ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

INTERIM RESULTS 2010/2011

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 2010 together with the comparative figures for the six months ended 30 September 2009, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

		Six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**1,156,626**	939,768
Cost of sales		**(966,737)**	(757,889)
Gross profit		**189,889**	181,879
Other income		**473**	803
Investment income, other gains and losses		**(834)**	786
Selling and distribution costs		**(18,083)**	(16,139)
Administrative expenses		**(70,646)**	(59,361)
Increase in fair value of an investment property		**9,786**	–
Interest on bank borrowings wholly repayable within five years		**(45)**	(133)
Profit before tax	*4*	**110,540**	107,835
Income tax expense	*5*	**(19,203)**	(24,499)
Profit for the period		**91,337**	83,336

	Notes	Six months ended 30 September **2010** **(Unaudited)** ***HK$'000***	2009 (Unaudited) *HK$'000*
Other comprehensive income for the period			
Exchange difference arising on translation		**3,750**	1,960
Net (loss) gain on available-for-sale investments		**(364)**	785
Other comprehensive income for the period		**3,386**	2,745
Total comprehensive income for the period		**94,723**	86,081
Earnings per share	*6*		
Basic		**HK27.23 cents**	HK24.84 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

	Notes	**30 September 2010 (Unaudited) *HK$'000***	31 March 2010 (restated) *HK$'000*
Non-current assets			
Investment property	*8*	**–**	11,300
Property, plant and equipment	*8*	**221,315**	195,436
Prepaid lease payments		**32,124**	32,086
Available-for-sale investments		**22,164**	11,731
Other financial assets		**1,500**	3,110
Prepayment for acquisition of property, plant and equipment		**20,540**	7,085
		297,643	260,748
Current assets			
Inventories		**71,592**	61,331
Trade receivables and bills receivable	*9*	**622,034**	378,216
Other receivables		**41,744**	39,986
Mould deposits paid		**8,459**	5,659
Prepaid lease payments		**748**	758
Available-for-sale investments		**3,966**	1,622
Other financial assets		**3,260**	2,998
Tax recoverable		**1,937**	1,937
Time deposits and deposits placed with banks and a financial institution		**207,594**	375,354
Bank balances and cash		**117,623**	107,115
		1,078,957	974,976
Investment property classified as held for sale	*8*	**21,086**	–
		1,100,043	974,976
Current liabilities			
Trade payables and bills payable	*10*	**338,072**	217,142
Other payables and accruals		**185,999**	189,791
Mould deposits received		**16,527**	15,009
Tax payable		**54,050**	38,735
Secured bank loans – due within one year		**2,860**	7,727
		597,508	468,404

	Notes	**30 September 2010 (Unaudited) *HK$'000***	31 March 2010 (restated) *HK$'000*
Net current assets		**502,535**	506,572
Total assets less current liabilities		**800,178**	767,320
Non-current liabilities			
Deferred tax liabilities		**8,555**	9,712
Secured bank loans – due after one year		**222**	552
		8,777	10,264
Net assets		**791,401**	757,056
Capital and reserves			
Share capital	*11*	**33,543**	33,543
Reserves		**757,858**	723,513
		791,401	757,056

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

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 property and certain financial instruments which are measured at fair values, as appropriate.

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 2010 except as described below.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the assets' (disposal group's) previous carrying amount and fair value less costs to sell.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

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

HKFRS 3 & HKAS 27 (revised)

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

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

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

Amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations issued in 2009 as part of the Improvements to HKFRSs clarifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It states the disclosure requirements of other HKFRSs do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs have specific disclosure requirement in respect of such assets (or disposal groups); or the disclosures relate to the measurement of an individual asset or assets as part of a disposal group which follows other HKFRSs and the information is not disclosed elsewhere in the financial statements.

Amendment to HKAS 17 Leases

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

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in a reclassification of prepaid lease payments with a previous carrying amount of approximately HK$9,404,000 at 1 April 2009 to property, plant and equipment that are measured under the cost model.

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

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

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

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

The changes in accounting policies described above had no effect on the Group's condensed consolidated statement of comprehensive income and basic earnings per share as disclosed in note 6.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[6]
HK (IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

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.

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 principal activities of the 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 operating segments, for the period under review:

Six months ended 30 September 2010

	Europe (Unaudited) *HK$'000*	**America (Unaudited)** *HK$'000*	**Asia (Unaudited)** *HK$'000*	**Others (Unaudited)** *HK$'000*	**Consolidated (Unaudited)** *HK$'000*
Segment revenue	**634,837**	**181,335**	**305,182**	**35,272**	**1,156,626**
Segment profit	**73,927**	**21,117**	**35,539**	**4,107**	**134,690**
Investment income, other gains and losses					**(834)**
Depreciation (except moulds)					**(14,738)**
Increase in fair value of an investment property					**9,786**
Finance costs					**(45)**
Other expenses *(Note b)*					**(18,319)**
Profit before tax					**110,540**

Six months ended 30 September 2009

	Europe (Unaudited) *HK$'000*	America (Unaudited) *HK$'000*	Asia (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000* *(Note a)*	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
Investment income, other gains and losses					786
Depreciation (except for moulds)					(13,662)
Finance costs					(133)
Other expenses *(Note b)*					(10,695)
Profit before tax					107,835

Notes:

(a) Segment revenue in others represent revenue from other destinations of the shipment of products which individually contributed less than 10% of total revenue of the Group.

(b) Other expenses represented central administration costs and directors' salaries.

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

4. PROFIT BEFORE TAX

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting) the following items:		
Interest on bank deposits	**(265)**	(254)
Interest on debt securities	**(253)**	(280)
Net gain on financial assets designated at FVTPL	**(128)**	(252)
Loss on foreign currency forward contracts	**1,480**	–
Investment income, other gains and losses	**834**	(786)
Release of prepaid lease payments	**374**	379
Depreciation on property, plant and equipment	**15,932**	15,714
Total depreciation and amortisation	**16,306**	16,093
Net exchange loss	**1,894**	921
Gain on disposal of property, plant and equipment	**(172)**	(134)

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	**14,530**	8,786
– People's Republic of China ("PRC") Enterprise Income Tax	**5,830**	15,871
	20,360	24,657
Deferred tax	**(1,157)**	(158)
	19,203	24,499

The income tax expense 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 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	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**91,337**	83,336

	Six months ended 30 September	
	2010	2009
	(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	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends paid		
2010 final dividend of HK18 cents (2009: HK12 cents for 2009 final dividend) per ordinary share	**60,378**	40,252

Subsequent to 30 September 2010, the board of directors has determined that a dividend of HK5 cents per share (2009: HK5 cents per share) shall be paid on or before 6 January 2011 to the shareholders of the Company whose names appear on the Register of Members on 17 December 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 carrying amount of approximately HK$1,507,000 (Six months ended 30 September 2009: nil) for proceeds of approximately HK$1,679,000 (Six months ended 30 September 2009: HK$134,000), resulting in a gain on disposal of approximately HK$172,000 (Six months ended 30 September 2009: HK$134,000).

In addition, the Group spent approximately HK$925,000 (Six months ended 30 September 2009: HK$1,369,000) on moulds and tools and HK$11,850,000 (Six months ended 30 September 2009: HK$3,625,000) on plant and machinery in upgrading its manufacturing capabilities. The Group also spent approximately HK$5,061,000 (Six months ended 30 September 2009: HK$1,230,000) on motor vehicles, HK$9,920,000 (Six months ended 30 September 2009: HK$3,143,000) on furniture, fixtures and equipment, HK$8,664,000 (Six months ended 30 September 2009: HK$1,112,000) on factory buildings and HK$3,353,000 (Six months ended 30 September 2009: HK$59,000) on construction in progress. Out of these additions, $7,085,000 (Six months ended 30 September 2009: nil) was transferred from prepayment for acquisition of property, plant and equipment.

On 23 August 2010, a subsidiary of the Company entered into a provisional sale and purchase agreement with an independent third party, pursuant to which the subsidiary agreed to sell the investment property for HK$21,086,000. Hence, on 30 September 2010 the investment property is classified as an non-current asset held for sale. The investment property is measured at its fair value at 30 September 2010 and its fair value, in the opinion of the directors, approximates the selling price of HK$21,086,000. The resulting increase in fair value of investment property of HK$9,786,000 (Six months ended 30 September 2009: nil) has been recognised and included in profit or loss for the six months ended 30 September 2010. The disposal was completed in October 2010.

9. TRADE RECEIVABLES AND BILLS RECEIVABLE

The Group allows an average credit period up to 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 2010 (Unaudited) ***HK$'000***	31 March 2010 (Audited) *HK$'000*
0–90 days	**621,972**	378,214
91–120 days	**62**	2
Total	**622,034**	378,216

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 2010 (Unaudited) ***HK$'000***	31 March 2010 (Audited) *HK$'000*
0–90 days	**337,872**	217,142
91–120 days	**200**	–
Total	**338,072**	217,142

11. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2010 and at 30 September 2010	600,000,000	60,000
Issued and fully paid:		
At 1 April 2010 and at 30 September 2010	335,432,520	33,543

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2010, the Group's sales turnover increased by 23% to HK$1,156,626,000 (2009: HK$939,768,000) and the consolidated net profit increased by 10% to HK$91,337,000 (2009: HK$83,336,000). Basic earnings per share of the Group for the six months ended 30 September 2010 was HK27.2 cents (2009: HK24.8 cents). The Board of Directors has resolved that an interim dividend of HK5 cents (2009: HK5 cents) per share would be paid on 6 January 2011 to shareholders registered on 17 December 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 2010, sales turnover increased across all the markets due to the recovery of global economy. However, we had to operate under severe business conditions. Sharp rise in commodity and raw material costs and labour costs together with rising operating costs and appreciation of Renminbi had caused profit margins to be squeezed. To mitigate the effect of these adverse factors, we continue to focus in stringent cost control, semi-automation, streamlining, efficiency and productivity improvements and supply chain management.

For the six months ended 30 September 2010, sales turnover increased by 23% to HK$1,156,626,000. Sales turnover to Europe increased by 24% to HK$634,837,000 representing 55% of the Group's sales turnover. Sales turnover to Asia increased by 17% to HK$305,182,000 representing 26% of the Group's sales turnover. Sales turnover to America increased by 28% to HK$181,335,000 representing 16% of the Group's sales turnover. Sales turnover to other markets increased by 39% to HK$35,272,000 representing 3% of the Group's sales turnover.

Gross profit for the six months ended 30 September 2010 increased by 4% to HK$189,889,000 (2009: HK$181,879,000). Gross profit margin deteriorated by 3 percentage points to 16%.

We continue to apply stringent cost control on all aspects of our operation. Distribution costs increased by 12% to HK$18,083,000 (2009: HK$16,139,000). As a percentage to sales turnover, distribution costs reduced from 1.7% to 1.6% compared to corresponding period last year. Administration expenses increased by 19% to HK$70,646,000 (2009: HK$59,361,000). As a percentage to sales turnover, administrative expenses reduced from 6.3% to 6.1% compared to corresponding period last year.

On 23 August 2010, A wholly-owned subsidiary of the Group signed a provisional sales & purchase agreement in which an industrial unit located in Quarry Bay, Hong Kong, previously held as an investment property, was agreed to be sold at a consideration of HK$21,086,000. The resulting increase in fair value of this property of HK$9,786,000 was recognised in the profit and loss for the six month ended 30 September 2010. The transaction was subsequently completed in October 2010.

Net Profit for the year increased by 10% to HK$91,337,000 (2009: HK$83,336,000). Net profit margin decrease from 9% to 8% compared to corresponding period last year. However, if the increase in fair value of investment property of HK$9,786,000 was excluded, the net profit would have decreased by 2% from HK$83,336,000 to 81,551,000 and net profit margin would have decreased from 9% to 7%.

PROSPECTS

The Group remains cautiously optimistic in the business and economic environment. We believe that the adverse factors we are currently facing, such as rising commodity and raw material costs, rising labour costs and operating costs and appreciation in Renminbi, would not ease off in the near future. However, with our experience, dedication and strong financial position, we have confidence that we would be able to meet the challenges and difficulties ahead. We would continue to work relentlessly to seek improvements in efficiency and quality both in our products and our service to our customers. We would continue to deploy 6-sigma and lean concepts not only on production shop floor but throughout the entire organization. Our research & development and engineering capabilities remain as one of our main focus and strength, enabling us to work closely with our customers to bring about innovative and high value-added products.

The two new factory blocks in the new plant in Huizhou City, Guangdong Province, the PRC are expected to commence operation in February 2011. The increase in manufacturing capacity would allow us to realign the manufacturing resources so as to achieve improvements in utilization and rationalization of products in the existing plant and the new plant.

On 1 November 2010, New Prestige Investments Limited, a wholly-owned subsidiary of the Group, entered into a Provisional Agreement for the acquisition of the whole of 9th Floor of AXA Centre plus 2 parking spaces for a consideration of HK$153,700,000. The transaction is expected to be completed on or before 8 April 2011. The consideration will be funded by internal resources and banking facility. The property is located in Wanchai, Hong Kong and is currently leased to third parties. It is currently the intention that, upon completion of the acquisition, the Group shall continue to lease out the Property for rental income. After expiration of the existing tenancies and depending on the then market circumstances, the Group shall either continue to lease the whole or part of the Property for investment purpose or to use the whole or part of the Property by itself.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2010, the Group had total assets of HK$1,397,686,000 (31 March 2010: HK$1,235,724,000) which was financed by current liabilities of HK$597,508,000 (31 March 2010: HK$468,404,000), long-term liabilities and deferred taxation of HK$8,777,000 (31 March 2010: HK$10,264,000) and shareholders' equity of HK$791,401,000 (31 March 2010: HK$757,056,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 30 September 2010, the Group held HK$325,217,000 (31 March 2010: HK$482,469,000) in cash and bank deposits. They were mainly placed in US dollar and Renminbi short term deposits, except for temporary balances held in other currencies as required pending specific payments. As at the same date, total borrowings were HK$3,082,000 (31 March 2010: HK$8,279,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) still remained low at less than 1% (31 March 2010: 1%).

The inventory balance as at 30 September 2010 increased to HK$71,592,000 (31 March 2010: HK$61,331,000). The increase in inventory level was in line with the increase in sales turnover. The trade receivables balance as at 30 September 2010 increased to HK$622,034,000 (31 March 2010: HK$378,216,000). The trade receivables turnover increased to 98 days compared to 94 days in the corresponding period last year. The trade payables balance as at 30 September 2010 increased to HK$338,072,000 (31 March 2010: HK$217,142,000).

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 six months ended 30 September 2010, the group invested approximately HK$40 million (2009: HK$11 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. Going forward, the requirement for capital expenditure and working capital is expected to increase in this year and the coming years due to the commencement of operation at the new plant in Huizhou City, Guangdong Province, the PRC. 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.

CONTINGENT LIABILITIES

As at 30 September 2010, the Group did not have any significant contingent liability.

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employs approximately 5,100 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 15 December 2010 to 17 December 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 14 December 2010 in order to qualify for the interim dividend above mentioned.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2010, 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 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 18 August 2010. The Chairmen will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent them from doing so.

COMPLIANCE WITH 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 2010. 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, 29 November 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.