ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

INTERIM RESULTS 2009/2010

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 2009 together with the comparative figures for the six months ended 30 September 2008, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

		Six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**939,768**	990,948
Cost of sales		**(757,889)**	(846,703)
Gross profit		**181,879**	144,245
Other income		**803**	1,469
Net investment income (loss)		**786**	(8,171)
Distribution costs		**(16,139)**	(18,069)
Administrative expenses		**(59,361)**	(54,881)
Finance costs		**(133)**	(494)
Profit before tax	*4*	**107,835**	64,099
Income tax expense	*5*	**(24,499)**	(9,250)
Profit for the period		**83,336**	54,849

	Notes	Six months ended 30 September **2009** **(Unaudited)** ***HK$'000***	2008 (Unaudited) *HK$'000*
Other comprehensive income			
Exchange difference arising on translation		**1,960**	2,862
Gain (loss) on fair value changes of available-for-sale investment		**785**	(1,078)
Other comprehensive income for the period		**2,745**	1,784
Total comprehensive income for the period		**86,081**	56,633
Earnings per share	*6*		
Basic		**HK24.84 cents**	HK16.35 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2009

	Notes	30 September 2009 (Unaudited) HK$'000	31 March 2009 (Audited) HK$'000
Non-current assets			
Investment property	8	**8,800**	8,800
Property, plant and equipment	8	**184,900**	188,654
Prepaid lease payments		**41,860**	42,040
Available-for-sale investments		**10,800**	8,417
Other financial assets		**1,432**	4,267
Prepayment for acquisition of property, plant and equipment		**832**	976
		248,624	253,154
Current assets			
Inventories		**54,119**	58,087
Trade receivables and bills receivable	9	**481,623**	350,218
Other receivables		**20,655**	25,270
Mould deposits paid		**6,585**	5,101
Prepaid lease payments		**757**	754
Available-for-sale investments		**–**	3,434
Other financial assets		**2,959**	3,858
Tax recoverable		**1,156**	1,156
Time deposits and deposits placed with banks and a financial institution		**310,300**	263,375
Bank balances and cash		**86,056**	71,789
		964,210	783,042
Current liabilities			
Trade payables and bills payable	10	**254,289**	155,925
Other payables and accruals		**216,630**	197,258
Mould deposits received		**12,550**	13,614
Tax payable		**36,443**	15,938
Secured bank loans – due within one year		**10,462**	11,476
		530,374	394,211
Net current assets		**433,836**	388,831
Total assets less current liabilities		**682,460**	641,985

	Notes	**30 September 2009 (Unaudited)** *HK$'000*	31 March 2009 (Audited) *HK$'000*
Non-current liabilities			
Deferred tax liabilities		**12,003**	12,161
Secured bank loans – due after one year		**3,083**	8,279
		15,086	20,440
Net assets		**667,374**	621,545
Capital and reserves			
Share capital	*11*	**33,543**	33,543
Reserves		**633,831**	588,002
		667,374	621,545

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2009

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. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values. The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA. Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods. HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments based on the destination at shipment of products. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see Note 3).

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. Board of Directors) in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was geographical segments based on the destination of shipment of products. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The principal activities of Group are manufacture and distribution of household electrical appliances. The Group is currently organised into four operating divisions – Europe sales, America sales, Asia 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 revenue and results, for each of the reportable segments, for the period under review:

Six months ended 30 September 2009

	Europe (Unaudited) *HK$'000*	**America (Unaudited)** *HK$'000*	**Asia (Unaudited)** *HK$'000*	**Others (Unaudited)** *HK$'000*	**Consolidated (Unaudited)** *HK$'000*
Segment revenue	**511,528**	**141,898**	**260,924**	**25,418**	**939,768**
Segment profit	**67,996**	**21,365**	**38,314**	**3,864**	**131,539**
Net investment income					**786**
Finance costs					**(133)**
Unallocated corporate expenses					**(24,357)**
Profit before tax					**107,835**
Income tax expense					**(24,499)**
Profit for the period					**83,336**

Six months ended 30 September 2008

	Europe (Unaudited) *HK$'000*	America (Unaudited) *HK$'000*	Asia (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue	566,368	178,954	218,254	27,372	990,948
Segment profit	50,583	18,824	18,731	3,551	91,689
Net investment loss					(8,171)
Finance costs					(494)
Unallocated corporate expenses					(18,925)
Profit before tax					64,099
Income tax expense					(9,250)
Profit for the period					54,849

Segment profit represents the profit earned by each segment without allocation of central administration cost and directors' salaries, net investment income (loss) 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.

4. PROFIT BEFORE TAX

	Six months ended 30 September 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Profit before tax has been arrived at after charging (crediting) the following items:		
Interest income	**(534)**	(1,652)
Net gain on disposal of available-for-sale investments	**–**	(5)
Net loss on foreign currency forward contracts	**–**	9,390
Net (gain) loss on financial assets designated at FVTPL	**(252)**	438
Net investment (income) loss	**(786)**	8,171
Amortisation of prepaid lease payments	**379**	401
Depreciation on property, plant and equipment	**15,714**	17,160
Total depreciation and amortisation	**16,093**	17,561
Net exchange loss	**921**	1,817
Gain on disposal of property, plant and equipment	**(134)**	(273)

5. INCOME TAX EXPENSE

	Six months ended 30 September 2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
The charge comprises:		
Current tax		
– Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit	**8,786**	7,915
– Income tax in other regions of the People's Republic of China calculated at prevailing rates	**15,871**	2,740
	24,657	10,655
Deferred tax	**(158)**	(1,405)
	24,499	9,250

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for both periods under review. People's Republic of China ("PRC") enterprise income tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

6. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**83,336**	54,849

	Six months ended 30 September	
	2009	2008
	(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

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

7. DIVIDENDS

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends paid		
2009 final dividend of HK12 cents (2008: HK6 cents for 2008 final dividend) per ordinary share	**40,252**	20,126

Subsequent to 30 September 2009, the board of directors have determined that a dividend of HK5 cents per share (2008: HK2 cents per share) shall be paid on 21 January 2010 to the shareholders of the Company whose names appear on the Register of Members on 6 January 2010 as interim dividend for the current financial year.

8. MOVEMENTS IN INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group disposed of certain property, plant and equipment with no carrying amount for proceeds of approximately HK$134,000, resulting in a gain on disposal of approximately HK$134,000.

In addition, the Group spent approximately HK$1,369,000 on moulds and tools and HK$3,625,000 on plant and machinery in upgrading its manufacturing capabilities. The Group also spent approximately HK$1,230,000 on motor vehicles, HK$3,143,000 on furniture, fixtures and equipment, HK$1,112,000 on factory buildings, and HK$59,000 on construction in progress.

At 30 September 2009, 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 end of the reporting period. 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 based on payment due date of trade receivables and bills receivable at the end of the reporting period:

	30 September 2009 (Unaudited) *HK$'000*	31 March 2009 (Audited) *HK$'000*
0-90 days	**481,621**	350,071
91-120 days	**2**	147
Total	**481,623**	350,218

10. TRADE PAYABLES AND BILLS PAYABLE

The following is an aged analysis based on payment due date of trade payables and bills payable at the end of the reporting period:

	30 September 2009 (Unaudited) *HK$'000*	31 March 2009 (Audited) *HK$'000*
0-90 days	**254,086**	155,925
91-120 days	**203**	–
Total	**254,289**	155,925

11. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2009 and at 30 September 2009	600,000,000	60,000
Issued and fully paid:		
At 1 April 2009 and at 30 September 2009	335,432,520	33,543

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2009, the Group's sales turnover decreased by 5% to HK$939,768,000 (2008: HK$990,948,000) and the consolidated net profit increased by 52% to HK$83,336,000 (2008: HK$54,849,000). Basic earnings per share of the Group for the six months ended 30 September 2009 was HK24.8 cents (2008: HK16.4 cents). The Board of Directors has resolved that an interim dividend of HK5 cents (2008: HK2 cents) per share would be paid on 21 January 2010 to shareholders registered on 6 January 2010.

BUSINESS REVIEW

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

For the six months ended 30 September 2009, turnover decreased by 5% to HK$939,768,000. Although turnover increased in the Asia market, it was insufficient to offset the decrease in turnover in the Europe and America market. The global economic crisis has caused consumer sentiments to deteriorate especially in the Europe and America market. Turnover to Europe decreased by 10% to HK$511,528,000 representing 54% of the Group's turnover. Turnover to America decreased by 21% to HK$141,898,000 representing 15% of the Group's turnover. Turnover to Asia increased by 20% to HK$260,924,000 representing 28% of the Group's turnover. Turnover to other markets decreased by 7% to HK$25,418,000 representing 3% of the Group's turnover.

Gross profit for the period ended 30 September 2009 increased to HK$181,879,000 (2008: HK$144,245,000). During the period under review, commodity and material costs improved significantly from the high levels at the same period in the previous year. On top of the advantage reaped in raw material costs, the Group concentrated in further improvements in productivity, efficiency, supply chain management, design enhancements and reduced wastage. We embarked on various 6-sigma projects and lean manufacturing projects across different functional sections in our operations. These measures have been extremely satisfactory and stimulating which resulted in further improvement in margins.

We continue to apply stringent cost control on all other aspects of our operation. Distribution costs decreased by 11% to HK$16,139,000 (2008: HK$18,069,000). As a percentage to turnover, distribution costs reduced from 1.8% to 1.7% compared to last year. Administration expenses increased by 8% to HK$59,361,000 (2008: HK$54,881,000). As a percentage to turnover, administration expenses increased from 5.5% to 6.3% compared to last year.

During the period under review, the Group had achieved a net investment income of HK$786,000. For the same period last year, the Group incurred a net investment loss of HK$8,171,000 which was mainly due to a loss of HK$9,390,000 arising from structured foreign currency forward contracts. Profit before tax increased to HK$107,835,000 (2008: HK$64,099,000). Net Profit for the six months ended 30 September 2009 increased by 52% to HK$83,336,000 (2008: HK$54,849,000). Net profit margin increased from 5.5% to 8.9%.

PROSPECTS

Although there are some views that the worst is over and the global economy is recovering from the financial crisis, consumer markets are still weak especially in the European and US markets. Unemployment rate still remains at a high level in these two major markets. We believe that it would still take some time before consumer buying sentiments would become more positive again. On the other hand, commodity prices and raw material prices have started to climb up again at a quickening pace. However, we are not able to transfer this cost increase to our customers due to weak consumer buying sentiments. Looking forward, we expect product gross margins to suffer due to the above-mentioned factors. We would continue to focus in enhancing productivity, efficiency and cost control. The Group would continue to explore new business opportunities and to maintain close working relationship with our existing customers and suppliers. We strongly believe that with our dedication, strong financial position, economy of scale, stringent cost control and flexibility, we would be able to sail through the difficulties and to meet with the opportunities and challenges ahead.

The construction of the 2 new factory blocks in the new plant in Huizhou city, Guangdong province was completed in June 2009. As the business environment is still very unpredictable, we are taking a slower pace in utilizing this new plant. We would review and monitor our existing manufacturing capabilities very closely and plan for the commencement in utilization of the new plant swiftly as and when the need arises.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2009, the Group had total assets of HK$1,212,834,000 (31 March 2009: HK$1,036,196,000) which was financed by current liabilities of HK$530,374,000 (31 March 2009: HK$394,211,000), long-term liabilities and deferred taxation of HK$15,086,000 (31 March 2009: HK$20,440,000) and shareholders' equity of HK$667,374,000 (31 March 2009: HK$621,545,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 30 September 2009, the Group held HK$396,356,000 (31 March 2009: HK$335,164,000) 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. As at the same date, total borrowings were HK$13,545,000 (31 March 2009: HK$19,755,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) still remained low at 2% (31 March 2009: 3%).

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flow. For the six months ended 30 September 2009, the group invested approximately HK$11 million (2008: HK$31 million) in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets for expansion and upgrade to existing manufacturing facilities. 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. The group would monitor the exchange risk exposure and would consider to engage in currency hedging when the need arises. Currently the Group has not entered into any currency hedging and does not have any outstanding structured foreign exchange forward contracts.

CONTINGENT LIABILITIES

As at 30 September 2009, the Group did not have any significant contingent liability.

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employs approximately 4,300 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 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.

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 4 January 2010 to 6 January 2010, 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 2009 in order to qualify for the interim dividend above mentioned.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2009, 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 2009, 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 19 August 2009. 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 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 2009. 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.

By Order of the Board
Allan International Holdings Limited
Cheung Shu Wan
Managing Director

Hong Kong, 17 December 2009

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.