ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

INTERIM RESULTS 2008/2009

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 2008 together with the comparative figures for the six months ended 30 September 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		Six months ended 30 September	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**990,948**	725,282
Cost of sales		**(846,703)**	(609,382)
Gross profit		**144,245**	115,900
Other income		**1,469**	550
Net investment (loss) income		**(8,171)**	3,552
Distribution costs		**(18,069)**	(16,015)
Administrative expenses		**(54,881)**	(56,269)
Finance costs		**(494)**	(409)
Profit before tax	4	**64,099**	47,309
Income tax expense	5	**(9,250)**	(5,671)
Profit for the period		**54,849**	41,638
Dividends paid	6		
2008 final dividend of HK6 cents			
(2007: HK7 cents for 2007 final dividend) per ordinary share		**20,126**	23,480
Earnings per share	7		
Basic		**HK16.35 cents**	HK12.41 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2008

	Notes	30 September 2008 (Unaudited) HK$'000	31 March 2008 (Audited) HK$'000
Non-current assets			
Investment property	8	**9,500**	9,500
Property, plant and equipment	8	**187,548**	179,702
Prepaid lease payments		**42,574**	42,392
Available-for-sale investments		**49,622**	55,731
Other financial assets		**4,337**	5,463
Prepayment for the acquisition of property, plant and equipment		**214**	435
		293,795	293,223
Current assets			
Inventories		**144,824**	132,902
Available-for-sale investments		**3,424**	3,898
Trade receivables and bills receivable	9	**480,351**	290,023
Other receivables		**17,023**	20,910
Mould deposits paid		**10,196**	6,496
Prepaid lease payments		**801**	746
Tax recoverable		**2,510**	4,479
Other financial assets		**3,789**	562
Time deposits and money placed with a financial institution		**30,810**	91,791
Bank balances and cash		**84,753**	71,430
		778,481	623,237

	Notes	**30 September 2008 (Unaudited)** *HK$'000*	31 March 2008 (Audited) *HK$'000*
Current liabilities			
Trade payables and bills payable	*10*	**254,065**	162,110
Other payables and accruals		**162,911**	148,245
Mould deposits received		**18,532**	14,375
Tax payable		**9,329**	3,687
Other financial liabilities		–	963
Secured bank loans – due within one year		**25,281**	13,439
		470,118	342,819
Net current assets		**308,363**	280,418
		602,158	573,641
Capital and reserves			
Share capital	*11*	33,543	33,543
Reserves		**543,791**	507,284
		577,334	540,827
Non-current liabilities			
Deferred tax liabilities		**11,653**	13,059
Secured bank loans-due after one year		**13,171**	19,755
		24,824	32,814
		602,158	573,641

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

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 2008.

In the current interim period, the Group has applied, for the first time, the following amendments and new interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1st April, 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[2]
HKFRSs (Amendments)	Improvements to HKFRSs[5]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the 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

Geographical segments

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

Six months ended 30 September 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 result	**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**

Six months ended 30 September 2007

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

4. PROFIT BEFORE TAX

	Six months ended 30 September **2008** **(Unaudited)** ***HK$'000***	2007 (Unaudited) *HK$'000*
Profit before tax has been arrived at after charging (crediting) the following items:		
Interest income	**(1,652)**	(3,426)
Net gain on disposal of available-for-sale investments	**(5)**	(78)
Net loss (gain) on foreign currency forward contracts	**9,390**	(48)
Net loss on financial assets designated at fair value through profit or loss	**438**	–
Net investment loss (income)	**8,171**	(3,552)
Amortisation of prepaid lease payments	**401**	343
Depreciation on property, plant and equipment	**17,160**	20,663
Total depreciation and amortisation	**17,561**	21,006
Net exchange loss	**1,817**	2,315
(Gain) loss on disposal of property, plant and equipment	**(273)**	1,769

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
– Hong Kong Profits Tax calculated at 16.5% (2007: 17.5%) on the estimated assessable profit (Note)	**7,915**	3,805
– Income tax in other regions of the People's Republic of China calculated at prevailing rates	**2,740**	1,345
	10,655	5,150
Deferred tax	**(1,405)**	521
	9,250	5,671

Note: On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008/2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30 September 2008.

6. DIVIDENDS

On 10 September 2008, a dividend of HK6 cents per share (2007: HK7 cents per share) was paid to the shareholders as the final dividend for the financial year ended 31 March 2008 (2007: for the financial year ended 31 March 2007).

Subsequent to 30 September 2008, the board of directors have determined that a dividend of HK2 cents per share (2007: HK4 cents per share) shall be paid on or before 6 February 2009 to the shareholders of the Company whose names appear on the Register of Members on 7 January 2009 as interim dividend for the current financial year.

7. EARNINGS PER SHARE

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

	Six months ended 30 September 2008 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*
Earnings for the purpose of basic earnings per share	**54,849**	41,638

	Six months ended 30 September 2008 (Unaudited) Number of shares	2007 (Unaudited) Number of shares
Number of ordinary shares for the purpose of basic earnings per share	**335,432,520**	335,432,520

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

During the period, the Group disposed of certain property, plant and equipment with a carrying amount of approximately HK$2,488,000 for proceeds of approximately HK$2,761,000 , resulting in a gain on disposal of approximately HK$273,000 .

In addition, the Group spent approximately HK$643,000 on moulds and tools and HK$3,166,000 on plant and machinery in upgrading its manufacturing capabilities. The Group also spent approximately HK$2,792,000 on motor vehicles, HK$4,230,000 on furniture, fixtures and equipment, and HK$20,108,000 on construction in progress.

At 30 September 2008, the directors considered the carrying amount of the Group's investment property do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no fair value change has been recognised in the current period.

9 TRADE RECEIVABLES AND BILLS RECEIVABLE

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

	30 September 2008 (Unaudited) *HK$'000*	31 March 2008 (Audited) HK$'000
0-90 days	**480,348**	287,700
91-120 days	**3**	2,323
	480,351	290,023

10 TRADE PAYABLES AND BILLS PAYABLE

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

	30 September 2008 (Unaudited) *HK$'000*	31 March 2008 (Audited) HK$'000
0-90 days	**253,783**	162,110
91-120 days	**282**	-
	254,065	162,110

11 SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2008 and at 30 September 2008	600,000,000	60,000
Issued and fully paid:		
At 1 April 2008 and at 30 September 2008	335,432,520	33,543

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2008, the Group's sales turnover increased by 36% to HK$990,948,000 (2007: HK$725,282,000) and the consolidated net profit increased by 32% to HK$54,849,000 (2007: HK$41,638,000). Basic earnings per share of the Group for the six months ended 30 September 2008 was HK16.35 cents (2007: HK12.41 cents). Although the results for the six months under review had been satisfactory, in view of the uncertain economic outlook, global financial crisis and credit crunch, it is of utmost importance for the Group to preserve our cash reserve and maintain a high level of liquidity. Accordingly, the Board of Directors has resolved that an interim dividend of HK2 cents (2007: HK4 cents) per share to be paid on 6 February 2009 to shareholders registered on 7 January 2009.

For the period under review, sales turnover continued to be strong. Sales turnover increased in all major markets. Sales turnover to Europe increased by 41% to HK$566,368,000 representing 57% of the Group's turnover. Turnover to America increased by 35% to HK$178,954,000 representing 18% of the Group's turnover. Turnover to Asia increased by 29% to HK$218,254,000 representing 22% of the Group's turnover. Turnover to other markets increased by 19% to HK$27,372,000 representing 3% of the Group's turnover.

Gross profit increased by 24% to HK$144,245,000 (2007: HK$115,900,000). Gross profit margin decreased by 1.5 percentage point to 14.6%. During the period, we continued to operate under adverse factors such as the appreciation of RMB, the weakening of USD, the surge in energy and material prices, the rising labour costs and operating costs in the PRC and the unstable supply of electricity in the PRC. To counter the effect of all these unfavorable factors, we reviewed the selling prices with our customers and had selectively increased the selling prices in some of the low margin items. We also focused in stringent cost control and productivity improvements to mitigate the negative effect of the adverse factors on gross profit margin.

Distribution costs improved from 2.2% to 1.8% as a percentage to sales turnover. Distribution costs increased by 13% to HK$18,069,000 (2007: HK$16,015,000). Administration expenses improved from 7.8% to 5.5% as a percentage to sales turnover due to stringent cost control and economy of scale. Administration expenses decreased slightly to HK$54,881,000 (2007: HK$56,269,000).

During the period under review, the Group had incurred a net investment loss of HK$8,171,000. The loss had been incurred due to, as disclosed previously in the annual report for the year ended 31 March 2008, a loss of HK$9,390,000 arising from structured foreign currency forward contracts.

Net profit for the period increased to HK$54,849,000 (2007: HK$41,638,000). Net profit margin was maintained at 6% to sales turnover.

Prospects

Although the results for the first six months of the current financial year has seen some improvement, the future outlook is uncertain and difficult to gauge. The sub-prime mortgage problem in the United States has escalated and has proliferated to a much greater magnitude which triggered the global financial meltdown and credit crunch. The economic outlook is uncertain and is expected to be turbulent for an extended period of time. The consumer market is expected to decline which would no doubt affect our business. We strongly believe the industry would go through a process of survival of the fittest with a consolidation towards manufacturers with strong financial strength, economy of scale and flexibility.

The recent correction of commodity prices and raw material costs and the easing of the rate of RMB appreciation has given us a little bit more breathing room. On top of this, the PRC has recently announced a series of measures and reliefs to support and help enterprises.

To stay afloat in the current turbulent and difficult business environment, the Group will continue to take a cautious approach and closely monitor the market developments. Currently, the Group is implementing the following approaches:

- To gain financial strength by focusing on preserving cash reserves and maintaining a high level of liquidity

- To review selling prices with customers to reflect the recent correction in material prices

- To review our supply chain and work closely with our suppliers to avoid unnecessary interruption in material supply

- To continue to concentrate in stringent cost and quality control, productivity improvement and efficiency and product design and development

The construction of 2 new factory blocks of the new plant in Huizhou city, Guangdong province is expected to be completed in mid 2009. However, in view of the current uncertainty in the global economy and market condition, the plan of utilizing the new plant would be delayed until we have a clearer picture of the business outlook.

Liquidity and Financial Resources

As at 30 September 2008, the Group had total assets of HK$1,072,276,000 (31 March 2008: HK$916,460,000) which was financed by current liabilities of HK$470,118,000 (31 March 2008: HK$342,819,000), long-term liabilities and deferred taxation of HK$24,824,000 (31 March 2008: HK$32,814,000) and shareholders' equity of HK$577,334,000 (31 March 2008: HK$540,827,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 30 September 2008, the Group held HK$115,563,000 (31 March 2008: HK$163,221,000) 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$38,452,000 (31 March 2008: HK$33,194,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) still remained low at 7% (31 March 2008: 6%).

The Group's inventory balance as at 30 September 2008 was HK$144,824,000 (31 March 2008: HK$132,902,000). The trade receivables balance as at 30 September 2008 was HK$480,351,000 (31 March 2008: HK$290,023,000). We will continue to apply a prudent credit policy and closely monitor credit terms granted to our customers. The trade payables balance as at 30 September 2008 was HK$254,065,000 (31 March 2008: HK$162,110,000).

The funding for day-to-day operational working capital and capital expenditures are serviced by internal resources and bank facilities. For the six months ended 30 September 2008, the group invested approximately HK$30,939,000 (2007: HK$49,969,000) in construction of new factory, plant and machinery, moulds and tools, equipment and other tangible assets for expansion and upgrade to existing manufacturing facilities.

As at 30 September 2008, the unused balance of credit facilities from our major bankers for loans and trade financing was approximately HK$108 million. As such, with a strong financial position and available banking facilities, the Group is confident to be 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. During the period under review, to reduce the risk arising from fluctuations in foreign currency exchange rates, the Group had used structured foreign exchange forward contracts to hedge against major currency exposures during the year. As disclosed in the annual report for the year ended 31 March 2008, a loss of HK$9,390,000 was incurred on the structured foreign currency forward contracts. Currently the Group does not have any outstanding structured foreign exchange forward contracts.

CONTINGENT LIABILITIES

As at 30 September 2008, the Group did not have any significant contingent liability.

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employs approximately 4,800 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 5 January 2009 to 7 January 2009, 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 2 January 2009 in order to qualify for the interim dividend above mentioned.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2008, 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 2008, 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 25 August 2008. 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 2008. The Committee now comprises three independent non-executive directors of the Company.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk (the "HKEx website") and the Company's website at http://www.allan.com.hk.

The Company's interim report containing all information required by the Listing Rules will also be available for viewing on the HKEx website and the Company's website, and dispatched to shareholders in due course.

APPRECIATION

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

On behalf of the Board
Cheung Shu Wan
Managing Director

Hong Kong, 19 December 2008

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.