ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2010

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, 2010 together with the comparative figures for the year ended 31 March, 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March, 2010

	NOTES	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*2*	**1,820,187**	1,869,529
Cost of sales		**(1,445,853)**	(1,573,637)
Gross profit		**374,334**	295,892
Other income		**1,539**	2,320
Investment income and other gains (losses)	*3*	**1,327**	(9,547)
Selling and distribution expenses		**(30,602)**	(34,213)
Administrative expenses		**(114,405)**	(122,041)
Increase (decrease) in fair value of an investment property		**2,500**	(700)
Interest on bank borrowings wholly repayable within five years		**(210)**	(830)
Profit before tax		**234,483**	130,881
Income tax expense	*4*	**(44,875)**	(23,943)
Profit for the year attributable to owners of the Company	*5*	**189,608**	106,938
Other comprehensive income			
Exchange differences arising on translation		**1,938**	1,569
Net gain (loss) on available-for-sale investments		**989**	(954)
Other comprehensive income for the year		**2,927**	615
Total comprehensive income for the year		**192,535**	107,553
Earnings per share	*7*		
Basic		**HK56.5 cents**	HK31.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March, 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Investment property		**11,300**	8,800
Property, plant and equipment		**186,042**	188,654
Prepaid lease payments		**41,480**	42,040
Available-for-sale investments		**11,731**	8,417
Other financial assets		**3,110**	4,267
Prepayment for acquisition of property, plant and equipment		**7,085**	976
		260,748	253,154
Current assets			
Inventories		**61,331**	58,087
Trade receivables and bills receivable	*8*	**378,216**	350,218
Other receivables	*8*	**39,986**	25,270
Mould deposits paid		**5,659**	5,101
Prepaid lease payments		**758**	754
Available-for-sale investments		**1,622**	3,434
Other financial assets		**2,998**	3,858
Tax recoverable		**1,937**	1,156
Time deposits and deposits placed with banks and a financial institution		**375,354**	263,375
Bank balances and cash		**107,115**	71,789
		974,976	783,042
Current liabilities			
Trade payables and bills payable	*9*	**217,142**	155,925
Other payables and accruals		**189,791**	197,258
Mould deposits received		**15,009**	13,614
Tax payable		**38,735**	15,938
Secured bank loans – due within one year		**7,727**	11,476
		468,404	394,211
Net current assets		**506,572**	388,831
Total assets less current liabilities		**767,320**	641,985

	NOTES	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Deferred tax liabilities		**9,712**	12,161
Secured bank loans – due after one year		**552**	8,279
		10,264	20,440
Net assets		**757,056**	621,545
Capital and reserves			
Share capital		**33,543**	33,543
Reserves		**723,513**	588,002
		757,056	621,545

Notes:

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

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

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see Note 2) nor changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. This change in accounting policy has no material effect on the consolidated financial statements. Accordingly, no adjustment has been required.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 except paragraph 80 of HKAS 39[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[5]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July, 2009
2 Amendments that are effective for annual periods beginning on or after 1 July, 2009 and 1 January, 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January, 2010
4 Effective for annual periods beginning on or after 1 February, 2010
5 Effective for annual periods beginning on or after 1 July, 2010 and 1 January, 2011, as appropriate
6 Effective for annual periods beginning on or after 1 July, 2010
7 Effective for annual periods beginning on or after 1 January, 2011
8 Effective for annual periods beginning on or after 1 January, 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January, 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

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

2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April, 2009. HKFRS 8 is a disclosure standard that 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) for the purpose of allocating 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. 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 operating segments as compared with the primary segments determined in accordance with HKAS 14. Nor is the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

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

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

Segment Revenues and Results
Year ended 31 March, 2010

	Europe *HK$'000*	**Asia** *HK$'000*	**America** *HK$'000*	**Others** *HK$'000* *(Note)*	**Consolidated** *HK$'000*
Segment revenue	**978,952**	**519,758**	**272,505**	**48,972**	**1,820,187**
Segment profit	**154,710**	**84,911**	**44,854**	**8,103**	**292,578**
Net investment gain					**1,327**
Depreciation					**(23,603)**
Increase in fair value of an investment property					**2,500**
Finance costs					**(210)**
Other expenses *(Note 1)*					**(38,109)**
Profit before tax					**234,483**

Segment Revenue and Results

Year ended 31 March, 2009

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Others *HK$'000* *(Note)*	Consolidated *HK$'000*
Segment revenue	1,060,763	401,370	359,249	48,147	1,869,529
Segment profit	105,030	39,989	38,548	5,822	189,389
Net investment loss					(9,547)
Depreciation					(22,726)
Decrease in fair value of an investment property					(700)
Finance costs					(830)
Other expenses *(Note 1)*					(24,705)
Profit before tax					130,881

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

Note 1: Other expenses represented central administration costs and directors' salaries.

The accounting policies of the operating segments are the same as the Group's accounting polices.

Segment profit represents the profit earned by each segment without allocation of central administration cost and directors' salaries, net investment income (loss), depreciation and finance costs. This is the measure reported to the Group's chief operating decision maker officer for the purposes of resource allocation and assessment of segment performance.

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

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

Segment assets

	2010	2009
	HK$'000	*HK$'000*
Europe	**232,685**	218,125
Asia	**135,603**	86,722
America	**69,314**	99,401
Others	**12,270**	13,908
Total segment assets	**449,872**	418,156
Unallocated assets		
Available-for-sale investments	**13,353**	11,851
Other financial assets	**6,108**	8,125
Time deposits and deposits placed with banks and a financial institution	**375,354**	263,375
Bank balances and cash	**107,115**	71,789
Investment property	**11,300**	8,800
Plant, equipment and machinery	**181,375**	183,904
Other receivables	**39,986**	25,270
Tax recoverable	**1,937**	1,156
Other unallocated assets *(Note 1)*	**49,324**	43,770
Consolidated total assets	**1,235,724**	1,036,196

Segment liabilities

	2010	2009
	HK$'000	*HK$'000*
Europe	**7,847**	5,606
Asia	**4,182**	3,034
America	**2,595**	4,523
Others	**385**	452
Total segment liabilities	**15,009**	13,615
Unallocated liabilities		
Trade payables and bills payables	**217,142**	155,924
Other payables and accruals	**189,791**	197,258
Secured bank loans	**8,279**	19,755
Tax payable	**38,735**	15,938
Deferred tax liabilities	**9,712**	12,161
Consolidated total liabilities	**478,668**	414,651

Note 1: Others mainly comprised of prepaid lease payments, and prepayment for acquisition of property, plant and equipment.

Other Segment Information
Year ended 31 March, 2010

	Europe *HK$'000*	**Asia** *HK$'000*	**America** *HK$'000*	**Others** *HK$'000*	**Segment total** *HK$'000*	**Unallocated assets** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets	**2,106**	**805**	**447**	**62**	**3,420**	**27,255**	**30,675**
Depreciation	**1,692**	**536**	**266**	**54**	**2,548**	**29,962**	**32,510**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(230)**	**(230)**
Write-off of property, plant and equipment	**783**	**135**	**37**	**2**	**957**	**1,317**	**2,274**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:							
Interest income on bank deposits	**–**	**–**	**–**	**–**	**–**	**401**	**401**
Interest income on debt securities	**–**	**–**	**–**	**–**	**–**	**510**	**510**

Other Segment Information
Year ended 31 March, 2009

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Unallocated assets *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets	4,887	994	1,178	298	7,357	45,916	53,273
Depreciation	3,121	852	863	147	4,983	28,057	33,040
Gain on disposal of property, plant and equipment	–	–	–	–	–	(296)	(296)
Write-off of property, plant and equipment	6,873	1,265	1,453	415	10,006	2	10,008
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	–	–	–	–	–	1,173	1,173
Interest income on debt securities	–	–	–	–	–	1,821	1,821

Information about major customers

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

	2010	2009
	HK$'000	*HK$'000*
Customer A (Europe, Asia, America and Other)	**882,647**	934,073
Customer B (Europe, Asia, America and Other)	**407,076**	422,395
Customer C (Europe, Asia, America and Other)	**208,283**	187,758

3. INVESTMENT INCOME AND OTHER GAINS (LOSSES)

	2010	2009
	HK$'000	*HK$'000*
Interest on bank deposits	**401**	1,173
Interest on debt securities	**510**	1,821
Investment income	**911**	2,994
Loss on foreign currency forward contracts	**–**	(9,390)
Net gain (loss) on disposal of available-for-sale investments	**14**	(2,733)
Net gain (loss) on financial assets designated at FVTPL	**402**	(418)
Other gains (losses)	**416**	(12,541)
Total investment income and other gains (losses)	**1,327**	(9,547)

4. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**16,988**	12,242
People's Republic of China Enterprise Income Tax	**30,353**	12,672
	47,341	24,914
Overprovision in prior years:		
Hong Kong	**(17)**	(73)
Deferred tax:		
Current year	**(2,449)**	(438)
Attributable to a change in tax rate	**–**	(460)
	(2,449)	(898)
	44,875	23,943

On 26 June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

For both years, the profit of certain subsidiaries are subject to Hong Kong Profits Tax on a 50:50 apportionment basis.

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

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

	2010	2009
	HK\$'000	*HK\$'000*
Profit before tax	**234,483**	130,881
Tax at the Hong Kong Profits Tax rate of 16.5%	**38,690**	21,595
Tax effect of expenses that are not deductible for tax purpose	**1,056**	1,569
Tax effect of income that is not taxable for tax purpose	**(1,588)**	(1,218)
Tax effect of offshore manufacturing profits on 50:50 apportionment basis	**(672)**	(1,480)
Effect of different tax rates in the PRC	**7,195**	3,084
Overprovision in respect of prior years	**(17)**	(73)
Tax effect of utilisation of tax losses previously not recognised	**131**	(356)
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**–**	(460)
Withholding tax on undistributed earnings	**1,078**	986
Others	**(998)**	296
Tax charge for the year	**44,875**	23,943

5. PROFIT FOR THE YEAR

	2010	2009
	HK\$'000	*HK\$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff salaries and allowances	**195,858**	224,717
Contributions to retirement benefits schemes, net of forfeited amount of HK\$18,000 (2009: HK\$40,000)	**8,408**	8,597
Total staff costs, including directors' emoluments	**204,266**	233,314
Depreciation for property, plant and equipment	**32,510**	33,040
Release of prepaid lease payments	**758**	686
Auditor's remuneration	**2,208**	2,090
Net foreign exchange losses	**1,262**	3,698
Gain on disposal of property, plant and equipment	**(230)**	(296)
Write-off of property, plant and equipment	**2,274**	10,008
Reversal of provision for impairment of trade receivables	**–**	(405)

6. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year		
2010 Interim dividend of HK5 cents		
(2009: 2009 interim dividend of HK2 cents) per ordinary share	**16,772**	6,709
2009 final dividend of HK12 cents		
(2009: 2008 final dividend of HK6 cents) per ordinary share	**40,252**	20,126
	57,024	26,835

A final dividend of HK18 cents (2009: HK12 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting. The final dividend will be paid on 27 August, 2010 to shareholders whose names appear on the Register of Members of the Company on 18 August, 2010.

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:

	2010	2009
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share		
(Profit for the year attributable to owners of the Company)	**189,608**	106,938

	Number of shares	
	2010	2009
	'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

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**377,407**	296,579
Bills receivable	**809**	53,639
	378,216	350,218
Other receivables	**39,986**	25,270
	418,202	375,488

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

	2010	2009
	HK$'000	*HK$'000*
0 – 90 days	**378,214**	350,071
91 – 120 days	**2**	147
	378,216	350,218

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

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$22,862,000 (2009: HK$77,672,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

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

	2010	2009
	HK$'000	*HK$'000*
0 – 90 days	**22,860**	77,525
91 – 120 days	**2**	147
Total	**22,862**	77,672

The Group has provided fully for all receivables which are over 180 days because historical experience is such that receivables are generally not recoverable.

Movement in the allowance for doubtful debts

	2010	2009
	HK$'000	*HK$'000*
At 1 April	**–**	405
Impairment losses reversed	**–**	(405)
At 31 March	**–**	–

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

9. TRADE PAYABLES AND BILLS PAYABLE

All trade payables and bills payable were aged within 90 days as at 31 March, 2010 (2009: aged within 90 days).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 12 August, 2010 to Wednesday, 18 August, 2010 both days inclusive, during which period no transfer of the Company's shares will be effected. In order to qualify for the proposed final dividend and to determine the identity of the Shareholders who are entitled to attend and vote at the annual general meeting, all share certificates with the duly completed transfer forms must be lodged with the Company's Registrars, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 11 August, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

CHAIRMAN'S STATEMENT

For the year ended 31 March, 2010, the Group's sales turnover decreased by 3% to HK$1,820,187,000 (2009: HK$1,869,529,000) and the consolidated net profit increased by 77% to HK$189,608,000 (2009: HK$106,938,000). Basic earnings per share of the Group for the year ended 31 March, 2010 was HK56.5 cents (2009: HK31.9 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK18 cents (2009: HK12 cents) per share for the year ended 31 March, 2010. Together with the interim dividend of HK5 cents per share paid in January this year, the total dividend for the year ended 31 March, 2010 will be HK23 cents per share (2009: HK14 cents) delivering a stable dividend return to our shareholders.

BUSINESS REVIEW

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

For the year under review, sales turnover dropped 3%. Although sales turnover increased in the Asian market, it was not enough to compensate for the decrease in the European and American markets. In spite of this slight drop in the sales turnover, profit margins improved due to a number of reasons. Commodity and raw material prices came crashing down from the all-time high right after the financial meltdown in September 2008. Although most commodity and raw material prices have moved up significantly at a rather steep pace since the beginning of calendar year 2009, our raw material prices improved considerably compared to the previous year on a year-to-year average basis. This benefit of improved raw material prices contributed significantly to our margins for the year under review. However, we must be aware that most raw material prices have already increased to levels close to or even higher than the all-time high levels in 2008. We continued to focus in streamlining, efficiency and productivity improvements and supply chain management. Our 6-sigma projects and lean projects were deployed with extremely satisfactory and stimulating results. Continuous improvement and lean concepts are not only on the production floor but the entire organization from top to bottom.

Our Danshui factory, one of our factories in Huizhou City, Guangdong Province, the PRC began operation in the 1980's under processing trade contract. In the rationalisation of our manufacturing facilities and capabilities, it was concluded that the potential for future development and expansion of the Danshui factory was limited in various critical aspects. In late December 2009, production in the Danshui factory was ceased. Currently, we are handling the final procedures for the termination of the processing trade contract which is expected to be completed within year 2010.

During the year under review, sales turnover decreased by 3% to HK$1,820,187,000. Our sales turnover dropped both in the Europe and America market due to weak consumer sentiments. Sales turnover to Europe decreased by 8% to HK$978,952,000 representing 53% of the Group's sales turnover. Sales turnover to America decreased by 24% to HK$272,505,000 representing 15% of the Group's sales turnover. Partly offsetting the decrease in sales turnover to the western market, sales turnover to the Asian market had increased during the year. Sales turnover to Asia increased by 29% to HK$519,758,000 representing 29% of the Group's sales turnover. Sales turnover to other markets increased by 2% to HK$48,972,000 representing 3% of the Group's sales turnover.

Gross profit for the year ended 31 March, 2010 increased to HK$374,334,000 (2009: HK$295,892,000). Gross profit margin improved to 21%.

We continue to apply stringent cost control on all aspects of our operation. Distribution costs decreased by 11% to HK$30,602,000 (2009: HK$34,213,000). As a percentage to sales turnover, distribution costs reduced from 1.8% to 1.7% compared to last year. Administration expenses decreased by 6% to HK$114,405,000 (2009: HK$122,041,000). As a percentage to sales turnover, administrative expenses reduced from 6.5% to 6.3% compared to last year.

Net Profit for the year increased by 77% to HK$189,608,000 (2009: HK$106,938,000). Net profit margin improved to 10%.

PROSPECTS

Looking ahead, we believe we must stay extremely cautious and responsive. As we have seen in the last few years, financial and economic conditions may change drastically within a very short period of time. We need to stay alert and focused to allow us to face the challenges and changes in business and economic environment.

Since the beginning of the calendar year 2010, we have seen a rebound in sales turnover which looks very encouraging to us. However, the recent sovereign debt crisis in certain EU countries has led to fiscal austerity and reduced government spending in Europe. This in turn may result in weaker consumer sentiments and spending in the Europe market. As over 50% of the Group's sales turnover is from the Europe market, this no doubt would have a negative effect on us. Although the steep depreciation of the Euro currency did not have a direct impact on our sales turnover, as our sales are invoiced in US dollar currency, a weakened Euro currency would definitely affect our European customers' purchasing decisions.

On top of this, we are once again facing all the negative factors that we experienced before the financial meltdown in September 2008. The most worrying factor is the steep increase in commodity and raw material prices. Commodity and raw material prices are already increasing at a very steep pace to levels close to or even higher than the all-time high levels in 2008. We do not expect this increase trend to ease off in the near future. As such, our gross margins would be severely affected. On top of this, the appreciation of the RMB currency, shortage in labour, rising labour costs and operating costs in the PRC are among other negative factors. In addition, we are facing shortage or much longer leadtime in raw materials, in particular electronic components. All these adverse factors would have a negative impact on our margins.

The construction of the 2 new factory blocks in the new plant in Huizhou City, Guangdong Province, the PRC was completed in June 2009. As the business environment was unpredictable at the time of the financial meltdown, we decided to slow down our pace in utilizing this new plant. The rebound in sales turnover since the beginning of the calendar year 2010 has put pressure on our existing manufacturing capacities. As such, we have resumed the plan to commence operation in the new factory by the end of 2010.

All in all, the Group remains committed to product development and product quality. We will continue to focus in cost and quality control, production efficiency, semi-automation, new product design and development and providing superior value-added service and products to our customers. We are fully aware that there will be challenges and difficulties lying ahead of us. The business environment and the global economy can be volatile and full of uncertainties. Nonetheless, with our experience, know-how, financial strength and commitment, we will tread on cautiously and continue to stay focused in our core business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March, 2010, the Group had total assets of HK$1,235,724,000 (2009: HK$1,036,196,000) which was financed by current liabilities of HK$468,404,000 (2009: HK$394,211,000), long-term liabilities and deferred taxation of HK$10,264,000 (2009: HK$20,440,000) and shareholders' equity of HK$757,056,000 (2009: HK$621,545,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March, 2010, the Group held HK$482,469,000 (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. For the year ended 31 March, 2010, the Group generated net cash inflow from operating activities of HK$249,719,000 (2009: HK$230,043,000). As at the same date, total borrowings were HK$8,279,000 (2009: HK$19,755,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) still remained low at 1% (2009: 3%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March, 2010 increased from HK$58,087,000 to HK$61,331,000. The trade receivables balance as at 31 March, 2010 increased by 8% from HK$350,218,000 to HK$378,216,000. The trade receivables turnover increased from 68 days to 75 days. The trade payables balance as at 31 March, 2010 increased by 39% from HK$155,925,000 to HK$217,142,000.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flow. For the year ended 31 March, 2010, the group invested approximately HK$31 million (2009: HK$53 million) in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets for expansion and upgrade to existing manufacturing facilities. The majority of the Group's capital expenditures were funded by internal resources except for some machinery which was funded by bank loans. The capital expenditure budget for 2010/11 is approximately HK$150 million. The sharp increase in the capital expenditure budget is mainly due to the commencement of operation at the new plant in Huizhou City, Guangdong Province, the PRC. Going forward, the requirement for capital expenditure and working capital is expected to increase in the coming years. Nonetheless, with a strong financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansions of the Group's business operations and future investment opportunities, as and when required.

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

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employs approximately 4,900 employees. The majority of our employees work in the PRC. The Group remunerated our employees based on their performances, experiences and prevailing market rates while performances bonus are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules throughout the financial year ended 31 March, 2010, 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 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, 2010.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March, 2010, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the year ended 31 March, 2010. 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, 2010 required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.allan.com.hk) in due course.

APPRECIATION

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

On behalf of the Board
Cheung Shu Wan
Managing Director

Hong Kong, 29 June, 2010

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.