ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2011

RESULTS

The board of directors of Allan International Holdings Limited announces the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 March, 2011 together with the comparative figures for the year ended 31 March, 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March, 2011

	NOTES	2011 HK$'000	2010 HK$'000
Revenue	2	**2,220,511**	1,820,187
Cost of sales		**(1,853,944)**	(1,445,853)
Gross profit		**366,567**	374,334
Other income		**3,741**	1,539
Investment income and other (losses) gains	3	**(188)**	1,327
Selling and distribution expenses		**(35,297)**	(30,602)
Administrative expenses		**(144,698)**	(114,405)
Increase in fair value of an investment property		**9,565**	2,500
Interest on bank borrowings wholly repayable within five years		**(59)**	(210)
Profit before tax		**199,631**	234,483
Income tax expense	4	**(36,642)**	(44,875)
Profit for the year attributable to owners of the Company	5	**162,989**	189,608
Other comprehensive income			
Exchange differences arising on translation		**8,897**	1,938
Net adjustments on available-for-sale investments		**149**	989
Other comprehensive income for the year		**9,046**	2,927
Total comprehensive income for the year		**172,035**	192,535
Earnings per share	7		
Basic		**HK48.6 cents**	HK56.5 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March, 2011

	NOTES	**2011** **HK$'000**	2010 HK$'000 (Restated)
Non-current assets			
Investment property		**–**	11,300
Property, plant and equipment		**247,345**	195,436
Prepaid lease payments		**32,319**	32,086
Club debentures		**13,866**	3,836
Available-for-sale investments		**8,776**	7,895
Other financial assets		**4,841**	3,110
Deposits paid for acquisition of property, plant and equipment		**56,221**	7,085
Deposits paid for acquisition of an investment property		**23,057**	–
		386,425	260,748
Current assets			
Inventories		**87,414**	61,331
Trade receivables and bills receivable	*8*	**516,672**	378,216
Other receivables	*8*	**58,407**	39,986
Mould deposits paid		**10,143**	5,659
Prepaid lease payments		**754**	758
Available-for-sale investments		**2,364**	1,622
Other financial assets		**–**	2,998
Tax recoverable		**1,577**	1,937
Time deposits and deposits placed with banks and financial institutions		**212,094**	375,354
Bank balances and cash		**104,340**	107,115
		993,765	974,976
Current liabilities			
Trade payables and bills payable	*9*	**252,133**	217,142
Other payables and accruals		**196,067**	189,791
Mould deposits received		**24,764**	15,009
Tax payable		**45,084**	38,735
Secured bank loans – due within one year		**552**	7,727
		518,600	468,404
Net current assets		**475,165**	506,572
Total assets less current liabilities		**861,590**	767,320

	NOTES	2011 HK$'000	2010 HK$'000 (Restated)
Non-current liabilities			
Deferred tax liabilities		**9,649**	9,712
Secured bank loans			
– due after one year		**–**	552
		9,649	10,264
Net assets		**851,941**	757,056
Capital and reserves			
Share capital		**33,543**	33,543
Reserves		**818,398**	723,513
		851,941	757,056

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised Standards and Interpretations applied in current year

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as disclosed below, the application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (Revised) and HKAS 27 (Revised)

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the current period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current and prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$9,404,000 and HK$9,394,000 as at 1 April 2009 and 31 March 2010 respectively being reclassified to property, plant and equipment.

As at 31 March 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK$9,383,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Summary of the effects of the above changes in accounting policies

The effects of the changes in accounting policies described above on the financial positions of the Group as at 31 March 2010 is as follows:

	As at 31 March 2010 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 31 March 2010 (restated) *HK$'000*
Property, plant and equipment	186,042	9,394	195,436
Prepaid lease payments	42,238	(9,394)	32,844
Total effects on net assets	228,280	–	228,280
Retained profits, total effects on equity	536,257	–	536,257

The effects of changes in accounting policies described above on the financial position of the Group as at 1 April 2009 is as follows:

	As at 1 April 2009 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 1 April 2009 (restated) *HK$'000*
Property, plant and equipment	188,654	9,404	198,058
Prepaid lease payments	42,794	(9,404)	33,390
Total effects on net assets	231,448	–	231,448
Retained profits, total effects on equity	423,799	–	423,799

The changes in accounting policies described above had no effect on the Group's consolidated statement of comprehensive income and basic earnings per share as disclosed in note 7.

New and revised Standard and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investment in Associates and Joint Ventures[3]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 January 2011.
6 Effective for annual periods beginning on or after 1 July 2010.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and based on the Group's financial assets and financial liabilities as at 31 March 2011, the application of HKFRS 9 will affect the classification of the Group's available-for-sale investments and have no material impact on the amount of the Group's other financial assets and financial liabilities.

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the amendment will affect the recognition of deferred tax in respect of fair value changes of investment property to be acquired subsequent to the reporting period.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements of the Group.

2. SEGMENT INFORMATION

Information reported to the Company's chief operating officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on types of goods delivered and services rendered.

The principal activities of the Group are manufacture and distribution of household electrical appliance. The Group is currently organised into four operating divisions – Europe sales, Asia sales, America sales and other sales. The information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on these operating divisions.

The following is an analysis of the Group's revenues and results for each of the reportable segments.

Segment Revenues and Results
Year ended 31 March 2011

	Europe *HK$'000*	**Asia** *HK$'000*	**America** *HK$'000*	**Others** *HK$'000* *(Note a)*	**Consolidated** *HK$'000*
Segment revenue	**1,225,147**	**606,570**	**306,244**	**82,550**	**2,220,511**
Segment profit	**143,609**	**71,101**	**35,897**	**9,676**	**260,283**
Net investment income and other losses					**(188)**
Depreciation					**(31,697)**
Increase in fair value of an investment property					**9,565**
Finance costs					**(59)**
Other expenses *(Note b)*					**(38,273)**
Profit before tax					**199,631**

Segment Revenues and Results
Year ended 31 March 2010

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Others *HK$'000* *(Note a)*	Consolidated *HK$'000*
Segment revenue	978,952	519,758	272,505	48,972	1,820,187
Segment profit	154,710	84,911	44,854	8,103	292,578
Net investment income and other gains					1,327
Depreciation					(29,972)
Increase in fair value of an investment property					2,500
Finance costs					(210)
Other expenses *(Note b)*					(31,740)
Profit before tax					234,483

Note a: Segment revenue in others represent revenue from destination of shipment of products which individually contribute less than 10% of total revenue of the Group.

Note b: Other expenses represented central administration costs and directors' salaries.

Segment profit represents the profit earned by each segment without allocation of central administration cost and directors' salaries, net investment income and other (losses) gains, depreciation (except for mould assets), fair value gain of an investment property and finance costs. This is the measure reported to the Group's chief operating decision maker officer for the purposes of resource allocation and assessment of segment performance.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The following is an analysis of the Group' assets and liabilities by reportable segment:

Segment assets

	2011	2010
	HK$'000	*HK$'000*
Europe	**342,370**	232,685
Asia	**173,067**	135,603
America	**86,032**	69,314
Others	**22,984**	12,270
Total segment assets	**624,453**	449,872
Unallocated assets		
Available-for-sale investments	**11,140**	9,517
Other financial assets	**4,841**	6,108
Time deposits and deposits placed with banks and financial institutions	**212,094**	375,354
Bank balances and cash	**104,340**	107,115
Investment property	**–**	11,300
Plant, equipment and machinery	**240,092**	181,375
Club debentures	**13,866**	3,836
Other receivables	**58,407**	39,986
Tax recoverable	**1,577**	1,937
Other unallocated assets *(Note a)*	**109,380**	49,324
Consolidated total assets	**1,380,190**	1,235,724

Segment liabilities

	2011	2010
	HK$'000	*HK$'000*
Europe	**13,991**	7,847
Asia	**6,267**	4,182
America	**3,578**	2,595
Others	**928**	385
Total segment liabilities	**24,764**	15,009
Unallocated liabilities		
Trade payables and bills payable	**252,133**	217,142
Other payables and accruals	**196,067**	189,791
Secured bank loans	**552**	8,279
Tax payable	**45,084**	38,735
Deferred tax liabilities	**9,649**	9,712
Consolidated total liabilities	**528,249**	478,668

Note a: Other unallocated assets mainly comprised of prepaid lease payments, deposits paid for acquisition of property, plant and equipment and deposits paid for acquisition of an investment property.

Other Segment Information
Year ended 31 March, 2011

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Others *HK$'000*	Total segment *HK$'000*	Unallocated assets *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets	**2,864**	**1,385**	**831**	**171**	**5,251**	**75,172**	**80,423**
Depreciation	**1,526**	**663**	**370**	**105**	**2,664**	**31,697**	**34,361**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(259)**	**(259)**
Write-off of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**504**	**504**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:							
Interest income on bank deposits	**–**	**–**	**–**	**–**	**–**	**702**	**702**
Interest income on debt securities	**–**	**–**	**–**	**–**	**–**	**508**	**508**

Other Segment Information
Year ended 31 March, 2010

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Others *HK$'000*	Total segment *HK$'000*	Unallocated assets *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets	2,106	805	447	62	3,420	27,255	30,675
Depreciation	1,692	536	266	54	2,548	29,972	32,520
Gain on disposal of property, plant and equipment	–	–	–	–	–	(230)	(230)
Write-off of property, plant and equipment	783	135	37	2	957	1,317	2,274
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:							
Interest income on bank deposits	–	–	–	–	–	401	401
Interest income on debt securities	–	–	–	–	–	510	510

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2011 *HK$'000*	2010 *HK$'000*
Customer A (Europe, Asia, America and Other)	**990,816**	882,647
Customer B (Europe, Asia, America and Other)	**582,441**	407,076
Customer C (Europe, Asia, America and Other)	**265,167**	208,283

3. INVESTMENT INCOME AND OTHER (LOSSES) GAINS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank deposits	**702**	401
Interest on debt securities	**508**	510
Investment income	**1,210**	911
Net (loss) gain on disposal of available-for-sale investments	**(115)**	14
Net (loss) gain on financial assets designated at FVTPL	**(1,283)**	402
Other (losses) gains	**(1,398)**	416
Total investment income and other (losses) gains	**(188)**	1,327

4. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**18,383**	16,988
PRC Enterprise Income Tax	**18,356**	30,353
	36,739	47,341
Overprovision in prior years:		
Hong Kong	**(34)**	(17)
Deferred tax		
Current year	**(63)**	(2,449)
	36,642	44,875

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

For prior years, the profit arised from provision of sub-contracting services of certain subsidiaries are subject to Hong Kong Profits Tax on a 50:50 apportionment basis. However, during the year ended 31 March 2010, these subsidiaries ceased to provide sub-contracting services. Thereafter, the profit of these subsidiaries are no longer subject to Hong Kong Profits Tax on a 50:50 apportionment basis.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$'000	*HK$'000*
Profit before tax	**199,631**	234,483
Tax at the Hong Kong Profits Tax rate of 16.5%	**32,939**	38,690
Tax effect of expenses that are not deductible for tax purpose	**1,213**	1,056
Tax effect of income that is not taxable for tax purpose	**(2,887)**	(1,588)
Reversal of previously recognised deferred tax liabilities on disposal of an investment property	**(1,758)**	–
Tax effect of offshore manufacturing profits on 50:50 apportionment basis	**–**	(672)
Effect of different tax rates in the PRC	**6,892**	7,195
Overprovision in respect of prior years	**(34)**	(17)
Tax effect of tax losses not recognised	**40**	131
Withholding tax on undistributed earnings	**1,588**	1,078
Others	**(1,351)**	(998)
Tax charge for the year	**36,642**	44,875

5. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
Profit for the year has been arrived at after charging (crediting):		
Staff salaries and allowances	**259,020**	195,858
Contributions to retirement benefits schemes, net of forfeited amount of HK$18,000 (2010: HK$18,000)	**11,268**	8,408
Total staff costs, including directors' emoluments	**270,288**	204,266
Depreciation for property, plant and equipment	**34,361**	32,520
Release of prepaid lease payments	**754**	748
Auditor's remuneration	**2,277**	2,208
Net foreign exchange losses	**305**	1,262
Gain on disposal of property, plant and equipment	**(259)**	(230)
Write-off of property, plant and equipment	**504**	2,274

6. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year		
2011 Interim dividend of HK5 cents (2010: 2010 interim dividend of HK5 cents) per ordinary share	**16,772**	16,772
2010 final dividend of HK18 cents (2010: 2009 final dividend of HK12 cents) per ordinary share	**60,378**	40,252
	77,150	57,024

A final dividend of HK15 cents (2010: HK18 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting. The final dividend will be paid on 16 September 2011 to shareholders whose names appear on the Register of Members of the Company on 5 August 2011.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2011	2010
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**162,989**	189,608

	Number of shares	
	2011	2010
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**335,433**	335,433

No diluted earnings per share has been presented for both years as there were no potential ordinary shares in issue.

8. TRADE RECEIVABLES AND BILLS RECEIVABLE/OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**515,571**	377,407
Bills receivable	**1,101**	809
	516,672	378,216
Other receivables	**58,407**	39,986
	575,079	418,202

The Group maintains defined credit period of up to 90 days. The following is an aged analysis of trade receivables and bills receivable presented based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
0 – 90 days	**515,996**	378,214
91 – 120 days	**676**	2
	516,672	378,216

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defines credit limits by customer. In addition, the Group reviews the repayment history of receivables by each customer with reference to the payment terms stated in contracts. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balance which are not past due.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$87,776,000 (2010: HK$22,862,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	2011	2010
	HK$'000	*HK$'000*
0 – 90 days	**87,100**	22,860
91 – 120 days	**676**	2
Total	**87,776**	22,862

The Group would fully provide for all receivables which are over 180 days because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

The Group does not hold any collateral over trade and other receivables and bills receivable. The Group has not provided for impairment loss as the directors assessed that these balances will be recovered base on their settlement records.

9. TRADE PAYABLES AND BILLS PAYABLE

All trade payables and bills payable were aged within 90 days as at 31 March 2011 (2010: aged within 90 days).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 1 August, 2011 to Friday, 5 August, 2011 both days inclusive, during which period no transfer of the Company's shares will be effected. In order to qualify for the proposed final dividend and to determine the identity of the Shareholders who are entitled to attend and vote at the annual general meeting, all share certificates with the duly completed transfer forms must be lodged with the Company's Registrars, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 29 July, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2011, the Group's sales turnover increased by 22% to HK$2.22 billion (2010: HK$1.82 billion) and the consolidated net profit decreased by 14% to HK$163 million (2010: HK$189.6 million). Basic earnings per share of the Group for the year ended 31 March 2011 was HK48.6 cents (2010: HK56.5 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK15 cents (2010: HK18 cents) per share for the year ended 31 March 2011. Together with the interim dividend of HK5 cents per share paid in January this year, the total dividend for the year ended 31 March 2011 will be HK20 cents per share (2010: HK23 cents) delivering a stable dividend return to our shareholders.

BUSINESS REVIEW

The Group is engaged in design and manufacturing of a wide range of household electrical appliances.

For the year ended 31 March 2011, sales turnover increased across all markets due to the recovery of global economy. However, we had to operate under a tough business environment with several negative factors. The steep rise in commodity and raw material prices affected our margins severely. On top of this, the appreciation of Renminbi and the rise in labour costs further eroded our margins. To mitigate these negative impacts on the margins, we continue to focus in streamlining, productivity and efficiency improvements through semi-automation, lean concepts and projects and stringent cost control measures.

During the year under review, sales turnover increased by 22% to HK$2.22 billion. Sales turnover to Europe increased by 25% to HK$1.23 billion representing 55% of the Group's sales turnover. Sales turnover to Asia increased by 17% to HK$606.6 million representing 27% of the Group's sales turnover. Sales turnover to America increased by 12% to HK$306.2 million representing 14% of the Group's sales turnover. Sales turnover to other markets increased by 69% to HK$82.6 million representing 4% of the Group's sales turnover.

Gross profit for the year ended 31 March 2011 decreased by 2% to HK$366.6 million. Gross profit margin dropped from 21% to 17%. The drop in gross profit margin was mainly attributed by the rise in commodity and raw material prices, appreciation of Renminbi and rise in operating costs in particular labour costs.

Selling and distribution expenses increased by 15% to HK$35.3 million. As a percentage to sales turnover, selling and distribution expenses reduced from 1.7% to 1.6% compared to last year. Administration expenses increased by 26% to HK$144.7 million. As a percentage to sales turnover, administration expenses increased from 6.3% to 6.5% compared to last year.

On 23 August 2010, a wholly-owned subsidiary of the Group signed a provisional sales & purchase agreement in which an industrial unit located in Quarry Bay, Hong Kong, previously held as an investment property, was sold at a consideration of HK$21,086,000. The transaction was subsequently completed in October 2010 resulting in an increase in fair value of the property in the amount of HK$9,565,000.

Net Profit for the year decreased by 14% to HK$163.0 million (2010: HK$189.6 million). Net profit margin decrease from 10% to 7% compared to corresponding period last year.

On 1 November 2010, New Prestige Investments Limited, a wholly-owned subsidiary of the Group, entered into a provisional agreement for the acquisition of the whole of 9th Floor of AXA Centre plus 2 parking spaces for a consideration of HK$153.7 million. The transaction was completed on 8 April 2011. The consideration was funded by internal resources and banking facility. The property is located in Wanchai, Hong Kong and is currently leased to third parties. The Group shall continue to lease out the Property for rental income. After expiration of the existing tenancies and depending on the then market circumstances, the Group shall either continue to lease the whole or part of the Property for investment purpose or to use the whole or part of the property by itself.

PROSPECTS

The Group remains cautiously optimistic in the business and economic environment. Although the global economy seems to be recovering, there are still a lot of uncertainties ahead. We do not expect the negative factors such as rising commodity and raw material costs, appreciation of Renminbi, rising operating costs and labour costs to ease off in the near future. We would continue to grow through top line sales growth through new customers and new product categories. To alleviate the erosion to margins, we would tackle the problem from various aspects. We would strengthen and intensify our efforts in streamlining, productivity and efficiency improvements through semi-automation, lean concepts and projects and stringent cost control measures. We would also try to pass on certain cost increase to our customers. Moreover, we would continue to maintain and strengthen our relationship with our customers through innovative, high quality and value-added designs, products and services. We are fully aware of the challenges and difficulties lying ahead. Nonetheless, we believe, with our solid background and experience, know-how, financial strength and commitment to excellence, we would be able to create value to our shareholders, employees and business partners.

The 2 new factory blocks in the new plant in Huizhou City, Guangdong Province, the PRC will commence operation in August 2011. There had been a 6-month delay due to unforeseen issues such as changes in local requirements and delay in obtaining certain licenses caused by changes in regulations. The 2 new factories will provide us with increase in manufacturing capacities to meet with our sales growth targets and to achieve improvements in utilization and rationalization of products in our existing plants.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2011, the Group had total assets of HK$1.38 billion (2010: HK$1.24 billion) which was financed by current liabilities of HK$518.6 million (2010: HK$468.4 million), long-term liabilities and deferred taxation of HK$9.6 million (2010: HK$10.3 million) and shareholders' equity of HK$851.9 million (2009: HK$757.1 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2011, the Group held HK$316.4 million (2010: HK$482.5 million) in cash and bank deposits. They were mainly placed in Renminbi and US dollar short term deposits, except for temporary balances held in other currencies as required pending specific payments. For the year ended 31 March 2011, the Group generated net cash inflow from operating activities of HK$59.3 million (2010: HK$249.7 million). As at the same date, total borrowings were HK$552,000 (2010: HK$8,279,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) still remained low at less than 1% (2010: 1%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March 2011 increased from HK$61.3 million to HK$87.4 million. The trade receivables balance as at 31 March 2011 increased from HK$378.2 million to HK$516.7 million. The trade payables balance as at 31 March 2011 increased from HK$217.1 million to HK$252.1 million.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flow and available banking facilities. For the year ended 31 March, 2011, the group invested approximately HK$80 million (2010: HK$31 million) in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets for expansion and upgrade to our manufacturing facilities. The majority of the Group's capital expenditures were funded by internal resources except for some machinery which was funded by bank loans. The capital expenditure budget for 2011/12 is approximately HK$126 million. Due to the commencement of operation at the new plant in Huizhou City, Guangdong Province, the PRC, the requirement for capital expenditure and working capital is expected to increase in the coming years. Nonetheless, with a strong financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansions of the Group's business operations and future investment opportunities, as and when required.

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars, US dollars, Renminbis, Euros and British Pounds. Currently the Group does not implement hedging activity to hedge against foreign currency exposure. However, we will closely monitor foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employs approximately 5,000 employees. The majority of our employees work in the PRC. The Group remunerated our employees based on their performances, experiences and prevailing market rates while performances bonus are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules throughout the financial year ended 31 March, 2011, save for the following deviations:

Code Provision A.4.1

Under this code provision, the non-executive directors should be appointed for a specific term, subject to re-election.

Currently, none of the three independent non-executive directors is appointed for a specific term. However, all independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-Laws of the Company, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

Code Provision A.4.2

Under this code provision, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-Laws of the Company, one third of the directors are subject to rotation at each annual general meeting and the Chairman and/or the Managing Director of the Company is not subject to retirement by rotation, which constitutes a deviation from Code Provision A.4.2. The reason for the deviation is that the Directors of the Company do not consider that arbitrary term limits on Director's service are appropriate and the retirement by rotation has given the Company's shareholders the right to approve continuation of the service of the directors.

Code Provision B.1.1

Under this code provision, the Company should establish a remuneration committee with terms of reference which deal clearly with its authority and duties.

The Board is in the opinion that the establishment of a remuneration committee as required by code provision B.1.1 is not justified after consideration of the size of the Group and the associated costs involved.

Code Provision E.1.2

Under this code provision, the Chairman of the Board and the Chairman of the Audit Committee should attend the annual general meeting.

Both the Chairman of the Board and the Chairman of the Audit Committee had not attended the annual general meeting of the Company held on 18 August, 2010. The Chairmen will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent them from doing so.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors (the "Model Code"). Having made specific enquiry to all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code during the year ended 31 March, 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March, 2011, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the year ended 31 March, 2011. The Audit Committee currently comprises three independent non-executive directors, namely Dr. Chan How Chun, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.

PUBLICATION OF FINAL RESULTS

All the information of the annual results of the Group for the year ended 31 March, 2011 required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.allan.com.hk) in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our employees, shareholders and business associates for their contribution and support throughout the year.

On behalf of the Board
Cheung Shu Wan
Managing Director

Hong Kong, 27 June, 2011

As at the date of this announcement, the Executive Directors are Mr. Cheung Lun (Chairman), Mr. Cheung Shu Wan (Managing Director), Ms. Cheung Lai Chun, Maggie, Ms. Cheung Lai See, Sophie, and Mr. Cheung Pui. The Independent Non-Executive Directors are Dr. Chan How Chun, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.