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 2009

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Hung Kwok Wa
Lau Man Tak
Li Kai Yien, Arthur Albert
Li Shu Han, Eleanor Stella
Seto Ying

Independent Non-executive Directors
Lau Tai Chim
Tam Ping Kuen, Daniel
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 AND QUALIFIED ACCOUNTANT

Lau Man Tak

AUDIT COMMITTEE

Lau Tai Chim
Tam Ping Kuen, Daniel
Li Siu Yui
Ip Woon Lai
Lee Kong Leong

REMUNERATION COMMITTEE

Lau Tai Chim
Tam Ping Kuen, Daniel
Li Siu Yui
Ip Woon Lai
Lee Kong Leong

PRINCIPAL BANKER

Hang Seng Bank Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

15th Floor, No. 88 Lockhart Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

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

WEBSITE

www.finance.thestandard.com.hk/en/0607warderly/

STOCK CODE

607

Biographical Details of Directors

DIRECTORS

Executive Directors

Mr. Hung Kwok Wa ("Mr. Hung"), aged 40, was appointed as an executive director ("Director") of Warderly International Holdings Limited (the "Company", together with its subsidiaries, the "Group") on 18 April 2002. He is responsible for financial planning and related financial activities of the Group. Prior to joining the Group in January 2002, Mr. Hung worked as an executive director of two listed companies and has also worked for several commercial banks in Hong Kong as well as an international certified public accountants firm and has over 8 years of extensive experience in financial related industry. Mr. Hung holds a bachelor degree in Social Sciences from The University of Hong Kong. He is also a fellow member of the Association of Chartered Certified Accountants. Mr. Hung is also a director of various subsidiaries of the Company.

Mr. Lau Man Tak ("Mr. Lau"), aged 40, was appointed as an executive Director, the company secretary and qualified accountant of the Company in December 2007. Mr. Lau holds a bachelor degree in Accountancy from the Hong Kong Polytechnic University and has more than 15 years of finance, accounting and auditing experiences. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. He is also a member of the Hong Kong Securities Institute. Currently, Mr. Lau is an independent non-executive director of Golden Resorts Group Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Climax International Company Limited and Kong Sun Holdings Limited, the shares of which are listed on the Stock Exchange.

Mr. Li Kai Yien, Arthur Albert ("Mr. Li"), aged 36, was appointed as an executive Director on 18 June 2008. Mr. Li graduated from University of Southern California with a bachelor 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. Mr. Li is a brother of Ms. Li Shu Han, Eleanor Stella, an executive Director. Mr. Li is also a director of various subsidiaries of the Company.

Ms. Li Shu Han, Eleanor Stella ("Ms. Li"), aged 39, was appointed as an executive Director on 18 June 2008. She graduated from University of Southern California with a bachelor 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. Ms. Li is a sister of Mr. Li.

Ms. Seto Ying ("Ms. Seto"), aged 32, was appointed as an executive Director on 18 June 2008. Ms. Seto graduated from the Chinese University of Hong Kong in 1998 with a bachelor degree in Business Administration in Accountancy. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Seto has more than 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.

Biographical Details of Directors

Independent Non-executive Directors

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

Mr. Tam Ping Kuen, Daniel ("Mr. Tam"), aged 46, is the founder of Daniel Tam & Co., Certified Public Accountants (Practising). He holds a master degree in Financial Economics from the University of London, United Kingdom and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Tam was appointed as an independent non-executive Director on 27 September 2004.

Mr. Li Siu Yui, aged 39, was appointed as an independent non-executive Director on 18 June 2008. He holds a master degree in Business Administration from University of Wales. He has over 10 years' experience in the area of investment. He was working in securities companies during the period from 1997 to 2002. He has been engaged as an investment manager of two private companies since 2002.

Mr. Ip Woon Lai ("Mr. Ip"), aged 38, 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.

Mr. Lee Kong Leong ("Mr. Lee"), aged 45, 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.

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

Trading in the shares (the "Shares") of Warderly International Holdings Limited (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").

Due to the sealing up of its manufacturing facilities in April 2007, since then, the Company, via its subsidiaries (collectively, the "Group") began to concentrate its effort in trading business by securing sales orders from distributors and wholesalers and engaging subcontractors of original equipment manufacturer to manufacture the products. The Group now offers a wide range of products, including digital photo frames, digital enhanced cordless technology phones, baby monitors, digital TV signal converters, DVD players, turbo fans, water heaters and air-conditioners.

During the year, the Group recorded a turnover of approximately HK$53 million and a loss of approximately HK$21 million. The loss mainly came from the finance costs of approximately HK$24 million in relation to interests accrued on the bank borrowings and overdrafts and guarantor's liability.

IMPORTANT EVENTS AND PROSPECTS

On 30 September 2008, the Company submitted the proposal (the "Resumption Proposal") in relation to the resumption of trading in the Shares to the Stock Exchange and the SFC. The Resumption Proposal contains, amongst other matters, a restructuring proposal to revitalize the Company's financial position. As part of the Resumption Proposal, the Company proposed to raise HK$84.4 million, before expenses, by way of the open offer of the zero coupon convertible notes to the qualifying shareholders of the Company, which is fully underwritten by Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), the controlling shareholder of the Company, pursuant to the underwriting agreement entered into between the Company and Mr. Kan on 8 October 2008. The Board also proposed to settle the Company's indebtedness due to certain creditors (the "Scheme Creditors") by way of the schemes of arrangement to be made between the Company and the Scheme Creditors under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Hong Kong Scheme") and the Companies Law (2007 Revision) of the Cayman Islands (the "Cayman Scheme") respectively.

Each of the Hong Kong Scheme and the Cayman Scheme was duly approved by a majority in number (i.e. over 50% in number) of the Scheme Creditors together representing no less than 75% in value of the Scheme Creditors present and voting in person or by proxy at the Scheme Creditors' meeting held on 16 March 2009. The Cayman Scheme was sanctioned by the Grand Court of the Cayman Islands on 27 March 2009 while the Hong Kong Scheme was sanctioned by the High Court of Hong Kong on 6 May 2009.

The Hong Kong Scheme and the Cayman Scheme will become effective upon an office copy of the relevant court order sanctioning the respective scheme having been delivered to the Registrar of Companies in Hong Kong or the Cayman Islands (as the case may be) for registration.

The Company is presently in negotiation with the Stock Exchange on the terms of the Resumption Proposal. Upon completion of the Resumption Proposal, the Company will become almost debt free and additional working capital will be injected into the Group. The directors of the Company (the "Directors") will continue to expand the product range and explore products with higher profit margins. Besides, the Directors will look for new business opportunities that offer better returns for the shareholders of the Company and believe that the Group's business will recover gradually.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group had total cash and bank balances of approximately HK$3 million as at 30 April 2009 (2008: approximately HK$0.06 million). Balance of bank overdrafts, bank borrowings and guarantor's liability were approximately HK$349 million as at 30 April 2009 (2008: approximately HK$325 million). The gearing ratio of the Group as at 30 April 2009 calculated as a ratio of total bank loans, bank overdrafts and guarantor's liability to total assets was approximately 1,705% (2008: approximately 24,234%). Net liabilities were approximately HK$419 million (2008: approximately HK$398 million).

The Group recorded total current asset value of approximately HK$20 million as at 30 April 2009 (2008: approximately HK$1 million) and total current liability value of approximately HK$439 million (2008: approximately HK$399 million). The current ratio of the Group, calculated by dividing the total current asset value by the total current liability value, was about 0.05 as at 30 April 2009 (2008: approximately 0.003).

The Group recorded a loss of approximately HK$21 million for the year ended 30 April 2009 (2008: loss of approximately 2 million) and this resulted in a decrease in shareholders' funds to a negative value of approximately HK$419 million as at 30 April 2009 (2008: approximately HK$398 million).

FOREIGN EXCHANGE EXPOSURE

Transactions of the Group were mainly denominated in Hong Kong dollars. The Directors did not consider that the Group was significantly exposed to foreign exchange risk for the year.

TREASURY POLICIES

The Group's major borrowings are in Hong Kong dollars and at variable interest rates. Bank balances and cash held by the Group were denominated in Hong Kong dollars. 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 2009.

INVESTMENTS

The Group had not held any significant investment for the year ended 30 April 2009.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

The Group did not have any material acquisition or disposal of subsidiaries or associated companies during the year ended 30 April 2009.

SEGMENTAL INFORMATION

Details of segmental information for the year ended 30 April 2009 are set out in note 7 to the consolidated financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 April 2009 are set out in note 25 to the consolidated financial statements.

STAFF AND REMUNERATION POLICIES

As at 30 April 2009, the Group had 6 employees (2008: 5 employees). The Group's total staff costs amounted to approximately HK$0.5 million (2008: HK$4 million) for the year ended 30 April 2009.

Competitive remuneration packages including discretionary bonus, retirement scheme benefits and share options are structured to commensurate with individual job duties, qualifications, performance and years of experience.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's interim and annual reports and financial statements. The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 30 April 2009. The audit committee of the Company currently comprises five independent non-executive Directors.

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

During the year ended 30 April 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE PRACTICES

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 Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") under Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 30 April 2009 except the followings:

1. **Code Provision A.2**

   The Company has not appointed any individual to take up the posts of the chief executive officer and chairman of the Company during the year and the daily operation and management of the Group were monitored by the directors as well as the senior management of the Group. The balance of power and authority was ensured by the operations of the board (the "Board") of director (the "Director") of the Company and the Board considered that the current structure would not impair the balance of power and authority between the Board and the senior management of 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 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.

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

During the financial year ended 30 April 2009, fourteen Board meetings were held and the attendance of each Director was set out as follows:

Name of Directors:	Number of Board meetings attended in the financial year ended 30 April 2009	Attendance rate
Executive Directors:		
Mr. Hung Kwok Wa	10	71%
Mr. Lau Man Tak	9	64%
Mr. Li Kai Yien, Arthur Albert* (appointed on 18 June 2008)	13	100% (during appointment period)
Ms. Li Shu Han, Eleanor Stella* (appointed on 18 June 2008)	9	69% (during appointment period)
Ms. Seto Ying (appointed on 18 June 2008)	13	100% (during appointment period)
Mr. Charles Chu (resigned on 23 July 2008)	0	0% (during appointment period)
Independent Non-executive Directors:		
Mr. Lau Tai Chim	9	64%
Mr. Tam Ping Kuen, Daniel	9	64%
Mr. Lee Kong Leong (appointed on 18 June 2008)	8	62% (during appointment period)
Mr. Li Siu Yui (appointed on 18 June 2008)	9	69% (during appointment period)
Mr. Ip Woon Lai (appointed on 18 June 2008)	9	69% (during appointment period)
Mr. Chow Yiu Wah, Joseph (resigned on 23 July 2008)	0	0% (during appointment period)

* Mr. Li Kai Yien, Arthur Albert is the brother of Ms. Li Shu Han, Eleanor Stella

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.

For a Director to be considered independent, the Board must determine that the Director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of Directors. The Company has received from each of its existing independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all independent non-executive Directors are independent.

The independent non-executive Directors 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 Company has not appointed any individual to take up the posts of the chief executive officer and chairman of the Company during the year. The reasons have been explained in paragraph 1 on page 8 of this annual report.

NOMINATION OF DIRECTORS

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

REMUNERATION COMMITTEE

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

	Number of meetings attended in the financial year ended 30 April 2009	Attendance rate
Mr. Lau Tai Chim	1	100%
Mr. Tam Ping Kuen, Daniel	1	100%
Mr. Lee Kong Leong (appointed on 18 June 2008)	1	100%
Mr. Li Siu Yui (appointed on 18 June 2008) (Chairman)	1	100%
Mr. Ip Woon Lai (appointed on 18 June 2008)	1	100%
*Mr. Chow Yiu Wah, Joseph (resigned on 23 July 2008)	0	N/A

* No meeting was held during appointment period

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.

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.

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 2009 are shown in note 12 to the consolidated financial statements.

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 comprises solely the independent non-executive Directors and three members possess the appropriate professional qualifications, business and financial experience and skills.

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.

During the year, the Audit Committee held two meetings. Matters considered at the meetings included review of the Group's 2007 annual and interim results and 2008 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.

The attendance of each member during the year is set out as follows:

Name of Directors	Number of meetings attended in the financial year ended 30 April 2009	Attendance rate
Mr. Lau Tai Chim	2	100%
Mr. Tam Ping Kuen, Daniel *(Chairman)*	2	100%
Mr. Lee Kong Leong (appointed on 18 June 2008)	1	50% (during appointment period)
Mr. Li Siu Yui (appointed on 18 June 2008)	2	100% (during appointment period)
Mr. Ip Woon Lai (appointed on 18 June 2008)	2	100% (during appointment period)
* Mr. Chow Yiu Wah, Joseph (resigned on 23 July 2008)	0	N/A

* No meeting was held during appointment period

AUDITORS' REMUNERATION

The amount of audit fee for the year ended 30 April 2009 was HK$350,000. 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. Based on the results of the review and after taking into account of the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint Messrs. PKF as the external auditors of the Company for the year 2010, subject to approval by the Shareholders at the forthcoming 2009 annual general meeting of the Company. 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.

INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the system of internal control of the Group during the year. 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 2009. The Directors ensure that the audited consolidated financial statement of the Group for the year ended 30 April 2009 have been properly prepared in accordance with the statutory requirements and applicable accounting standards.

A report of the independent auditors of the Group is set out in pages 19 to 20 of this annual report.

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 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group during the year are trading of household electrical appliances and audio-visual products.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2009 are set out in the consolidated income statement on page 21 to this annual report.

The Directors do not recommend the payment of any dividend for the year ended 30 April 2009.

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 2009, 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 16 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 22(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.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's largest customer and five largest customers together accounted for approximately 43% and 99% of the total turnover for the year respectively.

The Group's largest suppliers and five largest suppliers together accounted for approximately 42% and 97% 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. Hung Kwok Wa
Mr. Lau Man Tak
Mr. Li Kai Yien, Arthur Albert (appointed on 18 June 2008)
Ms. Li Shu Han, Eleanor Stella (appointed on 18 June 2008)
Ms. Seto Ying (appointed on 18 June 2008)
Mr. Charles Chu (resigned on 23 July 2008)

Independent Non-Executive Directors:

Mr. Tam Ping Kuen, Daniel
Mr. Lau Tai Chim
Mr. Lee Kong Leong (appointed on 18 June 2008)
Mr. Li Siu Yui (appointed on 18 June 2008)
Mr. Ip Woon Lai (appointed on 18 June 2008)
Mr. Chow Yiu Wah, Joseph (resigned on 23 July 2008)

In accordance with the provisions of the Company's articles of association (the "Articles of Association"), Mr. Hung Kwok Wa, Mr. Lau Tai Chim, Mr. Ip Woon Lai and Mr. Lee Kong Leong will retire by rotation and, being eligible, offer themselves for re-election in the forthcoming 2009 annual general meeting of the Company ("2009 AGM").

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

Save as disclosed, none of the existing Directors were appointed for a specific term and none of the Directors being proposed for re-election at the 2009 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 2009, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SHARE OPTION

Particulars of the Company's share option scheme (the "Option Scheme") are set out in note 23 to the consolidated financial statements.

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Option Scheme disclosed in the section "Share Option" 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

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. Save for the Underwriting Agreement and the Loan Agreement as set out in note 2(d) to the consolidated financial statements, no contract of significance had been entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company during the year.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 12 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 2009, 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
Kan Che Kin, Billy Albert ("Mr. Kan")	152,050,000	36.03%
Kan Kung Chuen Lai	152,050,000 (Note 1)	36.03%
The Cathay Investment Fund, Limited	43,987,500	10.42%
New China Management Corp.	43,987,500 (Note 2)	10.42%
Liu Su Ke	30,000,000	7.11%

Notes:

(1) Kan Kung Chuen Lai is the spouse of Mr. Kan. Therefore, she is deemed to be interested in the 152,050,000 Shares held by Mr. Kan pursuant to the SFO.

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

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 April 2009.

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.

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 23 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 24 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 2009 and as at the latest practicable date prior to the issue of this annual report.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 27 to the consolidated financial statements.

AUDITORS

Messrs. Deloitte Touche Tohmatsu resigned on 6 December 2007 and Messrs. PKF was appointed as auditors of the Company on 18 August 2008 and was re-appointed at the 2007 and 2008 annual general meetings of the Company held on 26 November 2008.

A resolution to re-appoint Messrs. PKF as auditors of the Company will be proposed at the 2009 AGM.

On behalf of the Board
Li Kai Yien, Arthur Albert
Director

Hong Kong
10 July 2009

Independent Auditor's Report

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

We have audited the consolidated financial statements of Warderly International Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") set out on pages 21 to 59, which comprise the consolidated balance sheet as at 30 April 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 30 April 2009 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2(d) to the consolidated financial statements which indicates that as at 30 April 2009, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$419 million respectively. These conditions, together with the 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.

PKF
Certified Public Accountants

Hong Kong
10 July 2009

Consolidated Income Statement

For the year ended 30 April 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	6	**53,437**	1,285
Cost of sales		**(50,256)**	(1,285)
Gross profit		**3,181**	–
Other income	8	**6,065**	42
Administrative expenses		**(5,708)**	(9,632)
Gain on deconsolidation of subsidiaries	9	**–**	21,127
Finance costs	10	**(23,937)**	(13,162)
Loss before taxation	11	**(20,399)**	(1,625)
Taxation	13	**(397)**	–
Loss for the year		**(20,796)**	(1,625)
Attributable to:			
Equity holders of the Company		**(20,757)**	(1,625)
Minority interest		**(39)**	–
		(20,796)	(1,625)
Dividend	14	**–**	–
Loss per share	15		
– Basic		**HK$(0.05)**	HKcents(0.39)
– Diluted		**N/A**	N/A

Consolidated Balance Sheet

At 30 April 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSET			
Property, plant and equipment	16	–	–
CURRENT ASSETS			
Trade receivables	17	17,874	1,285
Bank balances and cash	18	2,591	56
		20,465	1,341
CURRENT LIABILITIES			
Trade and other payables	19	41,675	26,071
Guarantor's liability and accrued liability for potential claims	20	340,346	319,019
Bank borrowings	21	22,948	20,463
Unsecured bank overdrafts		2,104	1,997
Taxation payable		31,918	31,521
		438,991	399,071
NET CURRENT LIABILITIES		(418,526)	(397,730)
NET LIABILITIES		(418,526)	(397,730)
CAPITAL AND RESERVES			
Share capital	22(a)	4,220	4,220
Reserves		(422,746)	(401,989)
Capital deficiencies attributable to equity holders of the Company		(418,526)	(397,769)
Minority interest		–	39
CAPITAL DEFICIENCIES		(418,526)	(397,730)

The consolidated financial statements set out on pages 21 to 59 were approved and authorised for issue by the Board of Directors on 10 July 2009 and are signed on its behalf by:

Li Kai Yien, Arthur Albert
Director

Seto Ying
Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2009

	Attributable to equity holders of the Company									
	Share capital	Share premium	Special reserve	Share option reserve	Property revaluation reserve	Translation reserve	Accumulated losses	Total	Minority interest	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 May 2007	4,220	84,868	1,010	309	1,048	28,725	(487,599)	(367,419)	39	(367,380)
Release of property revaluation reserve and translation reserve upon deconsolidation of subsidiaries	–	–	–	–	(1,048)	(28,725)	1,048	(28,725)	–	(28,725)
Loss for the year	–	–	–	–	–	–	(1,625)	(1,625)	–	(1,625)
Total recognised expenses for the year	–	–	–	–	(1,048)	(28,725)	(577)	(30,350)	–	(30,350)
At 1 May 2008	**4,220**	**84,868**	**1,010**	**309**	**–**	**–**	**(488,176)**	**(397,769)**	**39**	**(397,730)**
Loss for the year and total recognised expenses for the year	–	–	–	–	–	–	(20,757)	(20,757)	(39)	(20,796)
Surrender of right under share options previously granted to a director	–	–	–	(309)	–	–	309	–	–	–
At 30 April 2009	**4,220**	**84,868**	**1,010**	**–**	**–**	**–**	**(508,624)**	**(418,526)**	**–**	**(418,526)**

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

Consolidated Cash Flow Statement

For the year ended 30 April 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(20,399)**	(1,625)
Adjustments for:		
Finance costs	**23,937**	13,162
Waiver of accrued directors' remuneration	**(5,783)**	–
Waiver of other payables	**(150)**	–
Interest income	**(1)**	–
Gain on deconsolidation of subsidiaries	**–**	(15,594)
Operating cash flows before movements in working capital	**(2,396)**	(4,057)
Increase in trade receivables	**(16,589)**	(1,285)
Increase in trade and other payables	**15,519**	6,835
CASH (USED IN)/FROM OPERATIONS AND NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(3,466)**	1,493
INVESTING ACTIVITIES		
Interest received	**1**	–
NET CASH FROM INVESTING ACTIVITIES	**1**	–
FINANCING ACTIVITIES		
Advances from a shareholder	**6,000**	–
Interest paid	**(107)**	–
NET CASH FROM FINANCING ACTIVITIES	**5,893**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,428**	1,493
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**(1,941)**	(3,434)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**487**	(1,941)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**2,591**	56
Unsecured bank overdrafts	**(2,104)**	(1,997)
	487	(1,941)

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 this annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are trading of household electrical appliances and audio-visual products. The principal activities of its principal subsidiaries are set out in note 28 to the consolidated financial statements.

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

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

2. BASIS OF PREPARATION

(a) The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

In addition, the consolidated financial statements include applicable disclosures required by the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION *(continued)*

(b) Initial application of Hong Kong Financial Reporting Standards

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

HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these Hong Kong Financial Reporting Standards has no material effect on how the results and the financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

The following Hong Kong Financial Reporting Standards in issue 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 2009 since they were not yet effective for the annual period beginning on 1 May 2008:

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 1 (Revised)	Presentation of Financial Statements [3]
HKAS 23 (Revised)	Borrowing Costs [3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [4]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation [3]
HKAS 39 (Amendment)	Eligible Hedged Items [4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [4]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations [3]
HKFRS 3 (Revised)	Business Combinations [4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments [3]
HKFRS 8	Operating Segments [3]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives [5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [6]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate [3]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation [7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners [4]
HK(IFRIC)-Int 18	Transfers of Assets from Customers [8]

2. BASIS OF PREPARATION *(continued)*

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

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2009.
[4] Effective for annual periods beginning on or after 1 July 2009.
[5] Effective for annual periods ending on or after 30 June 2009.
[6] Effective for annual periods beginning on or after 1 July 2008.
[7] Effective for annual periods beginning on or after 1 October 2008.
[8] Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Company's ownership interest in a subsidiary. The directors of the Company (the "Directors") anticipate that the application of the other Hong Kong Financial Reporting Standards will have no material impact on the results and the financial position of the Group.

(d) Going concern basis

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of its net liabilities of approximately HK$419 million as at 30 April 2009.

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

As part of the Resumption Proposal, the Company proposed to settle all amounts due to certain creditors of the Company (the "Scheme Creditors") by way of the schemes of arrangement to be made between the Company and the Scheme Creditors under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Hong Kong Scheme") and the Companies Law (2007 Revision) of the Cayman Islands (the "Cayman Scheme", together with the Hong Kong Scheme, the "Schemes") respectively.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis *(continued)*

The implementation of the Schemes will be financed by the proceeds to be raised by the Company by way of the open offer of zero coupon convertible notes (the "Offer Convertible Notes") with an aggregate principal amount of HK$84.4 million (the "Open Offer"). If the conversion rights attaching to the Offer Convertible Notes are fully exercised at the conversion price of HK$0.05 per Share, an aggregate of 1,688,000,000 new Shares will be allotted and issued.

The Open Offer is only available to the shareholders (the "Qualifying Shareholders") on the register of members of the Company on the date for the determination of the entitlements under the Open Offer (the "Record Date") and whose registered addresses as shown on such register on the Record Date are in Hong Kong.

Mr. Kan Che Kin, Billy Albert ("Mr. Kan"), the controlling shareholder of the Company, is the underwriter to the Open Offer. Pursuant to the underwriting agreement dated 8 October 2008 entered into between the Company and Mr. Kan (the "Underwriting Agreement"), Mr. Kan has conditionally agreed to underwrite those Offer Convertible Notes not having been subscribed by the Qualifying Shareholders.

The major terms of the Hong Kong Scheme and the Cayman Scheme are as follows:

(i) Both the Hong Kong Scheme and the Cayman Scheme will be made with the Scheme Creditors who are all creditors of the Company excluding (a) Up Stand Holdings Limited ("Up Stand") which is a wholly owned subsidiary of the Company; (b) secured creditors to the extent of the value of their security interests agreed with the scheme administrators (the "Scheme Administrators") under the Schemes or upon realisation, the net proceeds of realisation of their security interests; and (c) persons with claims for the costs incurred by the Company in the negotiation, preparation and implementation of the Resumption Proposal, the proposal for the restructuring of the Company, the Hong Kong Scheme and the Cayman Scheme (the "Restructuring and Scheme Costs"), to the extent of such claims.

(ii) The Company will transfer a sum of HK$37 million (the "Scheme Fund") out of the proceeds of the Open Offer to a scheme trust account to be opened by the Scheme Administrators.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis *(continued)*

(iii) The Hong Kong Scheme and the Cayman Scheme will be administered by the Scheme Administrators who will hold the Scheme Fund for, first, the full payment of the preferential claims of the Scheme Creditors as at the effective date of the Schemes (the "Effective Date") and admitted by the Scheme Administrators or the scheme adjudicators (the "Scheme Adjudicators"), and secondly, settlement of the unsecured and non-preferential claims of the Scheme Creditors as at the Effective Date and admitted by the Scheme Administrators or the Scheme Adjudicators on a pari passu basis.

(iv) Upon the Hong Kong Scheme and the Cayman Scheme becoming effective, each of the Scheme Creditors will discharge and waive all of its claims as at the Effective Date against the Company in consideration of the right to receive full payment of its admitted preferential claims and participate with other Scheme Creditors in the distribution of the Scheme Fund in respect of its admitted non-preferential claims, and each of the Scheme Creditors is barred from taking any proceedings against the Company in respect of its claims.

The proceeds from the Open Offer of HK$84.4 million will be used as to (i) HK$37 million as the Scheme Fund mentioned above; (ii) approximately HK$10.4 million for the payment of the Restructuring and Scheme Costs and the repayment of the loan due from Up Stand to Mr. Kan pursuant to a loan agreement entered into between Up Stand, the Company and Mr. Kan dated 2 January 2009 (the "Loan Agreement"), which loan is the interim funding to the Group to meet its general working capital requirements; and (iii) the remaining amount of approximately HK$37 million for the general working capital of the Group.

The amounts mentioned in items (ii) and (iii) above are subject to adjustment depending on the actual amount of the Restructuring and Scheme Costs and any increase of the loan due from Up Stand to Mr. Kan under the Loan Agreement.

Each of the Hong Kong Scheme and the Cayman Scheme was duly approved by a majority in number (i.e. over 50% in number) of the Scheme Creditors together representing no less than 75% in value of the Scheme Creditors present and voting in person or by proxy at the Scheme Creditors' meeting held on 16 March 2009. The Cayman Scheme was sanctioned by the Grand Court of the Cayman Islands on 27 March 2009 while the Hong Kong Scheme was sanctioned by the High Court of Hong Kong on 6 May 2009.

The Hong Kong Scheme and the Cayman Scheme will become effective upon an office copy of the relevant court order sanctioning the respective Scheme having been delivered to the Registrar of Companies in Hong Kong or the Cayman Islands (as the case may be) for registration.

2. BASIS OF PREPARATION *(continued)*

(d) Going concern basis *(continued)*

The Open Offer is conditional and fully underwritten by Mr. Kan. In particular, the Open Offer is conditional upon the lifting of the suspension of trading in the Shares on the Stock Exchange by the SFC, the approval of the Resumption Proposal from the Stock Exchange having been obtained, the approval of the Open Offer and transactions contemplated thereunder by the independent shareholders of the Company, by way of a poll, at an extraordinary general meeting of the Company and the Underwriting Agreement becoming unconditional. Accordingly, the Open Offer may or may not proceed.

The Company is presently in negotiation with the Stock Exchange on the terms of the Resumption Proposal. The Directors consider the conditions precedent to the Open Offer will be satisfied and the Company's liabilities will be settled pursuant to the Schemes. Accordingly, the Directors 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.

(e) Deconsolidation of subsidiaries

(i) The factory of the Company's wholly-owned subsidiary, Dongguan Kalee Electrical Co., Ltd. ("Dongguan Kalee"), was sealed up and closed down by the People's Court in Dongguan City of Guangdong Province in the People's Republic of China (the "PRC") in April 2007. In May 2008, Dongguan Intermediate People's Court ordered that Dongguan Kalee be liquidated for settlement of the debts by sale of its factory, land, together with the plant and equipment therein, through auction. The Directors considered that the Group's control over Dongguan Kalee has been lost. The results, assets and liabilities of Dongguan Kalee were not included into the consolidated financial statements of the Group with effect from 1 May 2007. Further details are set out in note 9 to the consolidated financial statements.

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

The Directors considered that control over Housely Industries has been lost. Accordingly, Housely Industries was excluded from the consolidated financial statements of the Group with effect from 1 February 2008. Further details are set out in note 9 to the consolidated financial statements.

In the opinion of the Directors, the consolidated financial statements for the year ended 30 April 2009 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the aforesaid seal up order and liquidation against the said subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

Measurement basis

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

Basis of consolidation

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

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

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

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

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

Revenue recognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and impairment losses.

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

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

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment 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 income statement in the year in which the item is derecognised.

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

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

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

Borrowings costs

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

Financial instruments

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instrument issued by the Company comprises share capital.

The Group's financial liabilities, including trade payables, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received 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 balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Share-based payment transactions

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

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

Impairment

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

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

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

Cash and cash equivalents

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

Provisions and contingent liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit scheme

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Segment reporting

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

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

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment assets consist primarily of trade receivables. Segment liabilities comprise operating liabilities and mainly exclude items such as taxation payable and deferred tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

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

Related parties

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENT

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

Estimated impairment of trade receivables

The provision policy for bad and doubtful debts of the Group is based on the on-going evaluation of collectability and aging analysis of the outstanding receivables and on management's judgment by reference to the estimation of the future cash flow discounted at an effective interest rate to calculate the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their abilities to make payments, allowances may be required. As at 30 April 2009, the carrying value of trade receivables was approximately HK$17,874,000 (2008: HK$1,285,000).

Income tax

As at 30 April 2009, no deferred tax assets had been recognised in respect of the tax losses of HK$18,877,000 (2008: HK$18,877,000) due to the unpredictability of future taxable profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in future. In case where the actual future profit generated is more than expected, a material recognition of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a recognition takes place.

5. FINANCIAL RISK MANAGEMENT

(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)*

As at 30 April 2009, the Group's maximum exposure to credit risk arises from the carrying amounts of the respective recognised financial assets as stated in the consolidated balance sheet.

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 22(b) to the consolidated financial statements.

In light of the Group's net liabilities as at 30 April 2009, 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 Group's amounts of contractual undiscounted obligations as at 30 April 2009 are as follows:

	2009	2008
	HK$'000	HK$'000
Trade and other payables	**41,675**	26,071
Guarantor's liability and accrued liability for potential claims	**340,346**	319,019
Bank borrowings	**22,948**	20,463
Unsecured bank overdrafts	**2,104**	1,997
Due for payment within one year or on demand	**407,073**	367,550

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 Group has minimal exposure to foreign currency risk as most of its business transactions, and recognised assets and liabilities are principally denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). Pursuant to Hong Kong's Linked Exchange Rate System under which HKD is pegged to the USD, the Group considers there are no significant foreign exchange risks with respect to the USD.

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 2009, bank borrowings, bank overdrafts and guarantor's liability of HK$348,898,000 (2008: HK$324,979,000) and bank balances of HK$2,429,000 (2008: HK$Nil) bore interests at rates varied 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 at the balance sheet date. For variable-rate bank balances, bank borrowings, bank overdrafts and guarantor's liability, the analysis is prepared assuming the amount of asset or liability outstanding at the balance sheet date 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 2009 had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 April 2009 would increase/decrease by HK$1,732,000 (2008: increase/decrease by HK$1,625,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances, bank borrowings, bank overdrafts and guarantor's liability.

5. FINANCIAL RISK MANAGEMENT *(continued)*

(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

Turnover represents the fair value of the amounts received and receivable for goods sold to outside customers less returns and allowances during the year.

7. SEGMENT INFORMATION

By business segment

The Group operated in the trading of household electrical appliances and audio-visual products during the current and preceding years. These businesses are the basis on which the Group reports its primary segment information.

Segment information about the aforementioned businesses is set out as follows:-

	Trading of household electrical appliances		Trading of audio-visual products		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER						
External sales	**25,013**	1,285	**28,424**	–	**53,437**	1,285
RESULT						
Segment result	**905**	–	**2,270**	–	**3,175**	–
Unallocated other income					**6,065**	42
Unallocated corporate expenses					**(5,702)**	(9,632)
Gain on deconsolidation of subsidiaries					**–**	21,127
Finance costs					**(23,937)**	(13,162)
Loss before taxation					**(20,399)**	(1,625)
Taxation					**(397)**	–
Loss for the year					**(20,796)**	(1,625)

7. SEGMENT INFORMATION *(continued)*

By business segment *(continued)*

	Trading of household electrical appliances		Trading of audio-visual products		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS						
Segment assets	**5,470**	1,285	**12,404**	–	**17,874**	1,285
Unallocated corporate assets					**2,591**	56
Consolidated total assets					**20,465**	1,341
LIABILITIES						
Segment liabilities	**5,211**	1,462	**11,497**	134	**16,708**	1,596
Unallocated corporate liabilities					**422,283**	397,475
Consolidated total liabilities					**438,991**	399,071

By geographical market

The Group's turnover for both years and segment assets and liabilities were derived solely in Asia. Accordingly, no analysis of financial information by geographical market is presented.

8. OTHER INCOME

	2009	2008
	HK$'000	HK$'000
Interest income on bank deposits	**1**	–
Waiver of accrued directors' remuneration	**5,783**	–
Waiver of other payables	**150**	–
Sundry income	**131**	42
	6,065	42

9. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

The Group held 100% equity interest in Dongguan Kalee and Housely Industries, which were established/incorporated in the PRC and Hong Kong respectively. As disclosed in note 2(e) to the consolidated financial statements, the Directors considered that the control over Dongguan Kalee and Housely Industries has been lost as (i) the factory of Dongguan Kalee was sealed up and closed down by the People's Court in Dongguan City of Guangdong Province in the PRC in April 2007 and the Dongguan Intermediate People's Court ordered that Dongguan Kalee be liquidated for settlement of the debts by sale of the factory, land, together with the plant and equipment therein through auction in May 2008, and (ii) on 23 January 2008, the High Court of Hong Kong ordered Housely Industries be wound up.

For the purpose of appropriate presentation and in order to allow the public to evaluate the performance of the Group, Dongguan Kalee and Housely Industries were excluded from consolidation with effect from 1 May 2007 and 1 February 2008 respectively. The details of gain on deconsolidation of subsidiaries were as follows:

	Dongguan Kalee	**Housely Industries**	**Total**
	HK$'000	HK$'000	HK$'000
Property, plant and equipment	114,669	2,870	117,539
Prepaid lease payment	630	–	630
Amount due from ultimate holding company	2,274	–	2,274
Bank balances and cash	996	2,713	3,709
Trade and other payables	(100,885)	(18,610)	(119,495)
Taxation payable	(12,888)	(449)	(13,337)
Bank borrowings	(2,522)	(288,127)	(290,649)
Bank overdrafts	–	(9,242)	(9,242)
Deferred tax liability	–	(222)	(222)
Net assets/(liabilities) deconsolidated	2,274	(311,067)	(308,793)
Release of translation reserve	(28,725)	–	(28,725)
	(26,451)	(311,067)	(337,518)
Guarantor's liability and accrued liability for potential claims (Note)			316,391
Gain on deconsolidation of subsidiaries			(21,127)

9. GAIN ON DECONSOLIDATION OF SUBSIDIARIES *(continued)*

Note:

The Company provided corporate guarantees to certain banks to secure the banking facilities granted to Housely Industries and Dongguan Kalee. As Housely Industries had net liabilities and Housely Industries and Dongguan Kalee were in default on payment of such bank borrowings and overdrafts, the Group recognised a liability of approximately HK$299,891,000, equivalent to the outstanding bank borrowings and overdrafts and accrued interest thereon of Housely Industries and Dongguan Kalee, to reflect its obligations under the guarantee arrangements. In addition, the Group accrued an amount of approximately HK$16,500,000 for potential claims against the Group by the creditors of Housely Industries.

10. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Interest on:		
Bank borrowings and overdrafts wholly repayable within five years	**2,592**	10,534
Guarantor's liability	**21,327**	2,628
Others	**18**	–
	23,937	13,162

11. LOSS BEFORE TAXATION

	2009	2008
	HK$'000	HK$'000
Loss before taxation has been arrived at after charging:		
Auditors' remuneration	**350**	400
Staff costs, including Directors' emoluments	**482**	3,774
Retirement benefits scheme contributions, including Directors	**9**	65

12. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration

The emoluments paid or payable to each of the twelve (2008: ten) Directors were as follows:

	Fees	Other emoluments	Salaries and other benefits	Contribution to retirement benefits scheme	Share-based payment	Total emoluments
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 30 April 2009						
Executive Directors:						
Hung Kwok Wa	4	–	–	–	–	4
Lau Man Tak	4	–	–	–	–	4
Li Kai Yien, Arthur Albert	9	–	–	–	–	9
Li Shu Han, Eleanor Stella	9	–	–	–	–	9
Seto Ying	9	–	–	–	–	9
Charles Chu	–	–	–	–	–	–
Independent non-executive Directors:						
Tam Ping Kuen, Daniel	20	–	–	–	–	20
Lau Tai Chim	20	–	–	–	–	20
Lee Kong Leong	43	–	–	–	–	43
Li Siu Yui	43	–	–	–	–	43
Ip Woon Lai	43	–	–	–	–	43
Chow Yiu Wah, Joseph	–	–	–	–	–	–
	204	–	–	–	–	204
For the year ended 30 April 2008						
Executive Directors:						
Hung Kwok Wa	–	–	1,560	12	–	1,572
Lau Man Tak	–	–	536	5	–	541
Charles Chu	–	–	389	11	–	400
Lai Wing Cheun	–	–	47	2	–	49
Non-executive Directors:						
Ma Ka Wai	–	–	–	–	–	–
Paul Steven Wolansky	–	–	–	–	–	–
Leung Ping Chung, Herman	–	–	–	–	–	–
Independent non-executive Directors:						
Tam Ping Kuen, Daniel	180	–	–	–	–	180
Lau Tai Chim	180	–	–	–	–	180
Chow Yiu Wah, Joseph	73	–	–	–	–	73
	433	–	2,532	30	–	2,995

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

Directors' remuneration *(continued)*

Mr. Charles Chu ("Mr. Chu") and Mr. Chow Yiu Wah, Joseph ("Mr. Chow") resigned as the Company's executive Director and independent non-executive Director on 23 July 2008 respectively. The remuneration for the year payable to Mr. Chu and Mr. Chow of approximately HK$2,000 and HK$11,000 respectively were waived by them. Moreover, part of the remuneration for the year payable to Mr. Hung Kwok Wa, Mr. Lau Man Tak, Mr. Tam Ping Kuen, Daniel and Mr. Lau Tai Chim of approximately HK$5,000, HK$5,000, HK$23,000 and HK$23,000 respectively were waived by them.

As at 30 April 2009, the remuneration payable to the Directors was approximately HK$597,000 (2008: HK$6,196,000) which was included in trade and other payables in note 19 to the consolidated financial statements.

Employees' emoluments

During the year, the six (2008: five) highest paid individuals included five (2008: five) Directors. Among the five Directors, two Directors received the same amount of approximately HK$20,000 and the other three Directors received the same amount of approximately HK$43,000, details of whose emoluments are set out above. The emoluments of the remaining one highest paid individual for the year ended 30 April 2009 are as follows:

	2009 **HK$'000**	2008 HK$'000
Salaries and other benefits	**278**	–
Retirement benefits scheme contributions	**9**	–
	287	–

During the year, the accrued directors' remuneration of prior years of approximately HK$5,783,000 was waived by Mr. Hung Kwok Wa, Mr. Lau Man Tak, Mr. Chu, Mr. Tam Ping Kuen, Daniel, Mr. Lau Tai Chim, Mr. Chow and Mr. Yeung Kui Wong (a former Director resigned on 20 March 2007). Save as disclosed herein and the aforementioned waiver of current year's remuneration by several directors, 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 one highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

13. TAXATION

Taxation for the year represents provision for Hong Kong profits tax calculated at the rate of 16.5% on the estimated assessable profit of a subsidiary of the Company operating in Hong Kong. No provision for Hong Kong Profits Tax has been made for the preceding year as the Group did not have any assessable profit.

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

	2009 HK$'000	2008 HK$'000
Loss before taxation	(20,399)	(1,625)
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	(3,366)	(268)
Tax effect of non-taxable income	(1,001)	(3,493)
Tax effect of non-deductible expenses	4,764	3,761
Taxation for the year	397	–

At 30 April 2009, the Group had unused tax losses of approximately HK$18,877,000 (2008: HK$18,877,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely.

14. DIVIDEND

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

15. LOSS PER SHARE

The calculation of the basic loss per Share attributable to equity holders of the Company for the year is based on the loss for the year attributable to equity holders of the Company of approximately HK$20,757,000 (2008: HK$1,625,000) and the weighted average number of 422,000,000 (2008: 422,000,000) Shares in issue.

The calculation of diluted loss per Share for the year ended 30 April 2008 did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Share during the preceding year before the suspension of trading in Shares on the Stock Exchange in May 2007.

The aforementioned share options were surrendered during the year and the Company had no dilutive potential Shares as at 30 April 2009.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Moulds	Plant, machinery and equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST OR VALUATION					
At 1 May 2007	233,673	559	254,820	118,887	607,939
Deconsolidation of subsidiaries (Note 9)	(233,673)	(559)	(254,820)	(118,887)	(607,939)
At 30 April 2008 and 30 April 2009	–	–	–	–	–
DEPRECIATION AND IMPAIRMENT					
At 1 May 2007	123,965	559	249,106	116,770	490,400
Eliminated on deconsolidation of subsidiaries (Note 9)	(123,965)	(559)	(249,106)	(116,770)	(490,400)
At 30 April 2008 and 30 April 2009	–	–	–	–	–
CARRYING VALUES					
At 30 April 2009 and 30 April 2008	–	–	–	–	–

The above items of property, plant and equipment were depreciated on a straight-line basis for the previous year at the following rates per annum:

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

17. TRADE RECEIVABLES

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The trade receivables as at 30 April 2009 and 2008 were aged within 90 days (based on invoice date).

Included in the Group's trade receivables, the carrying amount of HK$7,406,000 (2008: HK$Nil) are past due within 60 days but not impaired at the balance sheet date.

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.

Movements of the allowance for doubtful debts during the current and prior years were as follows:

	2009 **HK$'000**	2008 HK$'000
At beginning of the year	**–**	33,825
Trade and other receivables written off	**–**	(5,796)
Eliminated on deconsolidation of subsidiaries	**–**	(28,029)
At end of the year	**–**	–

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. All bank balances are denominated in HKD.

19. TRADE AND OTHER PAYABLES

	2009 HK$'000	2008 HK$'000
Trade payables	16,708	1,596
Other payables	16,693	22,201
Amount due to a shareholder	6,000	–
Amount due to a deconsolidated subsidiary	2,274	2,274
	41,675	26,071

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

	2009 HK$'000	2008 HK$'000
Aged:		
0 to 90 days	16,397	1,285
Over 180 days	311	311
	16,708	1,596

The amounts due to a shareholder and a deconsolidated subsidiary are unsecured, interest-free and repayable on demand. On 2 January 2009, the Company, Up Stand and Mr. Kan entered into the Loan Agreement in respect of the amount due to a shareholder. Pursuant to the Loan Agreement, Mr. Kan agreed not to demand repayment of any part of the amount due to him on or before 30 September 2009.

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

The amount represents (i) the liability arising from the guarantee arrangements between the Company and Housely Industries and Dongguan Kalee of approximately HK$299,891,000 (2008: HK$299,891,000); (ii) the accrued liability for potential claims against the Group by the creditors of Housely Industries of approximately HK$16,500,000 (2008: HK$16,500,000); and (iii) the accrued interest of approximately HK$23,955,000 (2008: HK$2,628,000) on the outstanding bank borrowings and overdrafts of Housely Industries and Dongguan Kalee of which the Company acts as a guarantor for the period from the respective time Housely Industries and Dongguan Kalee were excluded from consolidation to 30 April 2009.

21. BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
The Group's unsecured bank borrowings comprise:		
Bank loans	**21,456**	19,037
Trust receipt loans	**1,492**	1,426
	22,948	20,463

The bank borrowings are variable-rate borrowings which carry interest at range from 1% to 4.5% above Hong Kong Interbank Offered Rate ("HIBOR") (2008: 0.85% to 1.5% above HIBOR) per annum. Effective interest rate on the variable-rate borrowings ranged from 3.17% to 7.60% (2008: 3.02% to 6.02%) per annum.

All bank borrowings are denominated in Hong Kong dollars.

There was no new bank borrowing raised during the current and preceding years.

22. SHARE CAPITAL

(a) Share capital

	Number of Shares '000	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 May 2007, 30 April 2008 and 30 April 2009	8,000,000	80,000
Issued and fully paid:		
At 1 May 2007, 30 April 2008 and 30 April 2009	422,000	4,220

22. SHARE CAPITAL *(continued)*

(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.

23. SHARE OPTION SCHEME

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

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

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

23. SHARE OPTION SCHEME *(continued)*

The following tables disclose details of the Company's share options outstanding as at the respective balance sheet dates and their movements thereon during the current and preceding years:

For the year ended 30 April 2009

	Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of Shares to be subscribed for under the share options: Outstanding as at 1.5.2008	Exercised/ Lapse/ Cancelled during the year	Outstanding as at 30.4.2009
Yeung Ying Fong (former Director)	1 November 2005	1 November 2005 to 30 October 2008	1 November 2008 to 30 October 2013	0.668	4,220,000	(4,220,000)	–

For the year ended 30 April 2008

	Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of Shares to be subscribed for under the share options: Outstanding as at 1.5.2007	Exercised/ Lapse/ Cancelled during the year	Outstanding as at 30.4.2008
Yeung Ying Fong (former Director)	1 November 2005	1 November 2005 to 30 October 2008	1 November 2008 to 30 October 2013	0.668	4,220,000	–	4,220,000

No share option has been granted during both years.

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

24. RETIREMENT BENEFITS SCHEME

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

The total cost charged to the consolidated income statement of HK$9,000 (2008: HK$65,000) represents contributions payable to the scheme by the Group at rate specified in the rules of the scheme.

At the balance sheet date, 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.

25. CONTINGENT LIABILITIES

On 10 November 2008, RHT Limited commenced the High Court Action No. 2260 of 2008 ("HCA 2260/2008") in the High Court of Hong Kong against the Company. RHT Limited alleged in its statement of claim in HCA 2260/2008 that the Company and Housely Industries were jointly and severally liable for the obligations under a chinese written contract (the "Contract") dated 3 September 2004 entered into between RHT Limited and Housely Industries and claimed against the Company for the payment of approximately HK$92,565,000, further and/or other relief and costs. The Company in its defence filed on 3 December 2008 denied the above allegation and claim made by RHT Limited against the Company.

On 4 May 2009, RHT Limited amended its statement of claim and alleged that, instead of a common understanding of the joint and several liability of the Company and Housely Industries for the obligations under the Contract, there was an oral agreement between RHT Limited and the Company whereby the Company would indemnify RHT Limited for any loss and damage arising from the Contract. The Company filed its amended defence on 25 May 2009 and denied the existence of the alleged oral agreement and its liability to RHT Limited.

Having regard to the legal advice on the merits of the claim of RHT Limited in HCA 2260/2008, the Company considered that it has a good chance of successfully defending itself.

26. LITIGATIONS

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

(b) On 3 April 2007, China Construction Bank (Asia) Limited commenced proceedings in the High Court of Hong Kong under HCA 673 of 2007 against Housely Industries and the Company for approximately HK$1,016,000, interest and costs on indemnity basis. On 26 April 2007, the court granted a final and interlocutory judgment against Housely Industries and the Company for approximately HK$1,016,000, interest and costs on indemnity basis. The judgment debt has not been settled at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

(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 judgment 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 balance sheet as at 30 April 2009. The indebtedness claimed was subsequently assigned by the Bank of Toyko-Mitsubishi UFJ, Ltd. to an independent third party of the Group.

(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 judgment against the Company for the sum of approximately HK$5,060,000 and interest. The judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009. 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 judgment 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 judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009. The indebtedness claimed was subsequently assigned by DBS Bank (Hong Kong) Limited to an independent third party of the Group.

26. LITIGATIONS *(continued)*

(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 judgment against the said companies for approximately HK$13,652,000 and approximately US$329,000, interest and fixed costs in the sum of approximately HK$2,000. The judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

(g) On 31 October 2007, the Commissioner of Inland Revenue commenced proceedings in District Court of Hong Kong under DCTC 8694 of 2007 against Tacho Company Limited ("Tacho") for the sum of approximately HK$26,593,000, interest and costs. On 14 January 2008, the court granted a judgment against Tacho for approximately HK$26,593,000, interest and costs in the sum of approximately HK$1,000. The judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

(h) On 5 December 2007, the Commissioner of Inland Revenue commenced proceedings in District Court of Hong Kong under DCTC 9371 of 2007 against Tacho for the sum of approximately HK$62,000, interest and costs. On 18 February 2008, the court granted a judgment against Tacho for approximately HK$62,000, interest and costs in the sum of approximately HK$1,000. A writ of fieri facias has been issued against Tacho. The judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

(i) On 21 January 2008, the Commissioner of Inland Revenue commenced proceedings in District Court of Hong Kong under DCTC 554 of 2007 against Tacho for the sum of approximately HK$6,089,000, interest and costs. On 19 March 2008, a judgment was granted by the District Court of Hong Kong against Tacho for approximately HK$6,089,000, interest and costs. A writ of fieri facias has been issued to enforce the judgment. The judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

(j) On 23 July 2008, the Commissioner of Inland Revenue commenced proceedings in the District Court of Hong Kong under DCTC 5918 of 2008 against Tacho for approximately HK$3,206,000, interest and costs. The amount of approximately HK$3,206,000 represented tax surcharge for the unpaid taxes mentioned in note 26(g) and note 26(i) to the consolidated financial statements. On 23 October 2008, the court granted a judgement against Tacho for the sum of approximately HK$3,206,000, interest and costs in the sum of approximately HK$1,000. The judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

26. LITIGATIONS *(continued)*

(k) On 10 November 2008, RHT Limited commenced HCA 2260/2008 in the High Court of Hong Kong against the Company. Having regard to the legal advice on the merits of the claim of RHT Limited in HCA 2260/2008, the Company considered that it has a good chance of successfully defending itself. Therefore, the liabilities have not been provided in the consolidated balance sheet as at 30 April 2009. The details of HCA 2260/2008 were mentioned in note 25 to the consolidated financial statements.

(l) 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 judgment 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 judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

(m) 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 judgment debt has not been settled as at the date of this report and the liabilities have been included in the consolidated balance sheet as at 30 April 2009.

27. EVENTS AFTER THE BALANCE SHEET DATE

The Hong Kong Scheme was sanctioned by the High Court of Hong Kong on 6 May 2009, details of which are set out in note 2(d) to the consolidated financial statements.

28. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 April 2009 which have been included in these consolidated financial statements are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Principal activities
Housely (Macao) Commercial Offshore Company Limited	Macau	HK$98,039	Inactive
Tacho Company Limited	Hong Kong	HK$1,002	Inactive
Up Stand Holdings Limited	Hong Kong	HK$1	Trading of household electrical appliances and audio-visual products

All subsidiaries are indirectly wholly-owned by the Company except for Up Stand which is directly wholly-owned by the Company.

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

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

29. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company as at 30 April 2009 is as follow:

	2009 HK$'000	2008 HK$'000
Current asset		
Bank balances and cash	–	1
Current liabilities		
Other payables	5,953	8,780
Amounts due to subsidiaries	7,301	2,448
Amount due to a deconsolidated subsidiary	2,274	2,274
Guarantor's liability	347,989	302,519
Unsecured bank overdrafts	26	24
	363,543	316,045
Net liabilities	(363,543)	(316,044)
Capital and reserves		
Share capital	4,220	4,220
Reserves	(367,763)	(320,264)
Capital deficiencies	(363,543)	(316,044)

30. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

Details of the remunerations of the Directors are set out in note 12 to the consolidated financial statements.

Financial Summary

RESULTS

	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Turnover	337,499	288,688	187,384	1,285	**53,437**
Profit/(loss) before taxation	67,238	24,676	(684,258)	(1,625)	**(20,399)**
Taxation	(9,224)	(24,278)	(23,101)	–	**(397)**
Profit/(loss) for the year	58,014	398	(707,359)	(1,625)	**(20,796)**

ASSETS AND LIABILITIES

	2005 HK$'000 (restated)	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Total assets	584,244	801,394	131,198	1,341	**20,465**
Total liabilities	269,127	431,047	498,578	399,071	**438,991**
Total equity/(capital deficiency)	315,117	370,347	(367,380)	(397,730)	**(418,526)**
Attributable to:					
Equity holders of the Company	315,117	370,308	(367,419)	(397,769)	**(418,526)**
Minority interests	–	39	39	39	**–**
	315,117	370,347	(367,380)	(397,730)	**(418,526)**