

WARDERLY INTERNATIONAL HOLDINGS LIMITED

滙多利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 607)



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 2006, together with comparative figures as follows:

Condensed Consolidated Income Statement

For the six months ended 31st October 2006

Six mon	tns	enaea
31st (Oct	ober
2006		

	Notes	2006 HK\$'000 (unaudited)	2005 HK\$'000 (unaudited)
Turnover Cost of sales		154,291 (114,349)	134,829 (82,282)
Gross profit		39,942	52,547
Other operating income Administrative expenses Distribution expenses		573 (22,701) (9,405)	933 (18,336) (6,493)
Profit from operations Finance costs	4	8,409 (6,204)	28,651 (5,592)
Profit before taxation Taxation	5	2,205 (11)	23,059 (2,616)
Net profit for the period		2,194	20,443
Interim dividend	6		
Earnings per share – Basic	7	HK0.52 cents	HK4.84 cents
– Diluted		HKO.51 cents	N/A



Condensed Consolidated Balance Sheet

At 31st October 2006			
	Notes	31st October 2006 HK\$'000 (unaudited)	Restated 30th April 2006 HK\$'000 (audited)
Non-current assets Property, plant and equipment Prepaid lease payment Interest in an associate Advance to an associate Investments in securities Deposits for acquisition of property,	8	528,281 623 2 748 1,190	448,346 630 2 748 1,190
plant and equipment		14,116	14,098
		544,960	465,014
Current assets Inventories Prepaid lease payment Held for trading investments Trade receivables Other receivables Bank balances and cash	9	99,493 14 882 41,362 30,507 27,775	99,760 14 1,940 96,313 22,185 116,168
		200,033	336,380
Current liabilities Trade payables Other payables Taxation payable Obligations under finance leases Bank borrowings Bank overdrafts	10	47,321 14,283 9,101 890 77,002 10,785	35,814 21,333 26,174 1,191 115,109 11,021
		159,382	210,642
Net current assets		40,651	125,738
Total assets less current liabilities		585,611	590,752



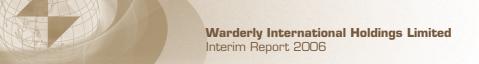
	Notes	31st October 2006 HK\$'000 (unaudited)	Restated 30th April 2006 HK\$'000 (audited)
Non-current liabilities Obligations under finance leases Bank borrowings Deferred taxation	11 12	197,000 20,200	376 199,829 20,200
		217,200	220,405
Capital and recenture		368,411	370,347
Capital and reserves Share capital Reserves		4,220 364,152	4,220 366,088
Equity attributable to equity holders of the Company Minority interest		368,372 39	370,308 39
Total equity		368,411	370,347

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31st October 2006

At 1st May 2005 4,220 84,868 1,010 556 224,463 315,117 - 315,117 Effect of changes in accounting policy 52,225 52,225 - 52,	
in accounting policy 52,225 52,225 - 52,225 Surplus on revaluation of leasehold properties, net of deferred tax liabilities arising on	At 1st May 2005
of leasehold properties, net of deferred tax liabilities arising on	
valuation of leasenoid properties of HK\$150,000 718 - 718 - 7718 -	of leasehold properties, net of deferred tax liabilities arising on valuation of leasehold properties of
Exchange differences	Exchange differences
arising on translation of foreign operations	
Net income recognised directly in equity 718 11,648 - 12,366 - 12,36	
Profit for the year 398 398 38	Profit for the year
Total recognised income and expenses for the year 718 11,648 398 12,764 - 12,76	income and expenses
Recognition of	
share-based payment 752 752 - 75	
Dividend paid (10,550) (10,550) - (10,55	Dividend paid
Capital contribution from minority interest - - - - - - 39 3	
At 30th April 2006 4,220 84,868 1,010 752 52,943 12,204 214,311 370,308 39 370,34	At 30th April 2006
Disposal of Fixed Assets (4,130) (4,130) - (
At 31st October 2006 4,220 84,868 1,010 752 48,813 12,204 216,505 368,372 39 368,41	At 31st October 2006

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 in 2002.

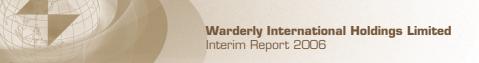


Condensed Consolidated Cash Flow Statement

For the six months ended 31st October 2006

Six months ended	d
31st October	

	2006	2005
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
	00.440	00.400
Net cash from operating activities	66,119	23,102
Net cash used in investing activities	(106,459)	(86,458)
Net cash from financing activities	(58,838)	32,936
Net decrease in cash and cash equivalents	(99,178)	(30,420)
The deel edge in each and each equivalence	(55,175)	(33, 123)
Cash and cash equivalents at the beginning		
of the period	116,168	127,227
Cash and cash equivalents at the end	40.000	00.007
of the period	16,990	96,807
Analysis of the balances of cash		
and cash equivalents		
Cash and cash equivalents, being		
Bank balances and cash	27,775	98,723
Bank overdrafts	(10,785)	(1,916)
	16,990	96,807



Notes to the Condensed Financial Statements

For the six months ended 31st October 2006

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 (the "Listing Rules") on The Stock Exchange and with Hong Kong Accounting standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for certain financial instruments, which are measured at fair value.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30th April 2006 except as discussed below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January 2005. The application of the new HKFRSs has results in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has also resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

(i) Financial instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has no material impact on how the financial statements of the Group are presented for current and prior accounting periods.

(ii) Owner-occupied leasehold interest in land

In the previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and is stated at cost less depreciation and amortisation at the balance sheet date. In the current period, the Group has applied HKAS 17 "leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. Where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

(iii) Leasehold properties

In previous years, the Group's leasehold land and building under Statement of Standard Accounting Practice 17 "Property, plant and equipment" ("SSAP 17") issued by the HKICPA were measured at cost less accumulated depreciation and accumulated impairment loss. On 1st May 2005, in order to reflect the market value of the leasehold properties, the Group has elected to use the revaluation model to account for its leasehold properties which requires increase or decrease in the fair value recognised to be credited or charged to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged for the year in which they arise. A decrease in fair value arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset.

In previous years, depreciation was provided to write off the cost of the leasehold properties over the terms of the leases, using the straight-line method. Upon adoption of the revaluation model for leasehold properties mentioned above, the accumulated depreciation charged on the leasehold properties were written back on revaluation of the leasehold properties and deferred tax liabilities arising from the increase in fair value of the leasehold properties have been recognised. The net effect of any write-back of depreciation charges and the attributable deferred tax were dealt with in the properties revaluation reserve accordingly.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the financial statement of the Group:

HKAS 1 (Amendment) Capital disclosures HKAS 19 (Amendment) Actuarial gains and losses, group plans and disclosures HKAS 21 (Amendment) Net investment in a foreign operation HKAS 39 (Amendment) Cash flow hedge accounting of forecast intragroup transactions HKAS 39 (Amendment) The fair value option HKAS 39 & HKFRS 4 Financial guarantee contracts (Amendments) HKFRS 6 Exploration for and Evaluation of Mineral Resources Financial instruments: disclosures HKFRS 7 HK(IFRIC)-INT 4 Determining whether an arrangement contains a lease HK(IFRIC)-INT 5 Rights to interests arising from decommissing, restoration and environmental rehabilitation funds HK(IFRIC)-INT 6 Liabilities arising from participating in a specific market waste electrical and electronic equipment HK(IFRIC)-7 Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economics

Scope of HKFRS 2

Reassessment of embedded derivatives

HK(IFRIC)-8

HK(IFRIC)-9

3. SEGMENT INFORMATION

All of the Group's turnover, assets and liabilities was derived from the manufacturing and trading of electrical appliances. Accordingly, no analysis of financial information by business segment is presented.

An analysis of the Group's turnover and profits for the period by geographical markets are as follows:

	Europe HK\$'000	North America HK\$'000	Asia <i>HK\$'000</i>	Australia and New Zealand HK\$'000	Total <i>HK\$'000</i>
For the six months ended 31st October 2006					
TURNOVER External sales	128,223	15,316	10,752		154,291
RESULT Segment profits	33,338	3,829	2,365		39,532
Unallocated corporate expenses					(31,123)
Profit from operations Finance costs					8,409 (6,204)
Profit before taxation					2,205
	Europe HK\$'000	North America HK\$'000	Asia HK\$'000	Australia and New Zealand HK\$'000	Total <i>HK\$'000</i>
For the six months ended 31st October 2005					
TURNOVER External sales	87,169	14,293	33,155	212	134,829
RESULT Segment profits	35,169	5,592	11,302	77	52,140
Unallocated corporate expenses					(23,489)
Profit from operations Finance costs					28,651 (5,592)
Profit before taxation					23,059

4. PROFIT FROM OPERATIONS

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

		Six months ended 31st October	
	2006 HK\$'000	2005 HK\$'000	
Interest income Depreciation and amortisation of property,	(440)	(445)	
plant and equipment	28,861	22,795	
Unrealised holding loss on financial assets		10	

Six months ended

5. TAXATION

	Oix monuna chaca		
	31st October		
	2006	2005	
	HK\$'000	HK\$'000	
The charge comprises:			
Hong Kong Profits Tax	-	2,261	
PRC income tax	11	355	
Deferred taxation	-	_	
	11	2,616	
	<u> </u>		

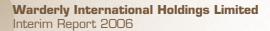
Hong Kong Profit Tax and PRC income tax were calculated at 17.5% (2005: 17.5%) and 27% (2005: 27%), respectively, on the respective estimated assessable profits for the six months ended 31st October 2006 and 2005.

6. INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the period (2005: Nil).

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the six months ended 31st October 2006 and 2005 is based on the profit for the period and on 422,000,000 (2005: 422,000,000) shares for basic earnings per share and on 426,220,000 (2005: N/A) shares for diluted earnings per share in issue during the period.



8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$864,000 and HK\$108,630,000 and HK\$3,443,000 on acquisition of plant and machinery, construction in progress, and other assets, respectively, for the purpose of expanding the Group's activities.

In addition, the Group transferred approximately HK\$95,458,000 from construction in progress to production moulds and land and building during the period.

9. TRADE RECEIVABLES

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

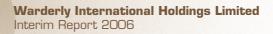
The following is an aged analysis of trade receivable at the reporting date:

	31st October	30th April
	2006	2006
	HK\$'000	HK\$'000
O to 90 days	25,530	74,313
91 - 180 days	10,887	19,949
181 - 365 days	4,357	2,051
	40,774	96,313

10. TRADE PAYABLES

The following is an aged analysis of trade payable at the reporting date:

	31st October 2006 <i>HK\$</i> '000	30th April 2006 <i>HK\$'000</i>
O to 90 days 91 – 180 days 181 – 365 days	39,754 4,612 2,955	19,663 9,526 6,625
	47,331	35,814



11. BANK BORROWINGS

During the period, the Group obtained new bank borrowings in the amount of approximately HK\$98,617,000. The bank borrowings were used to finance the Group trading activities. The borrowings bear interest at market rates and are repayable within one to three years.

In addition, the Group repaid bank borrowings amounting to approximately HK\$101,682,000 during the period.

12. DEFERRED TAXATION

tax	
depreciation	
HK\$'000	

At 1st May, 2005	9,519
Effect of changes in accounting policy	11,078
Credit to the income statement for the year (note 9)	(547)
Charge to equity	150

At 30th April, 2006 and at 31st October, 2006

20,200

Accelerated

At 31st October, 2006, the Group has unused tax losses of HK\$4,490,000 (30th April 2005: HK\$4,490,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

13. CAPITAL COMMITMENTS

At 31st October, 2006, the Group had capital expenditure amounting to HK\$837,000 (30th April 2006: HK\$11,679,000) in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements.

The Company has no material capital commitment at the balance sheet date.

14. CONTINGENT LIABILITIES

Regarding the additional tax assessments on a subsidiary of the Company in respect of depreciation claims of certain plant and machineries used in the PRC, in the amount of approximately HK\$9.5 million

At 31st October, 2006, the Group had discounted bills with recourse of Nil (30th April 2006: Nil).



Business Review

The group experienced a challenging period in the first half of the financial year 2006. The Group record an increase in turnover by 14.4% to approximately HK\$154.3 million, compared to the previous period's approximately HK\$134.8 million.

Based upon the sales analysis for the year ended October 2006 and October 2005, the core products like electric fans and convection heater contributed a growth of about 4.6% to HK\$99.5 million, compared to the previous period's HK\$95.1 million. Popular products like oil-filled radiators and newly developed products, quartz heaters contributed an increase of 12.9% to about HK\$22.8 million, compared to the pervious period's HK\$20.2 million.

In addition, apart from its core heaters products, and during the period under review, the Group launched its new products such as panel heaters, and received overwhelming market response, particularly in Europe. Despite the tremendous pressure brought forth by escalating raw material costs, the Group successfully diversified its product range and maintained stable turnover performance.

Prospects

The Group orients and commits resources major on our core products like electric fans, convection and panel heaters. Based on our past record, over 80% of sales contribution comes from our core business as aforesaid. It also proves that the Group is a key player in this industry, providing quality, environmental friendly and state-of-the-art products to its worldwide customers.

In addition to the developed new products, it will also be manufactured in the newly established factory premises. The Directors believe that our continuous improvement in the quality and variety of products will steer the Group to achieve a better performance in the future.

Liquidity and Financial Resources

The Group generally financed its operations mainly with internally generated cash flow. As at 31st October 2006, held cash and bank deposits of a total amount of HK\$27.8 million (30th April 2006: HK\$116.2 million). Total bank borrowings amounted to approximately HK\$285.7 million (30th April 2006: HK\$327.5 million) and its gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 38.3% (30th April 2006: 41%). All borrowings during the period were charged of floating interest rate.

Pledge of Assets

As at 31st October 2006, the Group pledged assets to banks with carrying value of Nil (30th April 2006: HK\$9.0 million) to secure the Group's general banking facilities.

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 2006, the capital of the company comprises 422,000,000 ordinary shares of HK\$0.01 each.

Employees

As at 31st October 2006, the group had approximately 1,500 full time employees. Around 50 staffs 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 Executive's Interests in Share Capital of the Company

At 31st October 2006, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

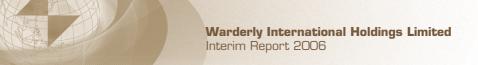
Long Positions:

Name of director	Capacity	Number of issued ordinary shares held	Approximate percentage over the issued share capital of the Company
Yeung Kui Wong Yeung Kui Wong	Held by controlled corporation Held by controlled corporation	201,800,000 (note 1) 30,250,000 (note 2)	7.17%
		232,050,000	54.

Notes:

- (1) These shares are held in the name of Imperial Profit Enterprises Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yeung Kui Wong. Under the SFO, Mr. Yeung Kui Wong is deemed to be interested in all the shares registered in the name of Imperial Profit Enterprises Limited.
- (2) These shares are held in the name of Primer Capital Investments Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yeung Kui Wong. Under the SFO, Mr. Yeung Kui Wong is deemed to be interested in all the shares registered in the name of Primer Capital Investments Limited.

Other than as disclosed above and information disclosed under the section of "Rights to Acquire Shares or Debentures", none of the directors, nor their associates, had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 31st October 2006.



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.

Movements in the share options under the Scheme during the period are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price HK\$	Outstanding at 1.5.2006	Number of s Granted during the period	hare options Lapsed during the period	Outstanding at 31.10.006
Director - Yeung Ying Fong (resigned on 15 January, 2007)	1st November, 2005	1st November, 2005 to 30th October, 2008	1st November, 2008 to 30th October, 2013	0.668	4,220,000	- - -	-	4,220,000
An employee	1st November, 2005	Fully vest at date of grant	1st November, 2005 to 30th October, 2010	0.668	4,220,000	-	4,220,000	-
					8,440,000	-	4,220,000	4,220,000



The Board considers that it is not appropriate to disclose the value of options granted under the Scheme, since any valuation of the options would be subject to a number of assumptions that would be subjective and uncertain. The Board believes that the evaluation of options based upon speculative assumptions would not be meaningful and would be misleading to shareholders.

During the period, 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 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

			Approximate
			percentage over
		Number of	the issued
		issued ordinary	share capital
Name of shareholders	Capacity	shares held	of the Company
Imperial Profit Enterprises Limited	Beneficial owner	201,800,000	47.82%
Primer Capital Investments Limited	Beneficial owner	30,250,000	7.17%
The Cathay Investment Fund, Limited	Beneficial owner	43,987,500	10.42%
New China Management Corp.	Others (Note)	43,987,500	10.42%

Note: New China Managements Corp. is the investment manager of The Cathay Investment Fund, Limited and is deemed to be interested in the same 43,987,500 shares under the SFO.

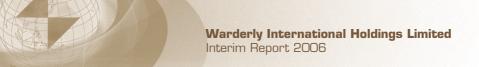
All the interests stated above represent long positions, and other than as described above, the Company has not been notified of any other relevant interests or short positions in the issued capital of the Company as at 31st October 2006.

Share Option

No option has been granted under the company's share option scheme during the period.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("the Listing Rules"). The audit committee has reviewed the unaudited interim results for the six months ended 31st October 2006 including the accounting, internal control and financial reporting issues. The audit committee comprises the three independent non-executive directors.



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.

Compliance with the Code on Corporate Governance Practices and Model Code

During the six months ended 31st October 2006, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules save and except certain deviations described below:

Code Provision A.2

Mr. Yeung Kui Wong is the chairman of the board. The Company has no such title as the chief executive officer currently and the daily operation and management of the Company is monitored by the executive directors as well as the senior management.

The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the Company.

Code Provision A.4.1

Although the non-executive director is not appointed for a specific term, he is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

On 28th September 2006, a special resolution was passed at the 2006 Annual General Meeting of the Company to amend the Company's Articles of Association in order to comply with the Code.



The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code during the period under review and they all confirmed that they have fully complied with the standard set out in the Model Code.

By Order of the Board of Directors
Yeung Kui Wong
Chairman

Hong Kong, 23rd January 2007

As at the date hereof, the Board of Directors of the Company consists of Mr. Yeung Kui Wong, Mr. Hung Kwok Wa, Mr. Lai Wing Chuen and Mr. Yu Hung Wong as Executive Directors; Mr. Paul Steven Wolansky as Non-Executive Director (with Mr. Leung Ping Chung, Hermann as alternate); Mr. Lau Tai Chim, Mr. Tam Ping Kuen, Daniel and Mr. Wu Wan Chung, Patrick as Independent Non-Executive Directors.