ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

INTERIM RESULTS 2007/2008

RESULTS

The board of directors of Allan International Holdings Limited announces the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2007 together with the comparative figures for the six months ended 30 September 2006, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		Six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**725,282**	524,766
Cost of sales		**(609,382)**	(435,116)
Gross profit		**115,900**	89,650
Other income		**550**	3,577
Net investment income		**3,552**	2,747
Distribution costs		**(16,015)**	(14,072)
Administrative expenses		**(56,269)**	(48,317)
Finance costs		**(409)**	(497)
Profit before tax	*4*	**47,309**	33,088
Income tax expense	*5*	**(5,671)**	(4,908)
Profit for the period		**41,638**	28,180
Dividend paid	*6*	**23,480**	20,126
Earnings per share	*7*		
Basic		**HK12.41 cents**	HK8.40 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	Notes	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
Non-current assets			
Investment property	8	**4,540**	4,540
Property, plant and equipment	8	**153,700**	126,180
Prepaid lease payments		**39,915**	40,395
Available-for-sale investments		**45,702**	46,446
Deposits paid for the acquisition of property, plant and equipment		**4,078**	182
		247,935	217,743
Current assets			
Inventories		**148,811**	104,010
Available-for-sale investments		**5,428**	4,807
Trade receivables and bills receivable	9	**294,310**	188,242
Other receivables		**15,480**	8,294
Mould deposits paid		**9,237**	8,585
Prepaid lease payments		**686**	549
Tax recoverable		**251**	251
Derivative financial assets		**744**	654
Time deposits and money held by a financial institution		**64,542**	92,148
Bank balances and cash		**68,043**	83,199
		607,532	490,739
Current liabilities			
Trade payables and bills payable	10	**192,274**	102,928
Other payables		**100,502**	65,665
Mould deposits received		**12,358**	12,950
Tax payable		**8,171**	4,973
Derivative financial liabilities		**2,806**	1,053
Secured bank loans — due within one year		**5,364**	6,771
		321,475	194,340
Net current assets		**286,057**	296,399
		533,992	514,142

	Notes	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
Capital and reserves			
Share capital	*11*	**33,543**	33,543
Reserves		**481,575**	460,189
		515,118	493,732
Non-current liabilities			
Deferred tax liabilities		**14,114**	13,593
Secured bank loans — due after one year		**4,760**	6,817
		18,874	20,410
		533,992	514,142

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2007

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007. The adoption of the new HKFRSs had no material effect on the results or financial positions of the Group for the current or prior accounting periods. Accordingly, no prior period adjustments have been required.

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

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 12	Service Concession Arrangements[2]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 January 2008
[3] Effective for annual periods beginning on or after 1 July 2008

3. Segment information

Geographical segments

For management purposes, the Group is currently organised into three major geographical segments based on the destination of shipment of products. These segments are the basis on which the Group reports its primary segment information.

Six months ended 30 September 2007

	Europe (Unaudited) *HK$'000*	**America (Unaudited)** *HK$'000*	**Asia (Unaudited)** *HK$'000*	**Others (Unaudited)** *HK$'000*	**Consolidated (Unaudited)** *HK$'000*
Segment revenue	**401,210**	**132,132**	**168,990**	**22,950**	**725,282**
Segment result	**36,689**	**11,756**	**14,908**	**2,025**	**65,378**
Net investment income					**3,552**
Finance costs					**(409)**
Unallocated corporate expenses					**(21,212)**
Profit before tax					**47,309**
Income tax expense					**(5,671)**
Profit for the period					**41,638**

Six months ended 30 September 2006

	Europe (Unaudited) *HK$'000*	America (Unaudited) *HK$'000*	Asia (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue	288,753	114,051	104,795	17,167	524,766
Segment result	28,827	9,208	10,972	1,643	50,650
Net investment income					2,747
Finance costs					(497)
Unallocated corporate expenses					(19,812)
Profit before tax					33,088
Income tax expense					(4,908)
Profit for the period					28,180

The Group's business is affected by seasonal trend, with higher level of revenue during the second quarter of the fiscal year. This trend results primarily from the seasonal shipments to the customers prior to the holiday shopping periods.

4. Profit before tax

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting) the following items:		
Interest income	**(3,426)**	(3,246)
Net (gain) loss on disposal of available-for-sale investments	**(78)**	499
Net gain on settlement of derivative financial assets and liabilities	**(48)**	—
Net investment income	**(3,552)**	(2,747)
Amortisation of prepaid lease payments	**343**	137
Depreciation on property, plant and equipment	**20,663**	17,560
Total depreciation and amortisation	**21,006**	17,697
Loss (gain) on disposal of property, plant and equipment	**1,769**	(347)

5. Income tax expense

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
— Hong Kong Profits Tax calculated at 17.5% on the estimated assessable profit	**3,805**	5,564
— Income tax in other regions of the People's Republic of China calculated at prevailing rates	**1,345**	1,408
	5,150	6,972
Deferred tax	**521**	(2,064)
	5,671	4,908

6. Dividends

On 5 September 2007, a dividend of HK7 cents per share (2006: HK6 cents per share for 2005) was paid to the shareholders as the final dividend for 2006.

The board of directors have determined that an interim dividend of HK4 cents per share (2006: HK3 cents per share) shall be paid on or before 18 January 2008 to the shareholders of the Company whose names appear on the Register of Members on 4 January 2008.

7. Earnings per share

The calculation of the basic earnings per share is based on the following data:

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**41,638**	28,180

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	Number of shares	Number of shares
Number of ordinary shares for the purpose of basic earnings per share	**335,432,520**	335,432,520

8. Movements in investment property and property, plant and equipment

During the period, the Group disposed of certain property, plant and equipment with a carrying amount of approximately HK$1,786,000 for proceeds of approximately HK$17,000, resulting in a loss on disposal of approximately HK$1,769,000.

In addition, the Group spent approximately HK$5,532,000 on moulds and tools and HK$39,627,000 on plant and machinery in upgrading its manufacturing capabilities. The Group also spent approximately HK$3,018,000 on furniture and fixtures and HK$1,792,000 on construction in progress.

At 30 September 2007, the directors considered the carrying amount of the Group's investment property do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no fair value change has been recognised in the current period.

9. Trade receivables and bills receivable

The Group allows an average credit period of 90 days to its trade customers. The following is an aged analysis of trade receivables and bills receivable at the balance sheet date:

	30 September 2007	31 March 2007
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
0 — 90 days	294,254	188,242
91 — 120 days	56	—
	294,310	188,242

10. Trade payables and bills payable

The following is an aged analysis of trade payables and bills payable at the balance sheet date:

	30 September 2007 (Unaudited) ***HK$'000***	31 March 2007 (Audited) *HK$'000*
0 — 90 days	**192,198**	102,928
91 — 120 days	**76**	—
	192,274	102,928

11. Share capital

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2007 and at 30 September 2007	600,000,000	60,000
Issued and fully paid:		
At 1 April 2007 and at 30 September 2007	335,432,520	33,543

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

For the six months ended 30 September 2007, the Group's turnover increased by 38% to HK$725,282,000 (2006: HK$524,766,000) and the consolidated net profit increased to HK$41,638,000 (2006: HK$28,180,000). Basic earnings per share of the Group increased to HK12.41 cents (2006: HK8.40 cents). The Board of directors have resolved that an interim dividend of HK4 cents (2006: HK3 cents) to be paid on 18 January 2008 to shareholders registered on 4 January 2008.

The Group manufactures a wide range of household electrical appliances. During the six months ended 30 September 2007, development of several new models was completed and the response we obtained from the sales orders had been strong. During the period, turnover increased in all major markets. Turnover to Europe increased by 39% to HK$401,210,000 representing 55% of the Group's turnover. Turnover to America increased by 16% to HK$132,132,000 representing 18% of the Group's turnover. Turnover to Asia increased by 61% to HK$168,990,000 representing 23% of the Group's turnover. Turnover to other markets increased by 34% to HK$22,950,000 representing 3% of the Group's turnover.

Gross profit margin fell 1 percentage point to 16%. The gross profit margin was under pressure due to various continuing adverse factors such as high and volatile raw material prices, rising operating costs and labour costs in the PRC, shortage of skilled labour and strengthening of the Renminbi currency.

We continue to apply stringent cost control on all areas of our operations. Distribution costs increased by 14% to HK$16,015,000 compared to the same period last year. As a percentage to turnover, distribution costs reduced from 2.7% to 2.2% compared to the same period last year. Administrative expenses increased by 16% to HK$56,269,000 compared to the same period last year. As a percentage to turnover, administrative expenses reduced from 9.2% to 7.8% compared to the same period last year. Finance costs reduced slightly by HK$88,000 to HK$409,000. Investment income increased by HK$805,000 to HK$3,552,000 due to increase in interest income.

Profit for the period increased by HK$13,458,000 to HK$41,638,000 improving slightly from 5.4% to 5.7% as a percentage to turnover compared to the same period last year. Earnings per share improved from HK8.40 cents to HK12.41cents.

PROSPECTS

Our order books for the second half of the financial year continue to be strong. The unaudited turnover of the Group for the eight months ended 30 November 2007 increased 43% to HK$1,043,529,000 compared to the same period last year. We anticipate the turnover for the financial year 2007/08 to achieve another record high for the Group.

Despite the strong performance, we still have to be cautious about the overall business environment. We believe adverse factors such as high and volatile raw material prices, rising operating costs and labour costs in the PRC, shortage of skilled labour and strengthening of the Renminbi currency would continue. On top of these, the widening of scope of restricted commodity for processing trade in the PRC, the reduction in VAT export refund and the new 2008 PRC labour regulations will no doubt put extra burden onto the already escalating operating costs in the PRC. Moreover, there is also the uncertainty of the extent of the problem of sub-prime lending in the US affecting the financial sectors, the global economy and consumer sentiments.

We participated in the HK Electronics Fair in October 2007. The response had been very encouraging. Our new product development team will continue to work on new product ideas and concepts to allow us to step further ahead.

The construction of the new plant in Huizhou, Guangdong province will commence by the end of December 2007. The budget for the construction of Phase I comprising of two factory blocks is approximately HK$70 million. We expect these two factory blocks would be completed in early 2009.

We will continue to concentrate in cost and quality control, production efficiency and new product design and development to provide superior value-added service and products to our customers. On manufacturing, we will continue to shift towards semi-automation to reduce our reliance on intensive labour and improve in work-flow efficiency and throughput. We believe our strength lies in product and service excellence and our commitment to continuously improve and excel.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2007, the Group had total assets of HK$855,467,000 (31 March 2007: HK$708,482,000) which was financed by current liabilities of HK$321,475,000 (31 March 2007: HK$194,340,000), long-term liabilities and deferred taxation of HK$18,874,000 (31 March 2007: HK$20,410,000) and shareholders' equity of HK$515,118,000 (31 March 2007: HK$493,732,000).

The group continued to maintain a strong balance sheet and a healthy liquidity position. As at 30 September 2007, the Group held HK$132,585,000 (31 March 2007: HK$175,347,000) in cash and bank deposits. They were mainly placed in US dollar short-term deposits, except for temporary balances held in such non-US currencies as required pending specific payments. For the six months ended 30 September 2007, the Group generated net cash inflow from operating activities of HK$34,126,000. As at 30 September 2007, total borrowings were HK$10,124,000 (31 March 2007: HK$13,588,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) remained low at 2% (31 March 2007: 3%)

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flow. 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.

Most of the Group's transactions are conducted in US dollars, Hong Kong dollars and Renminbi. To reduce the risk arising from fluctuations in foreign currency rates, the Group had used forward foreign exchange contracts to hedge against major currency exposures during the period.

PLEDGE OF ASSETS

The Group has pledged certain prepaid lease payments and buildings having a net book value of approximately HK$9,536,000 to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 September 2007, the Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employed approximately 4,000 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.

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 2 January 2008 to 4 January 2008, both days inclusive, during which period no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share 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 31 December 2007 in order to qualify for the interim dividend above mentioned.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2007, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

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 six months ended 30 September 2007, 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 should attend the annual general meeting.

The Chairman of the Board had not attended the annual general meeting of the Company held on 22 August 2007. The Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its Code of Conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standards set out in the Model Code as provided in Appendix 10 of the Listing Rules.

REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENT

The Audit Committee and the external auditors have reviewed the unaudited interim financial statements of the Group for the six months ended 30 September 2007. The Committee now comprises three independent non-executive directors of the Company.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk (the "HKEx website") and the Company's website at http://www.allan.com.hk. The Company's interim report containing all information required by the Listing Rules will also be available for viewing on the HKEx website and the Company's website, and dispatched to shareholders 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, 13 December 2007

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.