



I am pleased to present to the shareholders the first annual results report of Warderly International Holdings Limited ("Warderly") and its subsidiaries (the "Group") since its listing on the Main Board of The Stock Exchange of Hong Kong Limited. The Group's successful listing on 18th December 2002 served as an important step for its corporate development, providing a strong base for the Group's long-term growth. The Group recorded double-digit growth in both turnover and profit attributable to shareholders for the year ended 30th April 2003.

During the year under review, turnover and profit attributable to shareholders amounted to HK\$235.9 million and HK\$56.4 million respectively. Earnings per share is HK16.8 cents. With due consideration of the Group's financial position and business development, the Board of Directors proposed to declare a final dividend of HK3 cents per share.

The Group's encouraging business performance is attributable to a combination of competitive strengths. First and foremost, the full vertically integrated production facilities ensure prompt delivery and consistent product quality for the Group's products, reduce reliance on suppliers and subcontractors and achieve economies of scale as well. Internally, the management implemented stringent cost control and quality assurance measures to minimize production costs while enhancing flexibility and efficiency. On the external front, Warderly is also committed to maintaining amicable relationships with its active customers, overseas distributors and retailers, as they are pivotal to our global market penetration and business growth, as well as the essence of our diversified clientele. Leveraging on our solid foundation of production capability, product excellence and expanding business network, Warderly excels by launching new products that enjoy



higher profit margins and generate widespread market response. In particular, the oil-filled radiator launched this year was well-received by customers in US and Europe. The product will become one of the core products of the Group in the future. In the coming year, the Group will also launch its new wet and dry vacuum cleaner, which has already secured orders from European customers. With its strong production capability, product excellence and ever-expanding business network, the Group is of full confidence in the launching of new products that are well-received by market, thus enabling the Group to achieve remarkable business growth.

Thanks to the increasing awareness on air quality, the Group will soon be launching its exclusive patented air exchanger and is expected to generate enormous market potential to the Group in the future. At present, the market response to this revolutionary product is promising, as evidenced by the incoming enquiries from various corners of the world. The Group is ready to devote to innovation and invention, by offering new products and models with extra value and advanced features, so as to become the leading manufacturing enterprise of indoor air-ventilation related products and to conquer the worldwide markets.

Apart from its commitment in new product development, the Group is also devoted in market diversification, making it one of the Group's objectives. The Group has been successful in the development and sales of products in the European market. In the coming year, the Group will allocate more resources for the expansion of the North American and China markets and hope to see gradual results.

On behalf of the Board, I would like to express my heartfelt appreciation for shareholders' confidence in the Group, worldwide customers' continuous trust and support in the Group's products and services, dedicated efforts of staff and the full support from bankers and business partners.

Yeung Kui Wong

Chairman

19th August 2003

