ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

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 2006 together with the comparative figures for the year ended 31 March 2005, as follows:–

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2006

	NOTES	**2006** *HK$'000*	2005 *HK$'000* (Restated)
Revenue	*3*	**819,986**	793,435
Cost of sales		**(673,067)**	(654,350)
Gross profit		**146,919**	139,085
Other income		**2,436**	2,062
Net investment income	*4*	**4,994**	5,703
Distribution costs		**(22,179)**	(25,022)
Administrative expenses		**(89,402)**	(80,971)
Increase in fair value of an investment property		**1,790**	–
Finance costs	*5*	**(932)**	(474)
Profit before tax		**43,626**	40,383
Income tax expense	*6*	**(6,487)**	(4,792)
Profit for the year	*7*	**37,139**	35,591
Dividends paid	*8*	**26,835**	26,835
Earnings per share	*9*		
Basic		**11.1 cents**	10.6 cents

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2006

	NOTES	**2006** **HK$'000**	2005 HK$'000 (Restated)
Non-current assets			
Investment property		**4,540**	2,750
Property, plant and equipment		**129,137**	131,743
Prepaid lease payments		**20,579**	20,852
Available-for-sale investments		**43,434**	–
Investment in securities		**–**	57,019
Deposits paid for the acquisition of property, plant and equipment		**926**	8,946
		198,616	221,310
Current assets			
Inventories		**66,679**	68,469
Available-for-sale investments		**1,556**	–
Investment in securities		**–**	11,700
Trade receivables and bills receivable	*11*	**143,337**	121,236
Other receivables		**2,562**	3,141
Mould deposits paid		**10,031**	8,856
Prepaid lease payments		**273**	273
Loan receivable – due within one year	*12*	**–**	669
Tax recoverable		**1,444**	1,023
Time deposits and money fund held for investment		**135,242**	83,819
Bank balances and cash		**51,918**	87,774
		413,042	386,960
Current liabilities			
Trade payables and bills payable	*13*	**74,107**	84,676
Other payables		**35,830**	35,231
Mould deposits received		**13,995**	9,973
Tax payable		**3,034**	1,948
Secured bank loans – due within one year		**5,846**	2,824
		132,812	134,652
Net current assets		**280,230**	252,308
		478,846	473,618
Capital and reserves			
Share Capital		**33,543**	33,543
Reserves		**420,840**	417,936
		454,383	451,479
Non-current liabilities			
Deferred taxation		**14,480**	16,118
Secured bank loans – due after one year		**9,983**	6,021
		24,463	22,139
		478,846	473,618

Notes:

1. **APPLICATION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES**

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

(a) Business Combinations

In the current year, the Group has applied HKFRS 3 "Business Combinations", which is effective from business combinations for which the agreement date is on or after 1 January 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in income statement in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1 April 2001 was held in reserves. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised all negative goodwill as at 1 April 2005, with a corresponding increase to the Group's retained profits (see Note 2 for the financial impact).

(b) Financial Instruments

In the current year, the Group has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 March 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profits or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 April 2005 onwards, the Group has classified and measured its debt securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profits or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition (see Note 2 for the financial impact).

(c) Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 Leases. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see Note 2 for the financial impact).

(d) Investment Properties

In the current year, the Group has, for the first time, applied HKAS 40 Investment Property. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise. In previous years, investment properties under the predecessor Standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 April 2005 onwards. The amount held in the investment property revaluation reserve at 1 April 2005 has been transferred to the Group's accumulated profits (see Note 2 for the financial impact).

(e) Deferred Taxes related to Investment Properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 Income Taxes-Recovery of Revalued Non-Depreciable Assets which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively. Comparative figures for 2004 have been restated (see Note 2 for the financial impact).

2. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The cumulative effects of the application of new HKFRSs on 31 March 2005 and 1 April 2005 are summarised below:

	As at 31 March 2005 (as originally stated)	Retrospective adjustments HKAS 17	Retrospective adjustments HK(SIC) INT 21	As at 31 March 2005 (as restated)	Adjustments on 1 April 2005 HKFRS 3	Adjustments on 1 April 2005 HKAS 39	Adjustments on 1 April 2005 HKAS 40	As at 1 April 2005 (as restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1c)	*(Note 1e)*		*(Note 1a)*	*(Note 1b)*	*(Note 1d)*	
Balance sheet items								
Investment property	2,750	–	–	2,750	–	–	–	2,750
Property, plant and equipment	151,414	(19,671)	–	131,743	–	–	–	131,743
Prepaid lease payments	–	21,125	–	21,125	–	–	–	21,125
Available-for-sale investments	–	–	–	–	–	62,987	–	62,987
Investments in securities	68,719	–	–	68,719	–	(68,719)	–	–
Deferred tax liabilities	(15,750)	–	(368)	(16,118)	–	–	–	(16,118)
Other assets and liabilities	243,260	–	–	243,260	–	–	–	243,260
Total effects on assets and liabilities	450,393	1,454	(368)	451,479	–	(5,732)	–	445,747
Share capital	33,543	–	–	33,543	–	–	–	33,543
Capital reserve	114	–	–	114	(114)	–	–	–
Investment revaluation reserve	496	–	–	496	–	(5,732)	–	(5,236)
Investment property revaluation reserve	2,105	–	(368)	1,737	–	–	(1,737)	–
Accumulated profits	283,332	1,454	–	284,786	114	–	1,737	286,637
Other reserves	130,803	–	–	130,803	–	–	–	130,803
Total effects on equity	450,393	1,454	(368)	451,479	–	(5,732)	–	445,747

The effects of the changes in the accounting policies described in Note 1 on the results for the current and prior year are as follows:

	HKAS 17	HKAS 40	HK(SIC)-INT 21	Total effect
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1c)	*(Note 1d)*	*(Note 1e)*	
For the year ended 31 March 2006				
Increase in amortisation of prepaid lease payments	(273)	–	–	(273)
Decrease in depreciation	539	–	–	539
Increase in fair value of an investment property	–	1,790	–	1,790
Increase in deferred tax liabilities on revaluation of an investment property	–	–	(313)	(313)
(Decrease) increase in profit for the year	266	1,790	(313)	1,743

	HKAS 17	HK (SIC) INT 21	Total Effect
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1c)	*(Note 1e)*	
For the year ended 31 March 2005			
Decrease in depreciation	539	–	539
Increase in amortisation of prepaid lease payments	(273)	–	(273)
Increase in deferred tax liabilities on revaluation of an investment property	–	(24)	(24)
Increase in profit for the year	266	(24)	242

The effects of the changes in the accounting policies described in Note 1 by line items for the current and prior year are as follows:

	HKAS 17	HKAS 40	HK(SIC)-INT 21	Total effect
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1c)	*(Note 1d)*	*(Note 1e)*	
For the year ended 31 March 2006				
Decrease in administrative expenses	266	–	–	266
Increase in fair value of an investment property	–	1,790	–	1,790
Increase in income tax expense	–	–	(313)	(313)
(Decrease) increase in profit for the year	266	1,790	(313)	1,743

	HKAS 17	HK (SIC) INT 21	Total Effect
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1c)	*(Note 1e)*	
For the year ended 31 March 2005			
Decrease in administrative expenses	266	–	266
Increase in income tax expenses	–	(24)	(24)
Increase in profit for the year	266	(24)	242

The financial effects of the application of new HKFRSs to the Group's equity at 1 April 2004 are summarised below:

	As originally stated	HKAS 17	HK(SIC)-INT 21	As restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 1c)	*(Note 1e)*	
Share capital	33,543	–	–	33,543
Investment property revaluation reserve	1,965	–	(344)	1,621
Accumulated profits	274,842	1,188	–	276,030
Other reserves	131,213	–	–	131,213
Total effects on equity	441,563	1,188	(344)	442,407

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions[2]
HKAS 39 (Amendment)	The Fair Value Option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts[2]
HKFRS 6	Exploration for and Evaluation of Mineral Resources[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HK (IFRIC)-Int 4	Determining whether an Arrangement Contains a Lease[2]
HK (IFRIC)-Int 5	Rights to Interests Arising from Decommissing, Restoration And Environmental Rehabilitation Funds[2]
HK (IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment[3]
HK (IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK (IFRIC)-Int 8	Scope of HKFRS 2[5]
HK (IFRIC)-Int 9	Reassessment of Embedded Derivatives[6]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2006
[3] Effective for annual periods beginning on or after 1 December 2005
[4] Effective for annual periods beginning on or after 1 March 2006
[5] Effective for annual periods beginning on or after 1 May 2006
[6] Effective for annual periods beginning on or after 1 June 2006

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Revenue

Revenue represents the amounts received and receivable for goods sold, less returns and allowances, by the Group during the year.

Geographical segments

For management purposes, the Group is currently organised into four 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 sales by geographical market, irrespective of the origin of the goods:

INCOME STATEMENT
Year ended 31 March 2006

	Europe	America	Asia	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	427,724	200,127	169,767	22,368	819,986
SEGMENT RESULT	21,778	6,066	9,094	836	37,774
FINANCE COSTS					(932)
NET INVESTMENT INCOME					4,994
INCREASE IN FAIR VALUE OF AN INVESTMENT PROPERTY					1,790
PROFIT BEFORE TAX					43,626
INCOME TAX EXPENSE					(6,487)
PROFIT FOR THE YEAR					37,139

BALANCE SHEET
At 31 March 2006

	Europe	America	Asia	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	141,234	42,500	60,949	8,389	253,072
Unallocated corporate assets					358,586
Consolidated total assets					611,658
LIABILITIES					
Segment liabilities	47,798	19,155	17,886	3,263	88,102
Unallocated corporate liabilities					69,173
Consolidated total liabilities					157,275

OTHER INFORMATION
Year ended 31 March 2006

	Europe	America	Asia	Others	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	12,208	5,217	3,779	300	22,702	44,206
Amortisation and depreciation	7,968	6,814	2,338	341	24,984	42,445
Write-off property, plant and equipment	1,808	2,224	521	86	–	4,639

INCOME STATEMENT
Year ended 31 March 2005

	Europe	America	Asia	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Restated)
REVENUE	381,568	230,828	160,019	21,020	793,435
SEGMENT RESULT	20,065	7,001	7,452	636	35,154
FINANCE COSTS					(474)
NET INVESTMENT INCOME					5,703
PROFIT BEFORE TAX					40,383
INCOME TAX EXPENSE					(4,792)
PROFIT FOR THE YEAR					35,591

BALANCE SHEET
At 31 March 2005

	Europe	America	Asia	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Restated)
ASSETS					
Segment assets	119,955	53,250	50,731	6,858	230,794
Unallocated corporate assets					377,476
Consolidated total assets					608,270
LIABILITIES					
Segment liabilities	49,114	22,894	19,725	2,916	94,649
Unallocated corporate liabilities					62,142
Consolidated total liabilities					156,791

OTHER INFORMATION
Year ended 31 March 2005

	Europe	America	Asia	Others	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
						(Restated)
Capital additions	4,866	3,735	1,875	273	13,294	24,043
Amortisation and depreciation	5,732	7,829	1,761	304	25,423	41,049
Write-off property, plant and equipment	1,248	1,411	509	97	–	3,265

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)
Hong Kong	**365,431**	409,916	**1,265**	1,750
People's Republic of China (other than Hong Kong) ("PRC")	**246,227**	198,354	**42,941**	22,293
	611,658	608,270	**44,206**	24,043

Business segment

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 products which represents the sole business segment of the Group.

4. NET INVESTMENT INCOME

	2006	2005
	HK$'000	*HK$'000*
Interest on bank deposits	**3,810**	2,048
Interest on debt securities	**902**	3,658
Net realised gain (loss) on redemption of available-for-sale investments/investment in securities	**282**	(3)
	4,994	5,703

5. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**932**	471
Finance lease charges	**–**	3
	932	474

6. INCOME TAX EXPENSES

	2006 HK$'000	2005 HK$'000 (Restated)
The charge comprises:		
Hong Kong Profits Tax calculated at 17.5% on the estimated assessable profits		
Current year	**5,551**	5,342
Underprovision in prior years	**13**	203
	5,564	5,545
PRC enterprise income tax calculated at the prevailing rates		
Current year	**1,934**	1,353
Underprovision in prior years	**627**	–
	2,561	1,353
Deferred taxation	**(1,638)**	(2,106)
	6,487	4,792

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

Pursuant to the relevant laws and regulations in the People's Republic of China (the PRC), the Group's PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

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

	2006 HK$'000	2005 HK$'000 (Restated)
Profit before tax	**43,626**	40,383
Tax at the Hong Kong Profits Tax rate of 17.5%	**7,635**	7,067
Tax effect of income that is not taxable in determining taxable profit	**(868)**	(765)
Tax effect of expenses that are not deductible in determining taxable profit	**509**	165
Tax effect of tax losses not recognised	**136**	202
Income tax on concessionary rate	**(2,428)**	(2,876)
Effect of different tax rates of operations in PRC	**799**	716
Underprovision in prior years	**640**	203
Others	**64**	80
Tax charge for the year	**6,487**	4,792

7. PROFIT FOR THE YEAR

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Profit for the year has been arrived at after charging (crediting):		
Staff salaries and allowances	**107,019**	99,238
Contributions to retirement benefits schemes, net of forfeited amount of HK$57,000 (2005: HK$213,000)	**2,626**	2,987
Total staff costs, including directors' remuneration	**109,645**	102,225
Amortisation of prepaid lease payments	**273**	273
Auditors' remuneration	**1,768**	1,634
Depreciation of property, plant and equipment	**42,172**	40,776
Gain on disposal of property, plant and equipment	**(202)**	(688)
Write-off of property, plant and equipment	**4,639**	3,265
Gain on disposal of available-for-sale investments	**(282)**	–
Loss on disposal of investment in securities	**–**	3
Net foreign exchange losses (gains)	**2,114**	(280)

8. DIVIDENDS PAID

	2006	2005
	HK$'000	*HK$'000*
2006 Interim-dividend paid of HK2 cents (2005: HK2 cents) per share	**6,709**	6,709
2005 final-dividend paid of HK6 cents (2004: HK6 cents) per share	**20,126**	20,126
	26,835	26,835

On 19 July 2006, the directors propose that final dividend of HK6 cents per share will be paid to shareholders. This dividend is subject to approval by shareholders at Annual General Meeting. The proposed dividend for 2006 is payable to all shareholders whose names are on the Register of Members as at 18 August 2006.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit of HK$37,139,000 (2005 (restated): HK$35,591,000) and 335,432,520 shares in issue.

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

The following table summarises the impact on basic earnings per share as a result of:

	2006	2005
	cents	cents
Figures before adjustments	**11.0**	10.5
Adjustments arising from changes in accounting policies *(See Note 2)*	**0.1**	0.1
Reported restated	**11.1**	10.6

10. CHANGES OF ACCOUNTING ESTIMATES

In previous years, moulds were depreciated at 20% per annum. With effect from 1 April 2005, new moulds are to be depreciated at $33^1/_3\%$ per annum, which reflects the Group's previous experience of the useful lives of moulds. This change in depreciation rate has increased the depreciation charge for the year by approximately HK$2,867,000.

11. TRADE RECEIVABLES AND BILLS RECEIVABLE/OTHER RECEIVABLES

	2006	2005
	HK$'000	*HK$'000*
Trade receivables	**111,091**	111,124
Bills receivables	**32,246**	10,112
	143,337	121,236
Other receivables	**2,562**	3,141
	145,899	124,377

The Group maintains defined credit policies of generally up to 90 days. The following is an aged analysis of trade receivables at the reporting date:

	2006	2005
	HK$'000	*HK$'000*
0 – 90 days	**108,530**	111,124
91 – 120 days	**2,561**	–
	111,091	111,124

The fair value of the Group's trade receivables and bills receivables and other receivables at 31 March 2006 was approximate to the corresponding carrying amounts.

12. LOAN RECEIVABLE

	2006	2005
	HK$'000	*HK$'000*
Loan receivable	**–**	669
Less: Amount due within one year shown under current assets	**–**	669
Amount due after one year	**–**	–

The loan receivable was unsecured and carried interest at 8% per annum. The loan receivable had been fully repaid during the year.

13. TRADE PAYABLES AND BILLS PAYABLE/OTHER PAYABLES

All trade payables and bills payable at the balance sheet date were aged within 90 days for both years. The fair value of the Group's trade payables and bills payable and other payables at 31 March 2006 approximate to the corresponding carrying amounts.

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 15 August 2006 to 18 August 2006, 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, Standard Registrars Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 14 August 2006 in order to qualify for the final dividend above mentioned.

CHAIRMAN'S STATEMENT

For the year ended 31 March 2006, the Group's sales turnover increased by 3% to HK$819,986,000 (2005: HK$793,435,000) and the consolidated net profit amounted to HK$37,139,000 (2005 restated: HK$35,591,000). Basic earnings per share of the Group for the year ended 31 March 2006 was HK11.1 cents (2005 restated: HK10.6 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK6 cents (2005: HK6 cents) per share for the year ended 31 March 2006. Together with the interim dividend of HK2 cents per share paid in January this year, the total dividend for the year ended 31 March 2006 will be HK8 cents per share (2005: HK8 cents).

BUSINESS REVIEW

This year continues to be a difficult and challenging year for the Group. The escalation in oil prices and raw material cost coupled with the increase in minimum wage requirement and operating cost in the PRC affected our operating margin. However, due to highly competitive market conditions, we were only able to pass on part of the cost increase to our customers. To counteract this, we focused on cost reduction efforts and improvements in throughput and work-flow efficiency relentlessly. With the collective efforts of all levels within the Group, we managed to sustain the net profit margin at the previous year's level at 4.5%.

The Group manufactures a wide range of household electrical appliances. Geographically, turnover to Europe increased by 12% to HK$427,724,000 representing 52% of the Group's turnover. Turnover to America decreased by 13% to HK$200,127,000 representing 24% of the Group's turnover. Turnover to Asia increased by 6% to HK$169,767,000 representing 21% of the Group's turnover. Turnover to other markets increased by 6% to HK$22,368,000 representing 3% of the Group's turnover.

Gross profit margin was maintained at 18%. During the year, increase in raw material cost, labour cost and electricity cost put significant pressure on the profit margin. Prices for raw material stayed at high levels and continued to increase. We worked very hard with customers on alternate sourcing of materials to mitigate the effect on raw material cost increase. The increase in minimum wage in PRC in year 2005 instantly put pressure on our margin. Work-flow efficiency and throughput improvements were implemented. For several years, the Group has realized the need to shift towards semi-automation in order to reduce the reliance on intensive labour. As such, the Group would continue to invest in machineries and equipments in order to move in this direction. During the year 2005, each of our factories had to face two days of electricity power cut every week. We have managed to cope with the situation by re-shuffling the working hours and generating our own electricity.

After tax net profit remained at 4.5%. Distribution costs were kept at 3% of turnover while administrative expenses have increased by 1 percentage point to 11% of turnover. The increase in administrative expenses was mainly due to the increase in staff costs and the increase in pension and social insurance obligation for PRC employees. We believe that in order to pave the way for future advancement and development, we must invest in our employees who are our most valuable asset.

In July 2005, we have set up a new section for the manufacture of electric kettles using a fully-automated injection moulding facility with 2K (two-component) injection moulding machines, robotic arms and automatic-feeding system. The result has been good and our customers are impressed by our dedication and efforts.

PROSPECTS

Looking forward, we believe that the overall business environment would continue to be very tough and competitive. As an electrical appliance manufacturer with over 20 years experience, we would continue our focus on developing and designing superior electrical appliances and providing superior service to all our customers.

Since the beginning of 2006, the problem of labour shortage and electricity shortage seems to have eased off in the region of Huizhou where all our factories are located. Since January 2006, Huizhou government has made arrangements for corporations to purchase electricity on the two power-out days at a premium price. We estimated that the premium that we have to pay would be around 5% of our electricity cost which is lower than the cost if we were to use our own electricity generator.

To cater for future expansion of our manufacturing base, a wholly owned subsidiary of the Group has acquired 2 parcels of land in Huizhou, PRC. Currently, all our factories are located within Huizhou. Upon choosing the site for future expansion, we have considered more remote regions in PRC which offer attractiveness such as lower minimum wage requirement and cheaper electricity costs. However, after careful consideration, we believe Huizhou is still strategically more preferable in terms of logistics, infrastructure support and long-term relationship. At the present moment, the Group is working on the expansion plans. As it is extremely difficult to forecast the business and economic environment, we would take a very pragmatic approach and expand our manufacturing capabilities in several stages.

The Group is committed to the health and welfare of our employees. Back in 1996, we promoted anti-smoking and made all our offices and factories in both Hong Kong and PRC smoke-free. Beginning 1 April 2006, we changed to 5-day work week for all employees in Hong Kong and PRC. We believe this change in working hours can improve our employees' social and family life and improve in the overall morale and hence bring about positive impact to the Group.

The Group is also committed to protection of the environment. We adhere stringently to all legal requirements and regulations on environmental protection. In 2006, we embarked on the attainment of ISO14001 Environmental Management System accreditation. Currently, we are improving our air filter and waste water filter systems in our factories. Our target is to attain the accreditation by the end of this calendar year.

All in all, the Group remains committed to product development and product quality. We strongly believe in product excellence and would continue to focus on improving the techniques and know-how in manufacturing the different categories of electrical products.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2006, the Group had total assets of HK$611,658,000 (2005 restated: HK$608,270,000) which was financed by current liabilities of HK$132,812,000 (2005: HK$134,652,000), long-term liabilities and deferred taxation of HK$24,463,000 (2005 restated: HK$22,139,000) and shareholders' equity of HK$454,383,000 (2005 restated: HK$451,479,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2006, the Group held HK$187,160,000 (2005: HK$171,593,000) 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 2006, the Group generated net cash inflow from operating activities of HK$50,341,000 (2005: HK$75,051,000). As at 31 March 2006, total borrowings were HK$15,829,000 (2005: HK$8,845,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) remained low at 3% (2005 restated: 2%).

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 anticipate that the future requirement of capital expenditure would increase in 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.

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars and Renminbi. The Group does not foresee any substantial exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is currently not considered. However, we will closely monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

CAPITAL EXPENDITURES

For the year ended 31 March 2006, the Group invested HK$44,206,000 (2005: HK$24,043,000) in plant and machinery, equipment, computer systems and other tangible assets. The majority of these capital expenditure were funded by internal resources except for some machinery which was funded by bank loans.

PLEDGE OF ASSETS

The Group has pledged certain prepaid lease payments and buildings having a net book value of approximately HK$9,313,000 (2005 (restated): HK$9,323,000) and HK$440,000 (2005 (restated) HK$574,000) respectively, to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2006, the Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2006, the Group employed approximately 4,200 employees. The majority of our employees work in the PRC. The Group remunerated our employees based on their performances, experiences and prevailing market rates while performances bonus are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules throughout the financial year ended 31 March 2006, 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, on 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 2 September 2005. 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 MODEL CODE
The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the financial year ended 31 March 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES
During the year ended 31 March 2006, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

REVIEW OF AUDITED FINANCIAL STATEMENT
The Audit Committee of the Company has reviewed the audited financial statements of the Group for the year ended 31 March 2006. The figures in respect of this announcement have been compared by the Company's auditors to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE

A detailed results announcement of the Group for the year ended 31 March 2006 containing all information required by paragraph 45(1) to 45(3) of Appendix 16 of the Listing Rules of the Stock Exchange of Hong Kong Limited, will be published on the website of the Stock Exchange 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 July 2006

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.

Please also refer to the published version of this announcement in The Standard.