

25. ACQUISITION OF A SUBSIDIARY

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

Recognised amounts of identifiable assets acquired and liabilities assumed:–

	HK$'000
Property, plant and equipment	2,141
Intangible asset	194
Inventories	512
Trade and other receivables	4,562
Bank overdraft	(1,583)
Trade and other payables	(6,131)
Taxation payables	(192)
Fair value of total identifiable net liabilities	(497)
Goodwill – Note 14	5,497
Total consideration	5,000
Purchase consideration settled in cash (note)	–
Bank overdraft in subsidiaries acquired	1,583
Cash outflow on acquisition	1,583

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

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

Note:–

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

26. SHARE OPTION SCHEME

The Company's share option scheme (the "Option Scheme") was adopted pursuant to a resolution passed on 26 November 2002 for the primary purpose of providing incentives to directors and eligible participants, and expired on 25 November 2012.

There was no outstanding option pursuant to the Option Scheme as at 1 May 2012. In addition, no share option has been granted during the current and preceding years.

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 lower of 5% of the relevant payroll costs or HK$1,250 per person to the scheme, which contribution is matched by employees.

The employees of the Company's PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their employee's payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

As at 30 April 2013 and 2012, there was no 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. OPERATING LEASE COMMITMENTS

As at 30 April 2013, the Group had commitments for future minimum lease payments in respect of land and buildings under non-cancellable operating leases which fall due as follows:–

	2013	2012
	HK$'000	HK$'000
Within one year	**998**	18
In the second to fifth year inclusive	**1,110**	–
	2,108	18

Operating lease payments represent rentals payable by the Group for its office premises, factory and warehouse. The leases are negotiated for terms of one to three years and the lease for the office premises in Hong Kong is guaranteed by Mr. Kan.

29. 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 judgement against Housely Industries and the Company for approximately HK$1,016,000, interest and costs on indemnity basis. The judgement debt has not been settled at the date of this report and the liabilities have been included in the consolidated statement of financial position as at 30 April 2013.

(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 judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated statement of financial position as at 30 April 2013. The indebtedness claimed was subsequently assigned by the Bank of Toyko-Mitsubishi UFJ, Ltd. to an independent third party of the Group.

29. LITIGATIONS *(continued)*

(d) 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 judgement debt has not been settled as at the date of this report and the liabilities have been included in the consolidated statement of financial position as at 30 April 2013. The indebtedness claimed was subsequently assigned by DBS Bank (Hong Kong) Limited to an independent third party of the Group.

(e) 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 judgement against Housely Industries and the Company for the sum of approximately HK$5,449,000, approximately US$90,000, interest and costs on indemnity basis. The judgement debt has not been settled as at the date of this report and the liabilities have been included in the consolidated statement of financial position as at 30 April 2013. The indebtedness claimed was subsequently assigned by DBS Bank (Hong Kong) Limited to an independent third party of the Group.

(f) 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 judgement 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 judgement debt has not been settled as at the date of this report and the liabilities have been included in the consolidated statement of financial position as at 30 April 2013.

(g) On 23 December 2008, PR Asia Consultants Limited commenced the Civil Action No. 5897 of 2008 in the District Court of Hong Kong against the Company for the sum of approximately HK$818,000, interest, further or other relief and costs. On 22 January 2009, a judgement was granted by the District Court of Hong Kong against the Company for the sum of approximately HK$818,000, interest and costs in the sum of approximately HK$1,000. The judgement debt has not been settled as at the date of this report and the liabilities have been included in the consolidated statement of financial position as at 30 April 2013.

(h) On 9 March 2009, Bank of China Limited Macau Branch commenced proceedings in the High Court of Hong Kong under HCA 664 of 2009 against the Company for the sum of approximately HK$13,890,000, interest, further or other relief and costs on indemnity basis. On 7 April 2009, a judgement was granted by the High Court of Hong Kong against the Company for the sum of approximately HK$13,890,000, interest and costs on indemnity basis. The judgement debt has not been settled as at the date of this report and the liabilities have been included in the consolidated statement of financial position as at 30 April 2013.

30. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 April 2013 which have been included in these consolidated financial statements are as follows:–

Name of subsidiary	Place of incorporation	Issued and fully paid ordinary share capital/ registered capital	Attributable equity Interest held by the Company		Principal activities
			Directly	Indirectly	
Up Stand Holdings Limited	Hong Kong	HK$1	100%	–	Trading of household electrical appliances and audio-visual products
Dongguan Up Stand Electrical Manufacturing Company Limited # 東莞堅東電器制造有限公司#	The People's Republi of China (PRC)	HK$8,000,000	–	100%	Designing, manufacturing, marketing and distribution of household appliances
Mighty Fame Limited	Hong Kong	HK$1	100%	–	Investment holding

\# Registered as a wholly foreign owned enterprise ("WFOE") under PRC laws

None of the subsidiaries had issued debt securities as at 30 April 2013.

31. STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Company is as follows:–

	2013 HK$'000	2012 HK$'000
Non-current asset		
Investment in subsidiaries	–	–
Current assets		
Deposits	290	1,000
Amount due from a subsidiary	60	–
Bank balances and cash	11	12
	361	1,012
Current liabilities		
Other payables	18,209	6,160
Amount due to a shareholder	18,224	–
Amounts due to subsidiaries	–	13,202
Amount due to a deconsolidated subsidiary	2,274	2,274
Amount due to a former subsidiary	2,448	–
Guarantor's liability	347,989	347,989
Unsecured bank overdrafts	26	26
	389,170	369,651
Net current liabilities	(388,809)	(368,639)
Net liabilities	(388,809)	(368,639)
Capital and reserves		
Share capital	4,220	4,220
Reserves	(393,029)	(372,859)
Capital deficiencies	(388,809)	(368,639)

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

The remuneration of key management personnel during the year was as follows:–

	2013	2012
	HK$'000	HK$'000
Short-term benefits	**645**	635
Post-employment benefits	**15**	12
	660	647

The remuneration of key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

These transactions do not fall within the definition of "connected transactions" in Chapter 14A of the Listing Rules.

33. EVENTS AFTER THE REPORTING PERIOD

(i) As mentioned in note 2(d) to the consolidated financial statements, under the New Resumption Proposal, the Company will acquire the entire equity interest of Nanjing Fullshare Asset Management Limited (the "Target") at a consideration of HK$500 million (the "Acquisition") which will be financed by the Open Offer and issuance of the Convertible Bonds. The Acquisition constitutes a reverse takeover and hence is subject to the Listing Rules applicable to such transactions. The completion of the Acquisition shall be subject to and conditional upon (1) all approval, agreement, and consents in relation to all the requirements under the applicable laws and rules including the Listing Rules and the Takeovers Code having been obtained by Mighty Fame and all necessary authorisations from Mighty Fame and the Company (including the resolutions to be proposed at the general meeting of the Company) in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained, if applicable; (2) the certificate issued by the relevant approval authority to reply and approve the application of the Target for being a WFOE in relation to the Acquisition having been obtained by the Target; and (3) the renewed business license issued by the relevant registration authority having been obtained by the Target. The Company is now taking appropriate steps to comply with requirements under the Listing Rules and Takeovers Code in respect of the New Resumption Proposal. Details of the Acquisition are set out in the announcement of the Company on 21 March 2013. Circular containing the information of the proposed restructuring of the Company and the Acquisition is expected to be despatched on or before 31 October 2013.

(ii) As mentioned in notes 10 and 19, on 5 April 2013, the Company and Homely entered into the Disposal Agreement, pursuant to which, Homely has conditionally agreed to acquire and the Company has conditionally agreed to dispose of the entire interest of Up Stand at a consideration of HK$10,000,000 subject to adjustment by the increase/decrease in the consolidated net asset value of Up Stand during the period from 31 December 2012 to the date of completion of the disposal of Up Stand with a limit of HK$1 million. The completion of the disposal of Up Stand shall be subject to and conditional upon (1) all approval, agreement and consents in relation to all the requirements under the applicable laws and the rules including the Listing Rules, and from the regulators, the government authorities, the Stock Exchange and all necessary internal authorisation from Homely and the Company (including the board approval of both parties and the Shareholders' approval at the general meeting of the Company) in respect of the disposal of Up Stand and the transactions contemplated thereunder having been obtained, if applicable; and (2) the completion of the Acquisition. In the event that the above conditions are not fulfilled by 31 October 2013, the Disposal Agreement shall lapse and the Company does not need to proceed with the disposal of Up Stand. Details of the disposal of Up Stand are set out in the announcement of the Company on 5 April 2013. Circular containing the information of the disposal of Up Stand is expected to be despatched on or before 31 October 2013.

Financial Summary

RESULTS

	2009 HK$'000 (restated)	2010 HK$'000 (restated)	2011 HK$'000 (restated)	2012 HK$'000 (restated)	**2013** **HK$'000**
Turnover	–	–	–	–	**–**
Profit/(loss) before taxation	(20,200)	(1,445)	(738)	(2,721)	**(14,200)**
Taxation	–	–	–	–	**–**
Loss for the year from continuing operations	(20,200)	(1,445)	(738)	(2,721)	**(14,200)**
Profit/(loss) for the year from discontinued operations	(596)	6,457	8,784	(11,702)	**57,418**
Profit/(loss) for the year	(20,796)	5,012	8,046	(14,423)	**43,218**

ASSETS AND LIABILITIES

	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Total assets	20,465	54,074	70,355	18,117	**13,852**
Total liabilities	438,991	467,588	475,857	437,792	**390,151**
Capital deficiency	(418,526)	(413,514)	(405,502)	(419,675)	**(376,299)**
Attributable to:					
Equity holders of the Company	(418,526)	(413,514)	(405,502)	(419,675)	**(376,299)**