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## ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

#### 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 2012 together with the comparative figures for the year ended 31 March 2011, as follows:

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

|  | Notes | 2012<br>HK\$'000 | 2011<br>HK\$'000<br>(Restated) |
|--|-------|------------------|--------------------------------|
| Revenue  | 2     | 2,416,920        | 2,220,511                      |
| Cost of sales  |       | (2,105,080)      | (1,853,944)                    |
| Gross profit   |       | 311,840          | 366,567                        |
| Other income   |       | 6,717            | 5,197                          |
| Other gains and losses   | 3     | (7,970)          | (1,948)                        |
| Selling and distribution expenses  |       | (37,743)         | (35,297)                       |
| Administrative expenses  |       | (137,671)        | (144,394)                      |
| Increase in fair value of an investment property                                   |       | 20,747           | 9,565                          |
| Interest on bank borrowings  |       | (2,469)          | (59)                           |
| Profit before tax  |       | 153,451          | 199,631                        |
| Income tax expense   | 4     | (26,314)         | (38,400)                       |
| Profit for the year attributable to owners<br>of the Company                       | 5     | 127,137          | 161,231                        |
| <b>Other comprehensive income</b>  |       |                  |                                |
| Gain on revaluation of prepaid lease payments                                      |       | 17,638           | –                              |
| Deferred tax liability arising on gain on<br>revaluation of prepaid lease payments |       | (5,346)          | –                              |
| Exchange differences arising on translation  |       | 9,666            | 8,897                          |
| Net adjustments on available-for-sale investments                                  |       | (597)            | 149                            |
| Other comprehensive income for the year,<br>net of income tax                      |       | 21,361           | 9,046                          |
| Total comprehensive income for the year  |       | 148,498          | 170,277                        |
| Earnings per share   | 7     |                  |                                |
| Basic  |       | HK37.9 cents     | HK48.1 cents                   |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

|  | <i>Notes</i> | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i><br>(Restated) |
|--|--------------|--------------------------------|-------------------------|---------------------------------------|
| Non-current assets   |              |                                |                         |                                       |
| Investment properties  |              | <b>210,989</b>                 | –                       | 11,300                                |
| Property, plant and equipment  |              | <b>406,419</b>                 | 247,345                 | 195,436                               |
| Prepaid lease payments   |              | <b>28,185</b>                  | 32,319                  | 32,086                                |
| Club debentures  |              | <b>13,866</b>                  | 13,866                  | 3,836                                 |
| Available-for-sale investments   |              | <b>8,561</b>                   | 8,776                   | 7,895                                 |
| Other financial assets   |              | <b>6,565</b>                   | 4,841                   | 3,110                                 |
| Deposits paid for acquisition of property,<br>plant and equipment          |              | <b>10,135</b>                  | 56,221                  | 7,085                                 |
| Deposits paid for acquisition of<br>an investment property                 |              | –                              | 23,057                  | –                                     |
|  |              | <b>684,720</b>                 | 386,425                 | 260,748                               |
| Current assets   |              |                                |                         |                                       |
| Inventories  |              | <b>93,781</b>                  | 87,414                  | 61,331                                |
| Trade receivables and bills receivable                                     | 8            | <b>509,353</b>                 | 516,672                 | 378,216                               |
| Other receivables  | 8            | <b>107,334</b>                 | 58,407                  | 39,986                                |
| Mould deposits paid  |              | <b>22,245</b>                  | 10,143                  | 5,659                                 |
| Prepaid lease payments   |              | <b>693</b>                     | 754                     | 758                                   |
| Available-for-sale investments   |              | –                              | 2,364                   | 1,622                                 |
| Other financial assets   |              | <b>1,513</b>                   | –                       | 2,998                                 |
| Tax recoverable  |              | <b>2,210</b>                   | 1,577                   | 1,937                                 |
| Time deposits and deposits placed<br>with banks and financial institutions |              | <b>169,683</b>                 | 212,094                 | 375,354                               |
| Bank balances and cash   |              | <b>188,700</b>                 | 104,340                 | 107,115                               |
|  |              | <b>1,095,512</b>               | 993,765                 | 974,976                               |
| Current liabilities  |              |                                |                         |                                       |
| Trade payables and bills payable   | 9            | <b>384,420</b>                 | 252,133                 | 217,142                               |
| Other payables and accruals  |              | <b>182,108</b>                 | 196,067                 | 189,791                               |
| Mould deposits received  |              | <b>35,094</b>                  | 24,764                  | 15,009                                |
| Tax payable  |              | <b>41,251</b>                  | 45,084                  | 38,735                                |
| Secured bank loans<br>– due within one year                                |              | <b>33,779</b>                  | 552                     | 7,727                                 |
|  |              | <b>676,652</b>                 | 518,600                 | 468,404                               |
| Net current assets   |              | <b>418,860</b>                 | 475,165                 | 506,572                               |
| Total assets less current liabilities                                      |              | <b>1,103,580</b>               | 861,590                 | 767,320                               |

|                          | <i>Notes</i> | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> | 2010<br><i>HK\$'000</i><br>(Restated) |
|--------------------------|--------------|--------------------------------|-------------------------|---------------------------------------|
| Non-current liabilities  |              |                                |                         |                                       |
| Deferred tax liabilities |              | <b>16,185</b>                  | 9,649                   | 7,954                                 |
| Secured bank loans       |              |                                |                         |                                       |
| – due after one year     |              | <b>145,657</b>                 | –                       | 552                                   |
|                          |              | <b>161,842</b>                 | 9,649                   | 8,506                                 |
| Net assets               |              | <b>941,738</b>                 | 851,941                 | 758,814                               |
| Capital and reserves     |              |                                |                         |                                       |
| Share capital            |              | <b>33,543</b>                  | 33,543                  | 33,543                                |
| Reserves                 |              | <b>908,195</b>                 | 818,398                 | 725,271                               |
|                          |              | <b>941,738</b>                 | 851,941                 | 758,814                               |

*Notes:*

#### 1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

##### **New and revised Standards and Interpretations applied in current year**

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

|                                  |   |
|----------------------------------|---|
| Amendments to HKFRSs             | Improvements to HKFRSs issued in 2010                       |
| HKAS 24 (as revised in 2009)     | Related Party Disclosures                                   |
| Amendments to HKAS 12            | Deferred Tax – Recovery of Underlying Assets                |
| Amendments to HK(IFRIC) – Int 14 | Prepayments of a Minimum Funding Requirement                |
| HK(IFRIC) – Int 19               | Extinguishing Financial Liabilities with Equity Instruments |

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The Group has applied in the current year amendments to HKAS 12 titled “Deferred Tax: Recovery of underlying assets” in advance of their effective date (which are effective for the Group’s annual period beginning on 1 April 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment property” are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. On the application of the amendments to HKAS 12, the directors have not rebutted the presumption set out in the amendments to HKAS 12. The directors reviewed the Group’s investment property portfolios and concluded that none of the Group’s investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. As a result, the Group’s investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred taxes in respect of such properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the tax consequences follow from the manner in which the entity expects to recover the carrying amount of an asset.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group’s deferred tax liabilities being decreased by HK\$1,758,000 as at 1 April 2010 with the corresponding adjustment being recognised in retained earnings. In addition, the application has resulted in the Group’s income tax expense for the year ended 31 March 2011 being increased by HK\$1,758,000 and profit for the year ended 31 March 2011 being reduced by HK\$1,758,000.

For the year ended 31 March 2012, the application of the amendments has resulted in the Group’s income tax expense being reduced by HK\$3,423,000, profit for the year ended 31 March 2012 being increased by HK\$3,423,000 and other comprehensive income for the year ended 31 March 2012 being reduced by HK\$4,468,000.

The effect of change in accounting policy described above on the results and financial positions of the Group for the current and prior years by line items is as follows:

|  | <b>For the year ended</b> |                |
|--|---------------------------|----------------|
|  | <b>31.3.2012</b>          | 31.3.2011      |
|  | <b>HK\$’000</b>           | HK\$’000       |
| Decrease (increase) in taxation charge recognised in profit or loss  | <u>3,423</u>              | <u>(1,758)</u> |
| Increase (decrease) in profit for the period                         | <b>3,423</b>              | (1,758)        |
| Increase in taxation charge recognised in other comprehensive income | <u>(4,468)</u>            | <u>–</u>       |
| Decrease in profit and total comprehensive income for the period     | <u><b>(1,045)</b></u>     | <u>(1,758)</u> |
| Increase in deferred tax liabilities and total effects on net assets | <u><b>(1,045)</b></u>     | <u>–</u>       |
| Decrease in property revaluation reserve                             | <b>(4,468)</b>            | –              |
| Increase in retained profits   | <u>3,423</u>              | <u>–</u>       |
| Total effects on equity  | <u><b>(1,045)</b></u>     | <u>–</u>       |

The effect of change in accounting policy described above on the financial position of the Group as at 1 April 2010 is as follows:

|   | <b>As at<br/>01.04.2010<br/>(Original stated)<br/>HK\$'000</b> | <b>Adjustment<br/>HK\$'000</b> | <b>As at<br/>01.04.2010<br/>(Restated)<br/>HK\$'000</b> |
|---|--|--------------------------------|---|
| Deferred tax liabilities                  | 9,712  | (1,758)                        | 7,954   |
| Total effects on net assets               | 757,056  | 1,758                          | 758,814   |
| Retained profits, total effects on equity | 536,257  | 1,758                          | 538,015   |

The effect of changes in accounting policies described above on basic earnings per share is as follows:

|  | <b>For the year ended</b>      |                                |
|--|--------------------------------|--------------------------------|
|  | <b>31.03.2012<br/>HK cents</b> | <b>31.03.2011<br/>HK cents</b> |
| Basic earnings per share before adjustment | 36.9                           | 48.6                           |
| Application of amendments to HKAS 12       | 1.0                            | (0.5)                          |
| Reported basic earnings per share          | 37.9                           | 48.1                           |

#### **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

|   |   |
|---|---|
| Amendments to HKFRSs<br>Amendments to HKFRS 7   | Annual Improvements to HKFRSs 2009-2011 Cycle <sup>1</sup><br>Disclosures – Transfers of Financial Assets <sup>2</sup><br>Disclosures – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>  |
| HKFRS 9<br>Amendments to HKFRS 7 and HKFRS 9  | Financial Instruments <sup>3</sup><br>Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>   |
| HKFRS 10<br>HKFRS 11<br>HKFRS 12<br>HKFRS 13  | Consolidated Financial Statements <sup>1</sup><br>Joint Arrangements <sup>1</sup><br>Disclosure of Interests in Other Entities <sup>1</sup><br>Fair Value Measurement <sup>1</sup>  |
| Amendments to HKAS 1<br>HKAS 19 (as revised in 2011)<br>HKAS 27 (as revised in 2011)<br>HKAS 28 (as revised in 2011)<br>Amendments to HKAS 32<br>HK(IFRIC) – Int 20 | Presentation of Items of Other Comprehensive Income <sup>4</sup><br>Employee Benefits <sup>1</sup><br>Separate Financial Statements <sup>1</sup><br>Investments in Associates and Joint Ventures <sup>1</sup><br>Offsetting Financial Assets and Financial Liabilities <sup>5</sup><br>Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2014

## ***HKFRS 9 Financial Instruments***

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2015. Based on the analysis of the Group's financial assets and financial liabilities as at 31 March 2012, the adoption of HKFRS 9 will affect the classification of the Group's available-for-sale investments and is not likely to have significant impact on the amounts of the Group's other financial assets and financial liabilities. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

## ***New and revised Standards on consolidation, joint arrangements, associates and disclosures***

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013. The application of these five standards is not likely to have significant impact on amounts reported in the consolidated financial statements.

#### ***Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group's annual period beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

#### ***HKFRS 13 Fair Value Measurement***

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 April 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2013 and that the application of the new Standard is not likely to have material impact to the amounts reported in the consolidated financial statements but result in more extensive disclosures in the consolidated financial statements.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

## **2. SEGMENT INFORMATION**

Information reported to the Company's executive directors (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on types of goods delivered and services rendered.

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

## Segment Revenues and Results

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

### Year ended 31 March 2012

|   | Europe<br>HK\$'000 | Asia<br>HK\$'000 | America<br>HK\$'000 | Others<br>HK\$'000<br>(Note a) | Consolidated<br>HK\$'000 |
|---|--------------------|------------------|---------------------|--------------------------------|--------------------------|
| Segment revenue                                   | <u>1,281,429</u>   | <u>658,332</u>   | <u>356,780</u>      | <u>120,379</u>                 | <u>2,416,920</u>         |
| Segment profit                                    | <u>108,863</u>     | <u>55,928</u>    | <u>30,310</u>       | <u>10,227</u>                  | 205,328                  |
| Other gains and losses (except net exchange loss) |                    |                  |                     |                                | (107)                    |
| Depreciation (except moulds)                      |                    |                  |                     |                                | (50,209)                 |
| Increase in fair value of an investment property  |                    |                  |                     |                                | 20,747                   |
| Finance costs                                     |                    |                  |                     |                                | (2,469)                  |
| Unallocated income and expenses, net (Note b)     |                    |                  |                     |                                | <u>(19,839)</u>          |
| Profit before tax                                 |                    |                  |                     |                                | <u>153,451</u>           |

### Year ended 31 March 2011

|   | Europe<br>HK\$'000 | Asia<br>HK\$'000 | America<br>HK\$'000 | Others<br>HK\$'000<br>(Note a) | Consolidated<br>HK\$'000 |
|---|--------------------|------------------|---------------------|--------------------------------|--------------------------|
| Segment revenue                                   | <u>1,225,147</u>   | <u>606,570</u>   | <u>306,244</u>      | <u>82,550</u>                  | <u>2,220,511</u>         |
| Segment profit                                    | <u>143,609</u>     | <u>71,101</u>    | <u>35,897</u>       | <u>9,676</u>                   | 260,283                  |
| Other gains and losses (except net exchange loss) |                    |                  |                     |                                | (1,643)                  |
| Depreciation (except moulds)                      |                    |                  |                     |                                | (31,697)                 |
| Increase in fair value of an investment property  |                    |                  |                     |                                | 9,565                    |
| Finance costs                                     |                    |                  |                     |                                | (59)                     |
| Unallocated income and expenses, net (Note b)     |                    |                  |                     |                                | <u>(36,818)</u>          |
| Profit before tax                                 |                    |                  |                     |                                | <u>199,631</u>           |

*Note a:* Segment revenue in others represent revenue from destinations of shipment of products which individually contributed less than 10% of total revenue of the Group.

*Note b:* Unallocated income and expenses represented other income, central administration costs and directors' salaries.

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

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

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



## Segment Assets and Liabilities

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

### Segment Assets

|   | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Europe  | 339,218                 | 339,399                 |
| Asia  | 170,205                 | 173,067                 |
| America   | 91,654                  | 86,032                  |
| Others  | 32,164                  | 22,984                  |
|   | <hr/>                   | <hr/>                   |
| Segment assets  | 633,241                 | 621,482                 |
| Unallocated assets  |                         |                         |
| Available-for-sale investments  | 8,561                   | 11,140                  |
| Other financial assets  | 8,078                   | 4,841                   |
| Time deposits and deposits placed with banks and financial institutions | 169,683                 | 212,094                 |
| Bank balances and cash  | 188,700                 | 104,340                 |
| Investment properties   | 210,989                 | –                       |
| Plant, equipment and machinery (except moulds)                          | 398,557                 | 240,092                 |
| Club debentures   | 13,866                  | 13,866                  |
| Other receivables   | 107,334                 | 58,407                  |
| Tax recoverable   | 2,210                   | 1,577                   |
| Other unallocated assets ( <i>Note</i> )                                | 39,013                  | 112,351                 |
|   | <hr/>                   | <hr/>                   |
| Consolidated assets   | <u>1,780,232</u>        | <u>1,380,190</u>        |

*Note:* Other unallocated assets comprised of prepaid lease payments, deposits and paid for acquisition of property, plant and equipment and deposits paid or acquisition of an investment property.

### Segment Liabilities

|                                     | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|-------------------------------------|-------------------------|-------------------------|
| Europe                              | 19,194                  | 13,991                  |
| Asia                                | 8,786                   | 6,267                   |
| America                             | 5,306                   | 3,578                   |
| Others                              | 1,808                   | 928                     |
|                                     | <hr/>                   | <hr/>                   |
| Segment liabilities ( <i>Note</i> ) | 35,094                  | 24,764                  |
| Unallocated liabilities             |                         |                         |
| Trade payables and bills payable    | 384,420                 | 252,133                 |
| Other payables and accruals         | 182,108                 | 196,067                 |
| Secured bank loans                  | 179,436                 | 552                     |
| Tax payable                         | 41,251                  | 45,084                  |
| Deferred tax liabilities            | 16,185                  | 9,649                   |
|                                     | <hr/>                   | <hr/>                   |
| Consolidated liabilities            | <u>838,494</u>          | <u>528,249</u>          |

*Note:* Segment liabilities represented mould deposits received by each segment.

## Other segment information

Year ended 31 March 2012

|  | Europe<br><i>HK\$'000</i> | Asia<br><i>HK\$'000</i> | America<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br>segment<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|---------------------------|-------------------------|----------------------------|---------------------------|-------------------------------------|--------------------------------|---------------------------------|
| Amounts included in the measure of segment profit or loss or segment assets: |                           |                         |                            |                           |                                     |                                |                                 |
| Addition to non-current assets   | 2,479                     | 1,115                   | 647                        | 238                       | 4,479                               | 202,982                        | 207,461                         |
| Depreciation   | <u>2,106</u>              | <u>977</u>              | <u>608</u>                 | <u>196</u>                | <u>3,887</u>                        | <u>50,209</u>                  | <u>54,096</u>                   |

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

|   |   |   |   |   |   |              |              |
|---|---|---|---|---|---|--------------|--------------|
| Interest income on bank deposits                  | - | - | - | - | - | 845          | 845          |
| Interest income on available-for-sale investments | - | - | - | - | - | 430          | 430          |
| Rental income                                     | - | - | - | - | - | <u>3,771</u> | <u>3,771</u> |

Year ended 31 March 2011

|  | Europe<br><i>HK\$'000</i> | Asia<br><i>HK\$'000</i> | America<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br>segment<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|---------------------------|-------------------------|----------------------------|---------------------------|-------------------------------------|--------------------------------|---------------------------------|
| Amounts included in the measure of segment profit or loss or segment assets: |                           |                         |                            |                           |                                     |                                |                                 |
| Addition to non-current assets   | 2,864                     | 1,385                   | 831                        | 171                       | 5,251                               | 75,172                         | 80,423                          |
| Depreciation   | <u>1,526</u>              | <u>663</u>              | <u>370</u>                 | <u>105</u>                | <u>2,664</u>                        | <u>31,697</u>                  | <u>34,361</u>                   |

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

|   |   |   |   |   |   |            |            |
|---|---|---|---|---|---|------------|------------|
| Interest income on bank deposits                  | - | - | - | - | - | 702        | 702        |
| Interest income on available-for-sale investments | - | - | - | - | - | <u>508</u> | <u>508</u> |

## Information about major customers

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

|   | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Customer A (Europe, Asia, America and Others) | 1,006,530               | 990,816                 |
| Customer B (Europe, Asia, America and Others) | 711,565                 | 582,441                 |
| Customer C (Europe, Asia, America and Others) | 269,031                 | 265,167                 |

### 3. OTHER GAINS AND LOSSES

|   | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Net foreign exchange loss                                     | (7,863)                 | (305)                   |
| Gain on disposal of property, plant and equipment             | 1,773                   | 259                     |
| Write-off of property, plant and equipment                    | (2,597)                 | (504)                   |
| Net gain (loss) on disposal of available-for-sale investments | 489                     | (115)                   |
| Net gain (loss) on financial assets designated at FVTPL       | 228                     | (1,283)                 |
|   | <u>(7,970)</u>          | <u>(1,948)</u>          |

### 4. INCOME TAX EXPENSE

|  | 2012<br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i><br>(Restated) |
|--|-------------------------|---------------------------------------|
| Current tax:                             |                         |                                       |
| Hong Kong                                | 17,357                  | 18,383                                |
| PRC Enterprise Income Tax                | 7,880                   | 18,356                                |
|  | <u>25,237</u>           | <u>36,739</u>                         |
| Overprovision in prior years – Hong Kong | (113)                   | (34)                                  |
| Deferred tax:                            |                         |                                       |
| Current year                             | 1,190                   | 1,695                                 |
|  | <u>26,314</u>           | <u>38,400</u>                         |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

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

|  | <b>2012</b><br><b>HK\$'000</b> | 2011<br>HK\$'000<br>(Restated) |
|--|--------------------------------|--------------------------------|
| Profit before tax  | <u>153,451</u>                 | <u>199,631</u>                 |
| Tax at the Hong Kong Profits Tax rate of 16.5%                 | 25,320                         | 32,939                         |
| Tax effect of expenses that are not deductible for tax purpose | 1,067                          | 1,213                          |
| Tax effect of income that is not taxable for tax purpose       | (5,455)                        | (2,887)                        |
| Effect of different tax rates in the PRC                       | 1,905                          | 6,892                          |
| Overprovision in respect of prior years                        | (113)                          | (34)                           |
| Tax effect of tax losses not recognised                        | 2,520                          | 40                             |
| Withholding tax on undistributed earnings                      | 920                            | 1,588                          |
| Others   | <u>150</u>                     | <u>(1,351)</u>                 |
| Tax charge for the year  | <u>26,314</u>                  | <u>38,400</u>                  |

## 5. PROFIT FOR THE YEAR

|  | <b>2012</b><br><b>HK\$'000</b> | 2011<br>HK\$'000 |
|--|--------------------------------|------------------|
| Profit for the year has been arrived at after charging:  |                                |                  |
| Staff salaries and allowances  | 274,575                        | 259,020          |
| Contributions to retirement benefits schemes, net of forfeited amount of HK\$66,960 (2011: HK\$18,000) | <u>12,352</u>                  | <u>11,268</u>    |
| Total staff costs, including directors' emoluments   | 286,927                        | 270,288          |
| Depreciation for property, plant and equipment   | 54,096                         | 34,361           |
| Release of prepaid lease payments  | 809                            | 754              |
| Auditor's remuneration   | 2,333                          | 2,277            |
| Interest on bank borrowings wholly repayable within five years   | 1,708                          | 59               |
| Interest on bank borrowings wholly repayable after five years  | <u>761</u>                     | <u>–</u>         |

## 6. DIVIDENDS

|   | <b>2012</b><br><b>HK\$'000</b> | 2011<br>HK\$'000 |
|---|--------------------------------|------------------|
| Dividends recognised as distribution during the year  |                                |                  |
| 2012 Interim dividend of HK2.5 cents<br>(2011: 2011 interim dividend of HK5 cents) per ordinary share | 8,386                          | 16,772           |
| 2011 final dividend of HK15 cents<br>(2011: 2010 final dividend of HK18 cents) per ordinary share     | <u>50,315</u>                  | <u>60,378</u>    |
|   | <u>58,701</u>                  | <u>77,150</u>    |

A final dividend of HK12.5 cents (2011: HK15 cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting. The final dividend will be paid on 28 September 2012 to shareholders whose names appear on the Register of Members of the Company on 7 September 2012.

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

|   | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i><br>(Restated) |
|---|--------------------------------|---------------------------------------|
| Earnings for the purpose of basic earnings per share<br>(Profit for the year attributable to owners of the Company) | <u><b>127,137</b></u>          | <u>161,231</u>                        |
|   | <b>Number of shares</b>        |                                       |
|   | <b>2012</b><br><i>'000</i>     | 2011<br><i>'000</i>                   |
| Number of ordinary shares for the purpose of basic earnings per share   | <u><b>335,433</b></u>          | <u>335,433</u>                        |

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

|                                   | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|-----------------------------------|--------------------------------|-------------------------|
| Trade receivables                 | <b>509,016</b>                 | 515,571                 |
| Bills receivable                  | <u>337</u>                     | <u>1,101</u>            |
|                                   | <b>509,353</b>                 | 516,672                 |
| Other receivables ( <i>Note</i> ) | <u><b>107,334</b></u>          | <u>58,407</u>           |
|                                   | <u><b>616,687</b></u>          | <u>575,079</u>          |

*Note:* As at 31 March 2012, the Group's other receivables mainly include value added tax receivable of approximately HK\$97,608,000 (2011: HK\$46,954,000), which will be repayable within one year.

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

|               | <b>2012</b><br><i>HK\$'000</i> | 2011<br><i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 – 90 days   | <b>485,266</b>                 | 515,996                 |
| 91 – 120 days | <b>24,032</b>                  | 676                     |
| Over 120 days | <u>55</u>                      | <u>–</u>                |
|               | <u><b>509,353</b></u>          | <u>516,672</u>          |

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defines credit limits by customer. In addition, the Group reviews the repayment history of receivables by each customer with reference to the payment terms stated in contracts. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. In the opinion of directors, the trade receivables that are neither past due nor impaired were of good credit quality based on good repayment history at the end of the reporting period and no impairment is necessary for these balances.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK\$35,740,000 (2011: HK\$87,776,000) which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired presented based on the due date:

|             | <b>2012</b><br><b>HK\$'000</b> | 2011<br><i>HK\$'000</i> |
|-------------|--------------------------------|-------------------------|
| 0 – 90 days | <u><b>35,740</b></u>           | <u>87,776</u>           |

The Group would fully provide for all receivables which are over 180 days because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable.

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

## 9. TRADE PAYABLES AND BILLS PAYABLE

The following is an aged analysis of trade payables and bills payable presented based on the invoice date at the end of the reporting period:

|               | <b>2012</b><br><b>HK\$'000</b> | 2011<br><i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 – 90 days   | <b>352,202</b>                 | 252,133                 |
| 91 – 120 days | <b>28,461</b>                  | –                       |
| Over 120 days | <b>3,757</b>                   | –                       |
|               | <u><b>384,420</b></u>          | <u>252,133</u>          |

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 6 August 2012 to 8 August 2012 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the annual general meeting of the Company to be held on 8 August 2012, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Standard Limited, whose address is at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 3 August 2012.

Subject to shareholders' approval at the Annual General Meeting, the proposed final dividend will be distributed to the shareholders whose names appear on the Register of Members of the Company on 7 September 2012. The Register of Members of the Company will be closed from 5 September 2012 to 7 September 2012. In order to qualify for payment of the recommended final dividend, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Standard Limited, whose address is at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 4 September 2012.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **CHAIRMAN'S STATEMENT**

For the year ended 31 March 2012, the Group's sales turnover increased by 9% to HK\$2.42 billion (2011: HK\$2.22 billion) and the consolidated net profit decreased by 21% to HK\$127.1 million (2011 restated: HK\$161.2 million). Basic earnings per share of the Group for the year ended 31 March 2012 was HK37.9 cents (2011 restated: HK48.1 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK12.5 cents (2011: HK15.0 cents) per share for the year ended 31 March 2012. Together with the interim dividend of HK2.5 cents per share paid in January this year, the total dividend for the year ended 31 March 2012 will be HK15 cents per share (2011: HK20 cents).

### **BUSINESS REVIEW**

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

For the year ended 31 March 2012, sales turnover increased across all markets. The overall business environment continued to be tough and competitive. Our profit margins are eroded by the increase in commodity and raw material prices, rise in labour costs and appreciation of Renminbi. However, we were unable to pass on all cost increases to our customers due to sluggish economy and consumer sentiments. To mitigate these negative impacts on the margins, we continue to focus in streamlining, productivity and efficiency improvements through semi-automation, lean manufacturing concepts and projects and stringent cost control measures.

The two new factory blocks in the new plant in Huizhou City, Guangdong Province, the PRC commenced operation in August 2011. The new plant is able to provide additional manufacturing capacity to meet with our future growth and allows us to achieve improvements in utilization and rationalization in our existing plants.

During the year under review, sales turnover increased by 9% to HK\$2.42 billion. Sales turnover to Europe increased by 5% to HK\$1.28 billion representing 53% of the Group's sales turnover. Sales turnover to Asia increased by 9% to HK\$658.3 million representing 27% of the Group's sales turnover. Sales turnover to America increased by 17% to HK\$356.8 million representing 15% of the Group's sales turnover. Sales turnover to other markets increased by 46% to HK\$120.4 million representing 5% of the Group's sales turnover.

Gross profit for the year ended 31 March 2012 decreased by 15% to HK\$311.8 million. Gross profit margin dropped from 17% to 13%. The drop in gross profit margin was mainly attributed by the rise in commodity and raw material prices, appreciation of Renminbi and rise in operating costs in particular labour costs.

Selling and distribution expenses increased by 7% to HK\$37.7 million. As a percentage to sales turnover, selling and distribution expenses maintained at 1.6% compared to last year. Administration expenses decreased by 5% to HK\$137.7 million. As a percentage to sales turnover, administration expenses decreased from 6.5% to 5.7% compared to last year.

During the year, the Group invested in approximately HK\$160.4 million for the acquisition of the whole of 9th Floor of AXA Centre plus 2 parking spaces in Hong Kong. The investment property was funded by internal resources and banking facility. The property is located in Wanchai, Hong Kong and is currently leased to third parties. The rental income received for the year was approximately HK\$3.8 million. As at 31 March 2012, this investment property was revaluated at HK\$181.1 million giving rise to an increase in fair value of HK\$20.7 million in the income statement.

Net Profit for the year decreased by 21% to HK\$127.1 million (2011 restated: HK\$161.2 million). Net profit margin decreased from 7.3% to 5.3% compared to corresponding period last year.

## **PROSPECTS**

It has become increasingly difficult to predict the future prospects for demand. We are seeing a slow pick-up in the sales turnover in the US market. In contrast, the European markets are being shadowed by the lingering uncertainties in the political and economic situations of the Eurozone. All in all, the global economic and business environment is still very volatile and challenging.

We would seek growth opportunities through new customers and new product categories. Unfortunately, we would still be confronted by high raw material costs, appreciation of Renminbi, rising operating costs and labour costs. As such, cost and productivity efficiency improvements would remain our top priorities through implementation of semi-automation, lean manufacturing concepts and projects and stringent cost control measures.

We are fully aware of the challenges and difficulties lying ahead. Nonetheless, we believe, with our solid background and experience, know-how, healthy financials, dedicated focus and commitment to excellence, we would strive to create value to our shareholders, employees and business partners.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2012, the Group had total assets of HK\$1.78 billion (2011: HK\$1.38 billion) which was financed by current liabilities of HK\$676.7 million (2011: HK\$518.6 million), long-term liabilities and deferred taxation of HK\$161.8 million (2011: HK\$9.6 million) and shareholders' equity of HK\$941.7 million (2011: HK\$851.9 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2012, the Group held HK\$358.4 million (2011: HK\$316.4 million) in cash and bank deposits. They were mainly placed in Renminbi and US dollar short term deposits, except for temporary balances held in other currencies as required pending specific payments. For the year ended 31 March 2012, the Group generated net cash inflow from operating activities of HK\$227.9 million (2011: HK\$59.3 million). As at the same date, total borrowings were HK\$179.4 million (2011: HK\$522,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 19% (2011: 0.06%).



We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March 2012 increased from HK\$87.4 million to HK\$93.8 million in line with the increase in sales turnover. The trade receivables balance as at 31 March 2012 decreased from HK\$516.7 million to HK\$509.4 million. The trade payables balance as at 31 March 2012 increased from HK\$252.1 million to HK\$384.4 million.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flow and available banking facilities. For the year ended 31 March, 2012, the group invested approximately HK\$160 million in an investment property located in Hong Kong and HK\$207 million (2011: HK\$80 million) in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets for expansion and upgrade to our manufacturing facilities. The Group's capital expenditures were funded by internal resources and bank loans. The capital expenditure budget for 2012/13 is approximately HK\$72 million. With a healthy financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansions of the Group's business operations and future investment opportunities, as and when required.

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

## **EMPLOYEE AND REMUNERATION POLICIES**

Currently, the Group employs approximately 5,500 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.

## **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, 2012, 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 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 5 August, 2011. The Chairmen will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent them from doing so.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors (the "Model Code"). Having made specific enquiry to all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code during the year ended 31 March, 2012.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31 March, 2012, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

## **REVIEW OF ACCOUNTS BY 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, 2012. 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, 2012 required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.allan.com.hk](http://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, 25 June, 2012

*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.*