ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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 2016 together with the comparative figures for the year ended 31 March 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*2*	**1,565,325**	1,946,003
Cost of sales		**(1,376,692)**	(1,724,655)
Gross profit		**188,633**	221,348
Other income		**13,420**	10,566
Other gains and losses	*3*	**(3,211)**	4,063
Selling and distribution expenses		**(30,148)**	(34,599)
Administrative expenses		**(129,511)**	(144,017)
(Loss)/gain from changes in fair value of investment properties		**(6,000)**	30,000
Gain on sale and leaseback arrangement		**110,788**	–
Finance costs on bank loans		**(959)**	(1,428)
Profit before tax		**143,012**	85,933
Income tax expense	*4*	**(7,356)**	(15,453)
Profit for the year attributable to owners of the Company	*5*	**135,656**	70,480
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(6,408)**	(613)
Fair value (loss)/gain on available-for-sale investments		**(727)**	143
Reclassified to profit or loss upon disposal of available-for-sale investments		**47**	(507)
Translation reserve released upon dissolution of a foreign operation		**–**	(5,993)
Other comprehensive expense for the year		**(7,088)**	(6,970)
Total comprehensive income for the year attributable to owners of the Company		**128,568**	63,510
Earnings per share	*7*		
Basic		**HK40.4 cents**	HK21.0 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**242,000**	248,000
Property, plant and equipment		**229,057**	300,312
Prepaid lease payments		**24,833**	26,394
Club debentures		**13,866**	13,866
Available-for-sale investments		**16,031**	13,563
Financial assets designated at fair value through profit or loss ("FVTPL")		**3,495**	3,635
Deposits paid for acquisition of property, plant and equipment		**108**	2,967
		529,390	608,737
Current assets			
Inventories		**74,589**	103,724
Trade receivables and bills receivable	*8*	**300,729**	400,033
Other receivables	*8*	**29,918**	99,244
Mould deposits paid		**13,012**	16,457
Prepaid lease payments		**704**	716
Available-for-sale investments		**3,538**	1,617
Tax recoverable		**11,695**	7,692
Short-term deposits		**305,732**	197,307
Bank balances and cash		**424,879**	208,304
		1,164,796	1,035,094
Current liabilities			
Trade payables	*9*	**200,717**	262,593
Other payables and accruals		**133,242**	140,540
Deferred income		**19,252**	–
Mould deposits received		**26,919**	33,912
Tax liabilities		**33,261**	40,294
Secured bank loans – due within one year		**10,672**	26,441
		424,063	503,780
Net current assets		**740,733**	531,314
Total assets less current liabilities		**1,270,123**	1,140,051

	2016	2015
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**12,855**	12,939
Deferred income	**36,901**	–
Secured bank loans – due after one year	**46,533**	51,657
	96,289	64,596
Net assets	**1,173,834**	1,075,455
Capital and reserves		
Share capital	**33,543**	33,543
Reserves	**1,140,291**	1,041,912
	1,173,834	1,075,455

Notes:

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

Application of amendments to HKFRSs

The Group has applied for the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2019

HKFRS 9 ***Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in unlisted investment fund and debt securities that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss or in other comprehensive income (if certain criteria are met)). Furthermore, the directors of the Company expect that the application of the expected credit loss model will result in earlier recognition of credit losses in relation to the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 ***Revenue from Contracts with Customers***

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company have already commenced an assessment of the impact of the application of HKFRS 15 and is not yet in a position to state whether those would have a significant impact on the Group's results and financial position.

HKFRS 16 *Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under HKAS 17 which does not require the recognition of a right-of use asset or a lease liability for lessees under operating leases but requires certain disclosure to be made in respect of such lease commitments. In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

The directors of the Company do not anticipate that the application of other new and revised HKFRSs will have a material effect on the amounts recognised in the Groups consolidated financial statements.

2. SEGMENT INFORMATION

Information reported to the Company's executive directors (the chief operating decision maker) for the purposes of resource allocation and assessment of segment performance focuses on geographical regions.

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

Segment Revenues and Results

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

Year ended 31 March 2016

	Europe *HK$'000*	**Asia** *HK$'000*	**America** *HK$'000*	**Other regions** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue *(Note a)*	**812,435**	**394,762**	**311,248**	**46,880**	**1,565,325**
Segment profit	**56,922**	**27,658**	**21,807**	**3,285**	**109,672**
Other gains and losses (except net foreign exchange loss)					**252**
Depreciation (except moulds)					**(64,192)**
Loss from changes in fair value of investment properties					**(6,000)**
Gain on sale and leaseback arrangement					**110,788**
Finance costs					**(959)**
Unallocated income and expenses, net *(Note b)*					**(6,549)**
Profit before tax					**143,012**

Year ended 31 March 2015

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Other regions *HK$'000*	Consolidated *HK$'000*
Segment revenue *(Note a)*	988,552	466,451	404,493	86,507	1,946,003
Segment profit	68,131	32,148	27,877	5,962	134,118
Other gains and losses (except net foreign exchange gain)					(1,397)
Depreciation (except moulds)					(67,166)
Gain from changes in fair value of investment properties					30,000
Finance costs					(1,428)
Unallocated income and expenses, net *(Note b)*					(8,194)
Profit before tax					85,933

Note a: The allocation of segment revenue is determined based on destinations of shipment of products.

Note b: Unallocated income and expenses represented other income, central administration costs and directors' salaries.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, central administration cost and directors' salaries, other gains and losses (except net foreign exchange gain (loss)), depreciation (except moulds), (loss) gain from changes in fair value of investment properties, finance costs and gain on sale and leaseback arrangement. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment. Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment Assets and Liabilities

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

Segment Assets

	2016	2015
	HK$'000	*HK$'000*
Europe	**204,444**	263,600
Asia	**104,393**	131,652
America	**74,096**	106,876
Other regions	**12,226**	24,629
Segment assets	**395,159**	526,757
Unallocated assets		
Available-for-sale investments	**19,569**	15,180
Financial assets designated as FVTPL	**3,495**	3,635
Short-term deposits	**305,732**	197,307
Bank balances and cash	**424,879**	208,304
Investment properties	**242,000**	248,000
Plant, equipment and machinery (except moulds)	**222,228**	293,769
Club debentures	**13,866**	13,866
Other receivables	**29,918**	99,244
Tax recoverable	**11,695**	7,692
Other unallocated assets *(Note)*	**25,645**	30,077
Consolidated assets	**1,694,186**	1,643,831

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

Segment Liabilities

	2016	2015
	HK$'000	*HK$'000*
Europe	**14,042**	17,496
Asia	**6,379**	7,747
America	**5,723**	7,194
Other regions	**775**	1,475
Segment liabilities *(Note)*	**26,919**	33,912
Unallocated liabilities		
Trade payables	**200,717**	262,593
Other payables and accruals	**133,242**	140,540
Deferred income	**56,153**	–
Secured bank loans	**57,205**	78,098
Tax liabilities	**33,261**	40,294
Deferred tax liabilities	**12,855**	12,939
Consolidated liabilities	**520,352**	568,376

Note: Segment liabilities represented mould deposits received by each segment.

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Customer A (Europe, Asia, America and Other regions)	**523,977**	743,101
Customer B (Europe, Asia, America and Other regions)	**463,750**	605,584
Customer C (Europe, Asia, America and Other regions)	**204,135**	208,638

Geographical information

The Group's operations are located in Hong Kong (country of domicile), and PRC.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**246,367**	261,742
PRC	**250,335**	316,647
	496,702	578,389

Note: Non-current assets excluded financial instruments and club debentures.

Other segment information

Year ended 31 March 2016

	Europe	**Asia**	**America**	**Other regions**	**Total segment**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	**2,121**	**865**	**1,212**	**82**	**4,280**	**12,097**	**16,377**
Depreciation	**1,996**	**830**	**1,086**	**83**	**3,995**	**64,190**	**68,185**
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	**–**	**–**	**–**	**–**	**–**	**4,418**	**4,418**
Interest income on available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**328**	**328**
Rental income	**–**	**–**	**–**	**–**	**–**	**5,601**	**5,601**

Year ended 31 March 2015

	Europe HK$'000	Asia HK$'000	America HK$'000	Other regions HK$'000	Total segment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	2,349	907	1,000	144	4,400	30,585	34,985
Depreciation	2,351	892	1,005	138	4,386	67,166	71,552
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	–	–	–	–	–	3,024	3,024
Interest income on available-for-sale investments	–	–	–	–	–	253	253
Rental income	–	–	–	–	–	4,964	4,964

3. OTHER GAINS AND LOSSES

	2016 ***HK$'000***	2015 *HK$'000*
Net foreign exchange (loss) gain	**(2,959)**	2,666
Gain on disposal of property, plant and equipment	**100**	959
Write-off of property, plant and equipment	**(163)**	(104)
Cumulative (loss) gain reclassified from other comprehensive income to profit or loss on disposal of available-for-sale investments	**(47)**	507
Net (loss) gain from changes in fair value of financial assets designated at FVTPL	**(140)**	35
Others	**(2)**	–
	(3,211)	4,063

4. INCOME TAX EXPENSE

	2016 ***HK$'000***	2015 *HK$'000*
Current tax:		
Hong Kong	**3,811**	12,443
PRC Enterprise Income Tax	**7,578**	6,311
	11,389	18,754
Overprovision in prior years:		
Hong Kong	**(1,025)**	(96)
PRC Enterprise Income Tax	**(2,924)**	(4,221)
	(3,949)	(4,317)
Deferred tax:		
Current year	**(84)**	1,016
	7,356	15,453

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

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%.

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

	2016	2015
	HK$'000	*HK$'000*
Profit before tax	**143,012**	85,933
Tax at the Hong Kong Profits Tax rate of 16.5%	**23,597**	14,179
Tax effect of expenses that are not deductible for tax purpose	**1,763**	1,292
Tax effect of income that is not taxable for tax purpose	**(19,947)**	(6,013)
Effect of different tax rates in the PRC	**4,351**	4,117
Overprovision in respect of prior years	**(3,949)**	(4,317)
Tax effect of tax losses not recognised	**1,983**	4,418
Utilisation of tax losses previously not recognised	**(161)**	(88)
Withholding tax on undistributed earnings	**654**	1,041
Others	**(935)**	824
Tax charge for the year	**7,356**	15,453

5. PROFIT FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Staff salaries and allowances	**295,809**	320,482
Contributions to retirement benefits schemes	**23,865**	19,138
Total staff costs, including directors' emoluments	**319,674**	339,620
Depreciation for property, plant and equipment	**68,185**	71,552
Direct outgoings in relation to rental income	**784**	783
Release of prepaid lease payments	**704**	716
Auditor's remuneration	**2,165**	2,177

6. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year		
2016 Interim dividend of HK1.5 cents (2015: 2015 interim dividend of HK2.5 cents) per ordinary share	**5,032**	8,386
2015 final dividend of HK7.5 cents (2015: 2014 final dividend of HK8 cents) per ordinary share	**25,157**	26,835
	30,189	35,221

Subsequent to the end of the reporting period, a final dividend of HK5.5 cents per share and a special dividend of HK28 cents per share in respect of the year ended 31 March 2016 (2015: final dividend of HK7.5 cents per share in respect of the year ended 31 March 2015) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting. The final dividend and special dividend will be paid on 12 September 2016 to shareholders whose names appear on the Register of Members of the Company on 26 August 2016.

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:

	2016	2015
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**135,656**	70,480

	Number of shares	
	2016	2015
	'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

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**300,729**	398,772
Bills receivable	**–**	1,261
	300,729	400,033
Other receivables *(Note)*	**29,918**	99,244
Total trade and other receivables	**330,647**	499,277

Note: As at 31 March 2016, the Group's other receivables mainly include value added tax recoverable of HK$19,577,000 (2015: HK$88,298,000), which will be repayable within one year.

The following is an aged analysis of trade receivables and bills receivable by age, presented based on the invoice date which approximated the respective revenue recognition dates.

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**283,211**	366,527
91 – 120 days	**17,518**	30,380
Over 120 days	**–**	3,126
	300,729	400,033

The Group maintains defined credit period of up to 90 days. 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. In the opinion of directors, the trade receivables that are neither past due nor impaired were of good credit quality based on good repayment history at the end of the reporting period and no impairment is necessary for these balances.

As at 31 March 2016, included in the Group's trade receivables balance are debtors with aggregated carrying amount of approximately HK$21,595,000 (2015: HK$48,929,000) 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.

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

	2016	2015
	HK$'000	*HK$'000*
Overdue by:		
1 – 90 days	**21,551**	48,725
91 – 120 days	**44**	204
	21,595	48,929

The Group performed assessment on individual trade receivable balance and recognised allowance on specific balance when necessary. In the opinion of the directors, there was no allowance for doubtful debts required as at the end of both reporting periods.

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

The following is an aged analysis of trade payables presented based on the invoice date:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**169,911**	240,360
91 – 120 days	**27,397**	19,507
Over 120 days	**3,409**	2,726
	200,717	262,593

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 15 August 2016 to 18 August 2016 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the annual general meeting of the Company to be held on 18 August 2016, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Standard Limited, whose address is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 12 August 2016.

Subject to shareholders' approval at the Annual General Meeting, the proposed final dividend and special dividend will be distributed to the shareholders whose names appear on the Register of Members of the Company on 26 August 2016. The Register of Members of the Company will be closed from 24 August 2016 to 26 August 2016. In order to qualify for payment of the recommended final dividend and special dividend, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Standard Limited, whose address is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 23 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2016, the Group's sales turnover decreased by 19.6% to HK$1,565.3 million (2015: HK$1,946.0 million) and the consolidated net profit increased by 92.5% to HK$135.7 million (2015: HK$70.5 million). Basic earnings per share of the Group for the year ended 31 March 2016 was HK40.4 cents (2015: HK21.0 cents). The significant increase in the consolidated net profit was primarily attributable to the gain on sale and lease back arrangement of a property during the period. The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK5.5 cents (2015: HK7.5 cents) and a special dividend of HK28.0 cents (2015: nil) per share for the year ended 31 March 2016. Together with the interim dividend of HK1.5 cents per share paid in January this year, the total dividend for the year ended 31 March 2016 will be HK35.0 cents per share (2015: HK10.0 cents).

BUSINESS REVIEW

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

For the year ended 31 March 2016 had been an extremely difficult and challenging year for the Group. Demands for all markets remained weak and competition in the household electrical appliance industry was fiercer than ever. The downturn in the sales turnover was the most severe in the Group's history. Order visibility was getting shorter as customers seek to reduce their inventory carrying risks.

During the year under review, sales turnover decreased by 19.6% to HK$1,565.3 million. Sales turnover to Europe decreased by 17.8% to HK$812.4 million representing 51.9% of the Group's sales turnover. Sales turnover to Asia decreased by 15.4% to HK$394.8 million representing 25.2% of the Group's sales turnover. Sales turnover to America decreased by 23.1% to HK$311.2 million representing 19.9% of the Group's sales turnover. Sales turnover to other regions decreased by 45.8% to HK$46.9 million representing 3.0% of the Group's sales turnover.

Gross profit for the year ended 31 March 2016 decreased by 14.8% to HK$188.6 million. Gross profit margin increased from 11.4% to 12.1%. The improvement in gross profit margin was mainly attributed to the stabilized raw material costs which counteracted to the increase in labour costs and operating costs in the PRC.

The Group continued to apply stringent control on all costs and expenses. Selling and distribution expenses decreased by 12.9% to HK$30.1 million. As a percentage to sales turnover, selling and distribution expenses increased slightly from 1.8% to 1.9% compared to last year. Administration expenses decreased by 10.1% to HK$129.5 million. As a percentage to sales turnover, administration expenses increased from 7.4% to 8.3% compared to last year.

On 13 January 2016, the Group entered into a sale and purchase agreement with an independent third party to disposal of a property, namely, all that 12th Floor of Zung Fu Industrial Building, 1067 King's Road, Hong Kong at a cash consideration of HK$179.0 million. In addition, pursuant to the agreement, upon completion of the transaction, the Group continues to occupy the property by entering into a tenancy agreement with the Purchaser in respect of the Property for three years commencing from the date of completion, 3 March 2016. This sale and leaseback arrangement resulted in a gain of HK$110.8 million and a deferred income of HK$56.2 million at 31 March 2016.

The investment property located in Wanchai, Hong Kong was revaluated at HK$242.0 million at 31 March 2016 (2015: HK$248.0 million) giving rise to a decrease in fair value of HK$6.0 million in the income statement.

Net Profit for the year increased by 92.5% to HK$135.7 million (2015: HK$70.5 million). Net profit margin increased from 3.6% to 8.7% compared to last year.

PROSPECTS

Going forward, we expect 2016/17 would be yet another difficult year. Business environment would be even more turbulent and challenging. Consumer sentiments and demand would remain weak as economic and political conditions are uncertain. The household electrical appliances industry would remain extremely competitive. As such, the pressure on the product selling prices would still be very severe. Material costs are expected to be largely stable while labour costs and operating costs in PRC would continue to rise, although at a slower pace than before. We would aim to expand through both customer base and product categories. We would invest in our engineering and R&D capabilities to offer total project management with unique and innovative product platforms to our customers. We would strive to stay slim and efficient through automation, manpower streamlining and process improvements. Stringent cost and expense control, productivity efficiency improvements, persistence in quality products and engineering and R&D capabilities would continue to be our focus and top priorities.

With our prudent and pragmatic business approach, financial strength and commitment to excel, we will strive on and tread cautiously to ride through the current and coming difficulties and challenges.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group had total assets of HK$1,694.2 million (2015: HK$1,643.8 million) which was financed by current liabilities of HK$424.1 million (2015: HK$503.8 million), long-term liabilities and deferred income and taxation of HK$96.3 million (2015: HK$64.6 million) and shareholders' equity of HK$1,173.8 million (2015: HK$1,075.5 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2016, the Group held HK$730.6 million (2015: HK$405.6 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 2016, the Group generated net cash inflow from operating activities of HK$208.5 million (2015: outflow of HK$32.7 million). As at the same date, total borrowings were HK$57.2 million (2015: HK$78.1 million) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 4.9% (2015: 7.3%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March 2016 decreased from HK$103.7 million to HK$74.6 million. Inventory turnover increased from 22 days to 24 days compared to last year. The trade receivables balance as at 31 March 2016 decreased from HK$400.0 million to HK$300.7 million. Trade receivables turnover improved from 75 days to 70 days. The trade payables balance as at 31 March 2016 decreased from HK$262.6 million to HK$200.7 million. Trade payables turnover decreased from 56 days to 53 days.

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 2016, the group invested HK$16 million (2015: HK$35 million) in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets for expansion and upgrade to our manufacturing facilities. The Group's capital expenditures were funded by internal resources and bank loans. The capital expenditure budget for 2016/17 is approximately HK$71.4 million. With a healthy 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 and Euros. 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

As at 31 March 2016, the Group employed approximately 4,000 employees (2015: 4,800). The majority of our employees work in the PRC. The Group remunerated our employees based on their performances, experiences and prevailing market rates while performance bonuses are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the financial year ended 31 March 2016 except for the following deviation:

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 A.5.1

Under this provision, the Company should establish a nomination committee.

At 31 March 2016, the Company had not set up a Nomination Committee. Pursuant to the Company's Bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall retire and be eligible for re-election at the next following general meeting after appointment. Executive directors identify potential new directors and recommend to the Board for decision. In considering the nomination of a new director, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of independent non-executive directors, the Board follows the requirements set out in the Listing Rules.

Code Provision A.6.7

Under this provision, independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders.

Two independent non-executive directors, Dr. Chan How Chun and Professor Lo Chung Mau, did not attend the annual general meeting of the Company held on 19 August 2015 due to other business engagements.

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 19 August 2015. 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 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2016, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

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 2016. 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 2016 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 continual contribution and support throughout the year.

On behalf of the Board
Allan International Holdings Limited
Cheung Lai See, Sophie
Director

Hong Kong, 27 June 2016

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.