



INTERIM REPORT **2003**



滙多利國際控股有限公司

**WARDERLY INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

The Board of Directors (the "Directors") of Warderly International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31st October 2003, together with comparative figures as follows:

### Condensed Consolidated Income Statement

For the six months ended 31st October 2003

	NOTES	Six months ended 31st October	
		2003 HK\$'000 (unaudited)	2002 HK\$'000 (unaudited)
Turnover		<b>107,098</b>	89,830
Cost of sales		<b>(59,709)</b>	(50,353)
Gross profit		<b>47,389</b>	39,477
Other operating income		<b>898</b>	247
Administrative expenses		<b>(12,707)</b>	(11,500)
Distribution expenses		<b>(4,266)</b>	(3,877)
Profit from operations	4	<b>31,314</b>	24,347
Finance costs		<b>(1,638)</b>	(625)
Profit before taxation		<b>29,676</b>	23,722
Taxation	5	<b>(3,726)</b>	(2,492)
Net profit for the period		<b>25,950</b>	21,230
Interim dividend of HK1.2 cents (2002: HK1 cent) per share	6	<b>5,064</b>	3,750
Earnings per share	7		
– Basic		<b>HK 6.9 cents</b>	HK 6.8 cents

**Condensed Consolidated Balance Sheet**

At 31st October 2003

	NOTES	31st October 2003 HK\$'000 (unaudited)	30th April 2003 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	157,887	137,222
Investment in securities		1,190	1,190
		<b>159,077</b>	138,412
<b>Current assets</b>			
Inventories		43,256	44,507
Bills receivable		895	647
Trade receivables	9	41,680	53,999
Prepayment and other receivable		21,197	18,967
Pledged bank deposits		2,000	6,330
Bank balances and cash		59,841	27,425
		<b>168,869</b>	151,875
<b>Current liabilities</b>			
Trade and other payables	10	30,056	35,811
Bills payable		11,050	4,498
Taxation payable		11,048	9,195
Obligation under finance leases		2,608	1,818
Bank and other borrowings	11	53,848	37,556
		<b>108,610</b>	88,878
Net current assets		<b>60,259</b>	62,997
Total assets less current liabilities		<b>219,336</b>	201,409
<b>Non-current liabilities</b>			
Deferred taxation	5	9,166	7,923
Obligation under finance leases		8,182	2,861
Bank and other borrowings	11	8,092	11,429
		<b>25,440</b>	22,213
		<b>193,896</b>	179,196
<b>Capital and reserves</b>			
Share capital	12	3,750	3,750
Reserves		190,146	175,446
		<b>193,896</b>	179,196

**Condensed Consolidated Statement of Changes in Equity**

For the six months ended 31st October 2003

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30th April 2002	3,124	–	(2,114)	635	95,443	97,088
Exchange differences arising from translation of overseas operations not recognised in the income statement	–	–	–	(673)	–	(673)
Dividend paid	–	–	–	–	(10,000)	(10,000)
Net profit for the period	–	–	–	–	21,230	21,230
At 31st October 2002	3,124	–	(2,114)	(38)	106,673	107,645
Share issued at premium	626	49,474	–	–	–	50,100
Share issue expenses	–	(10,560)	–	–	–	(10,560)
Capitalisation	–	(3,114)	–	–	–	(3,114)
Surplus arising from group reorganisation	–	–	3,114	–	–	3,114
Credited as fully paid from share premium account	–	(10)	10	–	–	–
Exchange differences arising from translation of overseas operations not recognised in the income statement	–	–	–	594	–	594
Net profit for the period	–	–	–	–	35,167	35,167
Dividend paid	–	–	–	–	(3,750)	(3,750)
At 30th April 2003	3,750	35,790	1,010	556	138,090	179,196
Dividend paid ( <i>note 6</i> )	–	–	–	–	(11,250)	(11,250)
Net profit for the period	–	–	–	–	25,950	25,950
<b>At 31st October 2003</b>	<b>3,750</b>	<b>35,790</b>	<b>1,010</b>	<b>556</b>	<b>152,790</b>	<b>193,896</b>

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 share issued for the acquisition at the time of the group reorganisation.

**Condensed Consolidated Cash Flow Statement**

For the six months ended 31st October 2003

	<b>Six months ended</b>	
	<b>2003</b>	<b>2002</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash from operating activities	<b>58,131</b>	23,399
Net cash used in investing activities	<b>(33,649)</b>	(35,300)
Net cash from financing activities:		
New bank loans raised	<b>27,175</b>	34,654
Repayments of bank borrowings	<b>(10,735)</b>	(28,170)
Dividends paid	<b>(11,250)</b>	(10,000)
Other financing cashflows	<b>(1,638)</b>	(513)
	<b>3,552</b>	5,971
Net increase (decrease) in cash and cash equivalents	<b>28,034</b>	(5,930)
Cash and cash equivalents at the beginning of the period	<b>27,425</b>	8,227
Effect of foreign exchange rates changes	-	(1)
Cash and cash equivalents at the end of the period	<b>55,459</b>	2,296
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents, being		
Bank balance and cash	<b>59,841</b>	2,296
Bank overdrafts	<b>(4,382)</b>	-
	<b>55,459</b>	2,296

## Notes to the Condensed Financial Statements

For the six months ended 31st October 2003

### 1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group annual financial statements for the year ended 30th April 2003, except for the following.

#### Income Taxes

In the current interim period, the Group has adopted, for the first time, the revised SSAP 12 "Income Taxes" ("SSAP 12 (Revised)"). The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of this standard has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

## 3. SEGMENTAL INFORMATION

Turnover and contribution to operating results and assets and liabilities by business segment has not been prepared as all the Group's turnover, assets and liabilities was derived from the manufacturing and trading of electrical appliances. An analysis of the Group's turnover and net profits for the period and segment assets and liabilities by geographical markets are as follows:

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (Other than the PRC) HK\$'000	Peoples' Republic of China ("PRC") HK\$'000	Australia and New Zealand HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Six months ended 31st October 2003</b>									
TURNOVER									
External sales	52,210	10,443	339	25,743	16,874	1,474	15	-	107,098
Inter-segment sales	-	-	-	58,168	-	-	-	(58,168)	-
Total	<u>52,210</u>	<u>10,443</u>	<u>339</u>	<u>83,911</u>	<u>16,874</u>	<u>1,474</u>	<u>15</u>	<u>(58,168)</u>	<u>107,098</u>
Inter-segment sales are charged at prevailing market rates									
RESULT									
Segment profits	<u>23,398</u>	<u>4,532</u>	<u>148</u>	<u>11,405</u>	<u>7,274</u>	<u>626</u>	<u>6</u>	<u>-</u>	<u>47,389</u>
Unallocated corporate expenses									(16,075)
Profit from operations									31,314
Finance costs									(1,638)
Profit before taxation									<u>29,676</u>
<b>Six months ended 31st October 2002</b>									
TURNOVER									
External sales	30,700	7,155	1,776	18,764	31,138	168	129	-	89,830
Inter-segment sales	-	-	-	78,262	-	-	-	(78,262)	-
Total	<u>30,700</u>	<u>7,155</u>	<u>1,776</u>	<u>97,026</u>	<u>31,138</u>	<u>168</u>	<u>129</u>	<u>(78,262)</u>	<u>89,830</u>
Inter-segment sales are charged at prevailing market rates									
RESULT									
Segment profits	<u>13,797</u>	<u>3,265</u>	<u>781</u>	<u>8,162</u>	<u>13,343</u>	<u>73</u>	<u>56</u>	<u>-</u>	<u>39,477</u>
Unallocated corporate expenses									(15,130)
Profit from operations									24,347
Finance costs									(625)
Profit before taxation									<u>23,722</u>

**4. PROFIT FROM OPERATIONS**

Profit from operations has been arrived at after charging (crediting):

	<b>Six months ended 31st October</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Interest income	<b>(18)</b>	(3)
Depreciation and amortisation of property, plant and equipment	<b>12,984</b>	9,542
Staff costs	<b>16,328</b>	9,184
	<b><u>16,328</u></b>	<u>9,184</u>

**5. TAXATION**

	<b>Six months ended 31st October</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	<b>2,076</b>	1,473
PRC income tax	<b>407</b>	1,019
Deferred taxation	<b>1,243</b>	–
	<b><u>3,726</u></b>	<u>2,492</u>

Hong Kong Profits Tax and PRC income tax were calculated at 17.5% (2002: 16%) and 27% (2002: 27%), respectively, on the respective estimated assessable profits for the six months ended 31st October 2002 and 2003.

In June 2003, the Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the fiscal year 2003/2004. The effect of this increase has been reflected in the calculation of current and deferred tax balances at 31st October 2003.

**Deferred taxation**

	<b>31st October 2003</b>	31st October 2002
	<b>HK\$'000</b>	HK\$'000
At beginning of the period	<b>7,923</b>	6,422
Charge for the period	<b>1,243</b>	–
At end of the period	<b><u>9,166</u></b>	<u>6,422</u>

As at the balance sheet dates, the deferred taxation liabilities were attributable to the temporary differences between the carrying amount of property, plant and equipment in the financial statements and the corresponding tax bases of the relevant property, plant and equipment used in computing the taxable profit.



**6. DIVIDENDS**

On 28th October 2003, a dividend of HK 3 cents per share was paid to shareholders as the final dividend for 2003.

The Directors have resolved to declare that an interim dividend of HK1.2 cents (2002: HK1 cent) per share should be paid on 26th February 2004 to the shareholders of the Company whose names appear in the Register of Members on 12th February 2004.

**7. EARNINGS PER SHARE**

The calculation of the basic earnings per share for the six months ended 31st October 2003 and 2002 is based on the profit for the period and on 375,000,000 (2002: the weighted average number of 312,375,000) shares in issue during the period.

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue in 2003 and 2002.

**8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group spent approximately of HK\$5,732,000, HK\$4,444,000, HK\$23,104,000 and HK\$369,000 on acquisition of plant and machinery, leasehold land and buildings, construction in progress, and other assets, respectively, for the purpose of expanding the Group's activities.

In addition, the Group transferred approximately HK\$26,103,000 from construction in progress to production moulds.

**9. TRADE RECEIVABLES**

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

The aged analysis of trade receivable at the balance sheet date is as follows:

	<b>31st October 2003 HK\$'000</b>	30th April 2003 HK\$'000
0 to 90 days	<b>23,948</b>	39,139
91 – 180 days	<b>16,240</b>	14,129
181 – 365 days	<b>3,010</b>	2,249
	<hr/>	<hr/>
	<b>43,198</b>	55,517
Allowances	<b>(1,518)</b>	(1,518)
	<hr/>	<hr/>
	<b>41,680</b>	53,999
	<hr/>	<hr/>

**10. TRADE AND OTHER PAYABLES**

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

	<b>31st October 2003 HK\$'000</b>	30th April 2003 HK\$'000
0 to 90 days	<b>16,536</b>	16,785
91 to 180 days	<b>4,167</b>	10,641
Over 181 days	<b>341</b>	609
	<b>21,044</b>	28,035
Other payables	<b>7,889</b>	7,776
	<b>28,933</b>	35,811

**11. BANK AND OTHER BORROWINGS**

During the period, the Group raised new bank loans in the amount of approximately HK\$27,175,000. The bank loans were used to finance the Company's trading activities. The loans bear interest at market rates and are repayable within one year.

In addition, the Group repaid bank loans amounting to approximately HK\$10,735,000 during the period.

**12. SHARE CAPITAL**

	<b>31st October 2003 and 30th April 2003</b>	
	<b>Number of shares '000</b>	<b>Amounts HK\$'000</b>
Ordinary shares of HK\$0.01 each		
Authorised	<b>8,000,000</b>	<b>80,000</b>
Issued and fully paid	<b>375,000</b>	<b>3,750</b>

**13. OPERATING LEASE COMMITMENTS**

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	<b>31st October 2003 HK\$'000</b>	30th April 2003 HK\$'000
Within one year	<b>1,527</b>	1,861
In the second to fifth year inclusive	<b>2,099</b>	3,179
	<b>3,626</b>	5,040

Operating lease payments represents rental payable by the Group for certain of its office premises. Leases are negotiated for an average term of three years.

**14. CAPITAL COMMITMENTS**

As at 31st October 2003, the Group had capital expenditure amounting to approximately HK\$1,912,000 (30th April 2003: HK\$2,159,000) in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements.

**15. CONTINGENT LIABILITIES**

As at 31st October 2003, the Group had discounted bills with recourse amounting to HK\$9,023,000 (30th April 2003: HK\$7,921,000).

**16. POST BALANCE SHEET EVENTS**

Pursuant to a first placing agreement entered into between Imperial Profit Enterprises Limited ("Imperial Profit"), a substantial shareholder of the Company, and The Cathay Investment Fund, Limited ("Cathay Investment"), Imperial Profit had agreed to sell and Cathay Investment had agreed to purchase 42,200,000 existing shares of the Company of HK\$0.01 each at HK\$1.11 per share. Pursuant to a first subscription agreement, Imperial Profit had conditionally agreed to subscribe for 32,000,000 new shares of the Company of HK\$0.01 each at a price of HK\$1.11 per share.

Pursuant to a second placing agreement entered into between Primer Capital Investment Limited ("Primer Capital"), a substantial shareholder of the Company, and Christfund Securities Limited ("Christfund"), Primer Capital had agreed to sell and Christfund had agreed to purchase 15,000,000 existing shares of the Company of HK\$0.01 each at HK\$1.11 per share. Pursuant to a second subscription agreement, Primer Capital had conditionally agreed to subscribe for 15,000,000 new shares of the Company of HK\$0.01 each at a price of HK\$1.11 per share.

The above transactions have been completed on 11th December 2003. Details of these transactions have been set out in the announcement of the Company dated 2nd December 2003.

## BUSINESS REVIEW

The Group experienced a year of remarkable performance after it had become a listed company on the Hong Kong Stock Exchange in December 2002. We achieved a turnover of approximately HK\$107 million for the period under review, compared with approximately HK\$89.8 million of the previous period. Profit attributable to the shareholders increased by about 22.2% to HK\$26 million compared with HK\$21.2 million of the previous period.

The encouraging results attributed mainly to our effort in developing high-profit margin products and high-profit margin markets. Our new product – the oil-filled radiator recorded a substantial increase in sales by 129% to approximately HK\$10.3 million, compared with approximately HK\$4.5 million of the previous period. The continuous pursuit of better quality of living standard worldwide has contributed to the strong demand for the Group's high quality electrical home appliance. As a result, sales in the European market recorded an encouraging increase by 70% to approximately HK\$52.2 million, compared with approximately HK\$30.7 million of the previous period.

## PROSPECTS

In the coming year, the Group will keep focusing our work on research and development of new products. In addition to a series of air-related new products, like the anti-virus machine, kitchen ware products and vacuum cleaners will also be introduced. During the fourth quarter of 2003, the Group launched the self-invented product – the air-exchanger, which received encouraging response and firm order from our customers. Improvement will continuously be made to perfect the air-exchanger to cater for the various needs of the customers. In view of the increasing demand in product quality and the ever-changing world economy, our Group believes that diversification in products and markets will be the focus of our future development direction.

## LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group has implemented sound financial management policy.

As at 31st October 2003, the Group held cash and bank deposits of a total amounted of HK\$62 million (30th April 2003: HK\$33 million). Total bank borrowings amounted to approximately HK\$73 million (30th April 2003: HK\$54 million) and its gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 22.3% (30th April 2003: 18.5%). As the Group's transaction are mostly settled by Hong Kong dollars, United States dollars or Renminbi. Its bank borrowings are primarily denominated in Hong Kong, the United States dollars and Renminbi. All borrowings during the period were charged at floating interest rate. The Group had no material contingent liabilities as at 31st October 2003. With the available resources, the group maintained a strong working capital to finance its business operations.

**PLEDGE OF ASSETS**

As at 31st October 2003, the Group pledged assets to banks with total value of HK\$11.5 million (30th April 2003: HK\$17 million), including the property located in Hong Kong with carrying amount of HK\$9.5 million (30th April 2003: HK\$9.5 million) and bank deposits of HK\$2 million (30th April 2003: HK\$6.3 million) to secure the Group's general banking facilities.

As at 31st October 2003, the Group had available facilities of approximately HK\$150 million in total with various banks which were secured by, among others, pledge of bank deposits amounted HK\$2 million and pledges of the Group's leasehold land and building.

**FOREIGN EXCHANGE EXPOSURE**

Most of the Group's business transactions are denominated in either Hong Kong dollars, United State dollars or Renminbi. As such, the Group had no significant exposure to foreign exchange fluctuations.

**CAPITAL STRUCTURE**

As at 31st October 2003, the number of shares of the Company in issue (the "Shares") was 375,000,000. The number of Shares was increased to 422,000,000 in December 2003 after placing of shares to The Cathay Investment Fund, Limited and other investors and a top-up subscription exercise by the existing shareholders of the Company.

**AUDIT COMMITTEE**

The Company established an audit committee (the "Committee"), comprising the two existing independent non-executive directors, with written terms of reference in compliance with the Code of Best Practice, as set out in Appendix 14 to the Listing Rules. The Committee has reviewed the unaudited interim results for the six months ended 31st October 2003 including the accounting, internal control and financial reporting issues. At the request of the Directors, the Group's external auditors, Deloitte Touche Tohmatsu, has carried out a review of the unaudited interim financial statements for the six months ended 31st October 2003 in accordance with the Statement of Auditing Standards 700 "Engagement to Review Interim Financial Reports" issued by The Hong Kong Society of Accountants.

**USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND THE SUBSCRIPTION**

The Company was listed on the Stock Exchange on 18th December 2002. As at 31st October 2003, all the net proceeds from the Company's initial public offering which amounted to approximately HK\$43 million were applied as provided in the prospectus of the Company dated 29th November 2002, particulars of which are as follows:

- approximately HK\$12 million was used for expanding the Group's current production facilities and purchasing additional machinery to increase production capacity;
- approximately HK\$8 million was used for product development and promotion of new products;
- approximately HK\$5 million was used for product research and development;
- approximately HK\$4 million was used for setting up logistics centre to improve the Group's efficiency in inventory control and distribution;
- approximately HK\$4 million was used for setting up regional sales and promotional office and promoting the Group's own brands of products; and
- approximately HK\$10 million was used as additional working capital for the Group.

Subsequent to 31st October 2003, 47,000,000 shares of the Company were issued at HK\$1.11 per share pursuant to the placing and subscription agreements dated 1st December 2003. The net proceeds of approximately HK\$50 million is intended to be used as general working capital of the Group.

**EMPLOYEES**

As at 31st October 2003, the Group had approximately 1,800 full time employees. Around 30 staff were based in Hong Kong and the rest were in our plants in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

## DIRECTORS' INTERESTS AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL OF THE COMPANY

As at 31st October 2003, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive was taken or deemed to have under such provisions of SFO and have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which have been notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, were as follows:

### (i) Ordinary shares in the Company

Name of Director	Nature of interest	Number of shares	Percentage
Yeung Kui Wong	Corporate	240,250,000 (note 1)	64.07%
Hung Kwok Wa	Corporate	15,000,000 (note 2)	4.00%

Notes:

- (1) The ordinary shares of the Company are held as to 210,000,000 shares by Imperial Profit Enterprises Limited and as to 30,250,000 shares by Primer Capital Investments Limited, the entire issued share capital of both of which are legally and beneficially owned by Mr. Yeung Kui Wong. Under the SFO, Mr. Yeung Kui Wong is deemed to be interested in all these shares.
- (2) The ordinary shares of the Company are held in the name of Top Network Profits Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Hung Kwok Wa. Under the SFO, Mr. Hung Kwok Wa is deemed to be interested in all the shares registered in the name of Top Network Profits Limited.

### (ii) Ordinary shares in Imperial Profit Enterprises Limited, the associated corporation of the Company

Name of director	Number of shares interested	Percentage of shareholding
Yeung Kui Wong	100	100%

All the interests stated above represent long positions.

Save as disclosed above, as at 31st October 2003, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the above mentioned Model Code of the Listing Rules.

Subsequent to 31st October 2003, the total deemed corporate interests of Mr. Yeung Kui Wong reduced to 54.52% following the placing and top-up subscription of shares of the Company by Primer Capital Investments Limited and Imperial Profit Enterprises Limited in December 2003.

## RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the written resolutions passed by the then shareholders on 26th November 2002, the Company had adopted a share options scheme (the "Scheme"). Under the Scheme, the directors of the Company may, at their discretion, invite full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive and independent non-executive directors, advisors, consultants of the Group to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval.

Up to the date hereof, no share options were granted pursuant to the Scheme.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors and chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares in/or debt securities, including debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31st October 2003, the interests or short positions of the substantial shareholders (other than Directors of the Company) in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Division 2 and 3 or Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Number of shares	Percentage
Imperial Profit Enterprises Limited	210,000,000 ( <i>note 1</i> )	56.00%
Primer Capital Investments Limited	30,250,000 ( <i>note 2</i> )	8.07%

### Notes:

1. Relevant shares have been included in the interests of Mr. Yeung Kui Wong as disclosed under the heading of Directors' Interests and Chief Executives' Interests in Share Capital of the Company above.
2. Relevant shares have been included in the interests of Mr. Yeung Kui Wong as disclosed under the heading of Directors' Interests and Chief Executives' Interests in Share Capital of the Company above.



All the interests stated above represent long positions.

Save as disclosed above, as at 31st October 2003, the Company had not been notified of any persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of Part XV of the SFO.

Subsequent to 31st October 2003, after placing and top-up subscription of shares of the Company in December 2003 by Imperial Profit Enterprises Limited ("Imperial Profit") and Primer Capital Investments Limited ("Primer Capital"), the number of shares of the Company held by Imperial Profit reduced to 199,800,000 and the interests of Imperial Profit and Primer Capital respectively reduced to 47.3% and 7.2% of the enlarged share capital of the Company.

Subsequent to 31st October 2003, after placing and top-up subscription of shares of the Company in December 2003, The Cathay Investment Fund, Limited is interested in 42,200,000 shares of the Company representing 10% of the enlarged share capital of the Company.

New China Management Corp., appointed by The Cathay Investment Fund, Limited as its investment manager to provide investment management services, is deemed to be interested in the same 42,200,000 shares of the Company representing 10% of the enlarged share capital of the Company under the SFO.

#### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 10th February 2004 to 12th February 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the abovementioned interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on 9th February 2004.

#### **SHARE OPTION**

No option has been granted under the company's share option scheme since its adoption.

#### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

**CODE OF BEST PRACTICE**

None of the Directors is aware of any information that would reasonably indicate the Company is not, or was not for any part of the accounting period covered by this interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's articles of association.

By Order of the Board of Directors

**Yeung Kui Wong**

*Chairman*

Hong Kong, 15th January 2004

## 德勤·關黃陳方會計師行

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**Deloitte  
Touche  
Tohmatsu**

### INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF  
**WARDERLY INTERNATIONAL HOLDINGS LIMITED**  
(Incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 1 to 10.

### DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

### REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31st October 2003.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong, 15th January 2004