ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2008

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, 2008 together with the comparative figures for the year ended 31 March, 2007, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March, 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	2	**1,547,825**	1,072,144
Cost of sales		**(1,344,202)**	(887,004)
Gross profit		**203,623**	185,140
Other income		**1,007**	5,273
Net investment income	3	**11,276**	6,012
Selling and distribution expenses		**(33,445)**	(27,056)
Administrative expenses		**(111,612)**	(88,742)
Increase in fair value of an investment property		**4,960**	—
Interest on bank borrowings wholly repayable within five years		**(1,052)**	(916)
Profit before tax		**74,757**	79,711
Income tax expense	4	**(9,885)**	(10,616)
Profit for the year	5	**64,872**	69,095
Dividends paid	6		
2008 interim dividend of HK4 cents (2007: HK3 cents) per ordinary share		**13,417**	10,063
2007 final dividend of HK7 cents (2006: HK6 cents) per ordinary share		**23,480**	20,126
		36,897	30,189
Earnings per share	7		
Basic		**HK19.3 cents**	HK20.6 cents

CONSOLIDATED BALANCE SHEET

AT 31 March, 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment property		**9,500**	4,540
Property, plant and equipment		**179,702**	126,180
Prepaid lease payments		**42,392**	40,395
Available-for-sale investments		**55,731**	46,446
Other financial assets		**5,463**	—
Prepayment for acquisition of property, plant and equipment		**435**	182
		293,223	217,743
Current assets			
Inventories		**132,902**	104,010
Available-for-sale investments		**3,898**	4,807
Trade receivables and bills receivable	*8*	**290,023**	188,242
Other receivables	*8*	**20,910**	8,294
Mould deposits paid		**6,496**	8,585
Prepaid lease payments		**746**	549
Tax recoverable		**4,479**	251
Other financial assets		**562**	654
Time deposits and deposits placed with a financial institution		**91,791**	92,148
Bank balances and cash		**71,430**	83,199
		623,237	490,739
Current liabilities			
Trade payables and bills payable	*9*	**162,110**	102,928
Other payables and accruals		**148,245**	65,665
Mould deposits received		**14,375**	12,950
Tax payable		**3,687**	4,973
Other financial liabilities		**963**	1,053
Secured bank loans — due within one year		**13,439**	6,771
		342,819	194,340
Net current assets		**280,418**	296,399
		573,641	514,142
Capital and reserves			
Share capital		**33,543**	33,543
Reserves		**507,284**	460,189
		540,827	493,732
Non-current liabilities			
Deferred tax liabilities		**13,059**	13,593
Secured bank loans — due after one year		**19,755**	6,817
		32,814	20,410
		573,641	514,142

Notes:

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

In the current year, the Company has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Company's financial year beginning 1 April, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — INT 8	Scope of HKFRS 2
HK(IFRIC) — INT 9	Reassessment of Embedded Derivatives
HK(IFRIC) — INT 10	Interim Financial Reporting and Impairment
HK(IFRIC) — INT 11	HKFRS 2 — Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Company has not early applied the following new and revised standards 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]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — INT 12	Service Concession Arrangements[3]
HK(IFRIC) — INT 13	Customer Loyalty Programmes[4]
HK(IFRIC) — INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[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 January, 2008
[4] Effective for annual periods beginning on or after 1 July, 2008

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 or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

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.

The following is an analysis of the Group's revenues and results by geographical market, irrespective of the origin of the goods:

Consolidated Income Statement
Year ended 31 March, 2008

	Europe *HK$'000*	**America** *HK$'000*	**Asia** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
Revenue	**897,473**	**266,145**	**342,372**	**41,835**	**1,547,825**
Segment result	**58,564**	**17,962**	**22,855**	**2,912**	**102,293**
Net investment income					**11,276**
Increase in fair value of investment property					**4,960**
Finance Costs					**(1,052)**
Unallocated corporate expenses					**(42,720)**
Profit before tax					**74,757**
Income tax expense					**(9,885)**
Profit for the year					**64,872**

Consolidated Balance Sheet
At 31 March, 2008

	Europe *HK$'000*	**America** *HK$'000*	**Asia** *HK$'000*	**Others** *HK$'000*	**Consolidated** *HK$'000*
ASSETS					
Segment assets	**279,810**	**82,956**	**74,279**	**14,305**	**451,350**
Unallocated corporate assets					**465,110**
Consolidated total assets					**916,460**
LIABILITIES					
Segment liabilities	**108,655**	**36,598**	**25,648**	**5,584**	**176,485**
Unallocated corporate liabilities					**199,148**
Consolidated total liabilities					**375,633**

Other Information
Year ended 31 March, 2008

	Europe	**America**	**Asia**	**Others**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Capital additions	**7,393**	**1,373**	**1,785**	**317**	**83,344**	**94,212**
Depreciation	**10,469**	**2,379**	**2,759**	**437**	**24,221**	**40,265**
Write-off of property, plant and equipment	**1,254**	**157**	**243**	**60**	**29**	**1,743**

Consolidated Income Statement
Year ended 31 March, 2007

	Europe	America	Asia	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	619,662	194,882	221,961	35,639	1,072,144
Segment result	65,665	18,606	23,979	3,611	111,861
Net investment income					6,012
Finance costs					(916)
Unallocated corporate expenses					(37,246)
Profit before tax					79,711
Income tax expense					(10,616)
Profit for the year					69,095

Consolidated Balance Sheet
At 31 March, 2007

	Europe	America	Asia	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	203,180	49,726	65,663	13,159	331,728
Unallocated corporate assets					376,754
Consolidated total assets					708,482
LIABILITIES					
Segment liabilities	68,448	21,724	19,686	4,737	114,595
Unallocated corporate liabilities					100,155
Consolidated total liabilities					214,750

Other Information
Year ended 31 March, 2007

	Europe *HK$'000*	America *HK$'000*	Asia *HK$'000*	Others *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Capital additions	11,520	2,041	2,051	839	20,684	37,135
Depreciation	8,024	3,248	2,432	414	20,548	34,666
Write-off of property, plant and equipment	1,650	3,071	423	149	—	5,293

Substantially all of the carrying amount of segment assets and additions to property, plant and equipment, for both years were located or utilised in the PRC including Hong Kong.

Business segments

No analysis of financial information by business segment is presented as all the Group's revenue and trading results are generated from the manufacture and sale of household electrical appliances representing the sole business segment of the Group.

3. NET INVESTMENT INCOME

	2008 ***HK$'000***	2007 *HK$'000*
Interest on bank deposits	**4,693**	5,146
Interest on debt securities	**1,347**	1,235
Net gain on foreign currency forward contracts	**5,142**	130
Net gain (loss) on redemption of available-for-sale investments	**78**	(499)
Net gain on financial assets designated at FVTPL upon initial recognition	**16**	—
	11,276	6,012

4. INCOME TAX EXPENSE

	2008 *HK$'000*	2007 *HK$'000*
The charge comprises:		
Hong Kong Profits Tax calculated at 17.5% on the estimated assessable profits		
Current year	**6,222**	9,186
Underprovision in prior years	**143**	21
	6,365	9,207
The PRC enterprise income tax calculated at the prevailing rate		
Current year	**4,054**	2,273
Underprovision in prior years	**—**	23
	4,054	2,296
Deferred tax	**(534)**	(887)
	9,885	10,616

Hong Kong Profit Tax is calculated at 17.5% on the assessable profit for both years. On 25 June, 2008, the reduction in Hong Kong Profits Tax rate from 17.5% to 16.5% was approved by the Legislative Council. The Directors anticipate that there is no significant impact on the Group's results and financial position.

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

The Group's subsidiaries operating in the PRC are eligible for certain tax holiday and concessions as an export oriented enterprise. Under the tax holiday, certain Group's PRC subsidiaries are exempt from foreign enterprise income tax for two years starting from its first profit-making year, followed by a 50% reduction for the next three years. Under the new Enterprise Income Tax Law starting from 1 January, 2008, the 50% tax reduction incentive provided to export oriented enterprise has been removed. Starting from 2008, the statutory enterprise income tax rate of these subsidiaries would be 25%.

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

	2008	2007
	HK$'000	*HK$'000*
Profit before tax	**74,757**	79,711
Tax at the Hong Kong Profits Tax rate of 17.5%	**13,082**	13,949
Tax effect of income that is not taxable for tax purpose	**(839)**	(1,303)
Tax effect of expenses that are not deductible for tax purpose	**833**	646
Tax effect of tax losses not recognised	**—**	852
Tax effect of offshore manufacturing profits on 50/50 apportionment basis	**(2,190)**	(2,994)
Effect of different tax rates in the PRC	**(346)**	(654)
Underprovision in prior years	**143**	44
Utilisation of tax losses previously not recognised	**(643)**	—
Others	**(155)**	76
Tax charge for the year	**9,885**	10,616

5. PROFIT FOR THE YEAR

	2008	2007
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff salaries and allowances	**208,015**	140,499
Contributions to retirement benefits schemes, net of forfeited amount of HK$38,000 (2007: HK$69,000)	**18,382**	7,741
Total staff costs, including directors' emoluments	**226,397**	148,240
Release of prepaid lease payments	**716**	549
Auditor's remuneration	**2,080**	1,757
Depreciation of property, plant and equipment	**40,265**	34,666
Loss (gain) on disposal of property, plant and equipment	**2,203**	(91)
Write-off of property, plant and equipment	**1,743**	5,293
Net foreign exchange losses (gains)	**4,092**	(3,909)

6. DIVIDENDS

A final dividend of HK6 cents (2007: HK7 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the Annual General Meeting.

The final dividend will be paid on 10 September, 2008 to shareholders whose names appear on the Register of Members of the Company on 25 August, 2008.

7. EARNINGS PER SHARE

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

	2008	2007
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**64,872**	69,095

	Number of shares	
	2008	2007
	'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

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**215,692**	134,864
Bills receivable	**74,736**	53,560
Less: allowance for doubtful debts	**(405)**	(182)
	290,023	188,242
Other receivables	**20,910**	8,294
	310,933	196,536

The Group maintains defined credit policies of generally up to 90 days. The following is an aged analysis of trade receivables and bills receivable net of allowance for doubtful debts at the reporting date:

	2008	2007
	HK$'000	*HK$'000*
0 — 90 days	**287,700**	188,242
91 — 120 days	**2,323**	—
	290,023	188,242

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 to determine the recoverability of a trade receivable. In the opinion of Directors, the trade and bill receivables that are not past due nor impaired were of good credit quality at the balance sheet date.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$31,800,000 (2007: HK$20,788,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a 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:

	2008	2007
	HK$'000	*HK$'000*
0 — 90 days	**29,477**	20,788
91 — 120 days	**2,323**	—
	31,800	20,788

The Company 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

	2008	2007
	HK$'000	*HK$'000*
Balance at beginning of the year	**182**	411
Write back of impairment losses recognised on receivables	**—**	(229)
Impairment losses recognised on receivables	**223**	—
Balance at end of the year	**405**	182

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$224,000 which have delinquent in payments. The Company does not hold any collateral over these balances.

The Group does not hold any collateral over other receivables. The Group has not provided for impairment loss as the directors assessed that the balance 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 for both years.

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 19 August, 2008 to 25 August, 2008, both days inclusive, during which period no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 18 August, 2008 in order to qualify for the final dividend above mentioned.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March, 2008, the Group's sales turnover increased by 44% to HK$1,547,825,000 (2007: HK$1,072,144,000) and the consolidated net profit decreased by 6% to HK$64,872,000 (2007: HK$69,095,000). Basic earnings per share of the Group for the year ended 31 March, 2008 was HK19.3 cents (2007: HK20.6 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK6 cents (2007: HK7 cents) per share for the year ended 31 March, 2008. Together with the interim dividend of HK4 cents per share paid in January this year, the total dividend for the year ended 31 March, 2008 will be HK10 cents per share (2007: HK10 cents). The dividend payout ratio for the year ended 31 March, 2008 is 52% (2007: 49%) which is consistent with our dividend policy delivering a stable dividend return to our shareholders.

BUSINESS REVIEW

The Group manufactures a wide range of household electrical appliances. During the year under review, turnover increased by 44% over the previous reporting period to HK$1,547,825,000 as a result of increased turnover mainly from its existing customers. Geographically, turnover to Europe increased by 45% to HK$897,473,000 representing 58% of the Group's turnover. Turnover to America increased by 37% to HK$266,145,000 representing 17% of the Group's turnover. Turnover to Asia increased by 54% to HK$342,372,000 representing 22% of the Group's turnover. Turnover to other markets increased by 17% to HK$41,835,000 representing 3% of the Group's turnover.

During the year under review, we operated under enormous and escalating difficulties. 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, the unstable supply of electricity in the PRC had worsened at a remarkably quick pace. The new Labour Contract Law which came into effect on 1 January, 2008 in the PRC has further increased our burden on the wages and welfare contributions for our employees in PRC. On top of these, the reduction in the VAT export refund and the widening of scope of restricted commodity for processing trade in the PRC put further pressure on our operating costs. All these unfavorable factors eroded our margins significantly.

Gross profit for the year ended 31 March, 2008 increased to HK$203,623,000 (2007: HK$185,140,000). Gross profit margin fell 4 percentage points from 17% to 13%. The drop in gross margin was mainly due to the unfavorable business factors mentioned above.

We continue to apply stringent cost control on all aspects of our operation. Distribution costs increased by 24% to HK$33,445,000 (2007: HK$27,056,000). As a percentage to turnover, distribution costs reduced from 2.5% to 2.2% compared to last year. Administration expenses increased by 26% to HK$111,612,000 (2007: HK$88,742,000). As a percentage to turnover, administrative expenses reduced from 8.3% to 7.2% compared to last year.

Other income decreased from HK$5,273,000 last year to HK$1,007,000 due to an amount of HK$3,909,000 exchange gain booked last year. Interest expenses increased from HK$916,000 to HK$1,052,000 due to increase in bank loan for machineries.

Net investment income for the year ended 31 March, 2008 was HK$11,276,000 due to increase in net gain on foreign currency forward contracts.

Net profit for the year decreased by 6% to HK$64,872,000 (2007: HK$69,095,000). Net profit margin decrease by 2 percentage points from 6% to 4%. However, if the net investment income and revaluation increase of investment property of HK$16,236,000 (2007: HK$6,012,000) were excluded, the net profit margin would have dropped from 6% to 3%.

The Group actively promotes corporate social responsibility and has been awarded the "Caring Company" logo by the Hong Kong Council of Social Services in February 2008.

PROSPECTS

Looking ahead, the business environment is expected to be even more challenging and difficult. The operating difficulties such as high energy and material prices, rising production costs in the PRC, rising labour rates in the PRC, shortage of skilled labour and strengthening of the Renminbi currency would still exist.

Oil price was around US$100 at the beginning of April 2008 and has now reached US$145 a barrel. In April 2008, minimum wages in Huizhou increased more than 10% from RMB600 to RMB670 per month. Electricity supply was tight after the unfortunate snowstorm and earthquake disasters in the PRC. Starting January 2008, each of our factories had to put up with one electricity blackout days every week. Effective 1 July, 2008, the electricity tariffs and diesel prices in the PRC were raised. Renminbi already appreciated 7% since January 2008. CPI inflation in the PRC stays at high levels during the first half of 2008. Aluminium and copper prices already increased over 30% since the beginning of 2008. The US sub-prime mortgage crisis, which affects the global economy and customer sentiments, has worsened in recent months and its full extent is still uncertain. In light of all these unfavorable conditions, we would strive on and 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 believe these are the key factors that have differentiated us from other manufacturers.

The construction of the new plant in Huizhou city, Guangdong province commenced in February 2008. The progress of the construction had been delayed due to the unstable weather and heavy rainfall in the months of June and July this year. We expect the construction of the 2 new factory blocks will be completed in early 2009.

In early 2008, the Group embarked upon setting up a six-sigma team to improve operational efficiency, streamline operation flows, improve product quality and achieve cost reductions. Although this is still in its early stage, we believe this would bring in innovative thinking and benefits to all aspects in our Group. We have full confidence and will commit totally to the project.

Allan Technology (Huizhou) Co., Ltd., a subsidiary of the Group, has been granted China National Accreditation Service for Conformity Assessment (CNAS) accredited laboratory status in April 2008. CNAS is the national accreditation body of China responsible for the accreditation of certification bodies, laboratories and inspection bodies. CNAS is established under the approval of the Certification and Accreditation Administration of the People's Republic of China (CNCA) and authorized by CNCA in accordance with the *Regulations of the People's Republic of China on Certification and Accreditation*. This certification reflects our total commitment to our business and will be instrumental in our future technology developments.

All in all, the Group remains committed to product development and product quality. We are fully aware that we may be facing unprecedented challenges and difficulties lying ahead of us. The business environment and the global economy are 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, 2008, the Group had total assets of HK$916,460,000 (2007: HK$708,482,000) which was financed by current liabilities of HK$342,819,000 (2007: HK$194,340,000), long-term liabilities and deferred taxation of HK$32,814,000 (2007: HK$20,410,000) and shareholders' equity of HK$540,827,000 (2007: HK$493,732,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March, 2008, the Group held HK$163,221,000 (2007: HK$175,347,000) in cash and bank deposits. They were mainly placed in US dollar short term deposits, except for temporary balances held in such non-US currencies as required pending specific payments. For the year ended 31 March, 2008, the Group generated net cash inflow from operating activities of HK$90,398,000 (2007: HK$78,279,000). As at the same date, total borrowings were HK$33,194,000 (2007: HK$13,588,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) still remained low at 6% (2007: 3%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March, 2008 increased 28% from HK$104,010,000 to HK$132,902,000. The inventory turnover improved from 35 days to 31 days. The trade receivables balance as at 31 March, 2008 increased 54% from HK$188,242,000 to HK$290,023,000. The trade receivables turnover increased from 64 days to 68 days. The trade payables balance as at 31 March, 2008 increased 57% from HK$102,928,000 to HK$162,110,000.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flow. With the expansion plans and the move towards semi-automation in manufacturing, we are entering into a major new investment cycle. For the year ended 31 March, 2008, the group invested approximately HK$94,212,000 (2007: HK$37,135,000) in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets, including HK$20,756,000 spent on the construction of the new plant. The majority of the Group's capital expenditures were funded by internal resources except for some machinery which was funded by bank loans. The CAPEX budget for the 2008/09 is approximately HK$100 million. Upon completion of the new plant, further CAPEX would be employed for the new plant's machineries and equipment. As such, the requirement of capital expenditure is going to increase in this year and the coming few 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. 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 at 31 March, 2008, there were three structured foreign currency forward contracts at open position. However, due to subsequent volatile market conditions, these three contracts resulted in a net realized loss of HK$9,390,000 at their expiry in July 2008. Currently the Group does not have any outstanding structured foreign exchange forward contracts.

EMPLOYEE AND REMUNERATION POLICIES

Currently, the Group employs approximately 5,000 employees. The majority of our employees work in the PRC. The Group remunerates 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, 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 should attend the annual general meeting.

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

COMPLIANCE WITH 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 of 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, 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March, 2008, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

AUDIT COMMITTEE

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, 2008. 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, 2008 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.hkex.com.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, 18 July, 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.