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## **ALLAN INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 684)**

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF A SUBSIDIARY**

On 4 July 2013, the Company entered into the Agreement with the Purchaser for the sale of the entire issued share capital of, and shareholder's loan extended to, Southern Well at an aggregate consideration of RMB43.88 million (equivalent to approximately HK\$55.13 million). The principal asset of Southern Well is the Property.

As one of the applicable percentage ratios in respect of the Disposal calculated under Chapter 14 of the Listing Rules exceeds 5% (but less than 25%) and all of the other applicable percentage ratios are below 5%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

#### **A. THE SALE AND PURCHASE AGREEMENT DATED 4 JULY 2013**

##### **Parties:**

- (a) The Company as the vendor; and
- (b) 葉旭君 (Ye Xujun) as the purchaser.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchaser is a third party independent of the Company and connected persons of the Company.

**Assets involved:**

The Company agreed to sell and transfer to the Purchaser the entire issued share capital of, and all shareholder's loan extended to, Southern Well. The principal asset of Southern Well is the Property.

Based on the audited financial statements of Southern Well for the year ended 31 March 2012, the net liabilities of Southern Well as at 31 March 2012 were approximately HK\$3.02 million. The audited losses of Southern Well were approximately HK\$0.41 million (both before and after taxation and extraordinary items) for the year ended 31 March 2011 and approximately HK\$3.04 million (both before and after taxation and extraordinary items) for the year ended 31 March 2012.

**Consideration:**

The aggregate consideration payable for the sale and purchase of the Sale Shares and the Sale Loan is RMB43.88 million (equivalent to approximately HK\$55.13 million) and is payable by the Purchaser to the Company as follows:

- (i) RMB4.388 million (equivalent to approximately HK\$5.513 million) was paid by the Purchaser to the Company on signing of the Agreement; and
- (ii) RMB39.492 million (equivalent to approximately HK\$49.617 million) will be paid by the Purchaser to the Company on Completion.

The aforesaid consideration was determined after arm's length negotiation between the Company and the Purchaser with reference to, among others, an independent valuation of the land portion of the Property prepared by an independent valuer at RMB25.2 million as at 31 March 2013.

**Completion:**

The Agreement will be completed on 30 August 2013, and Southern Well will cease to be a subsidiary of the Company after Completion.

**B. REASONS FOR, AND BENEFITS OF, THE DISPOSAL**

The Group is principally engaged in the manufacturing and distribution of household electrical appliances.

The Property was occupied by the Group as one of its manufacturing plants in prior years. Since further expansion at the Property is restricted, due to various critical regulatory issues, the Group moved out from the plant a few years ago and the property was left vacant since then. The Directors consider that it is a good opportunity for the Group to realise its interest in the Property at a profit.

The gain expected to accrue to the Group from the Disposal would be approximately HK\$31 million subject to auditing of the financial statements of the Group for the financial year ending 31 March 2014. The estimated gain represents, among other things, the difference between the consideration received for the sale of the Sale Shares and the Sale Loan and the Group's book value of its investment in Southern Well as at 31 March 2013. The Group intends to use the net proceeds, estimated to be approximately HK\$54.88 million, from the Disposal for general working capital of the Group.

Taken into account the above factors, the Directors consider that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **C. LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the Disposal calculated under Chapter 14 of the Listing Rules exceeds 5% (but less than 25%) and all of the other applicable percentage ratios are below 5%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules. It is subject to the notification and announcement requirements under the Listing Rules.

### **D. DEFINITIONS**

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

|                       |   |
|-----------------------|---|
| “Agreement”           | the agreement in relation to the sale and purchase of the Sale Shares and the Sale Loan dated 4 July 2013 between the Company and the Purchaser |
| “Board”               | the board of Directors  |
| “Company”             | Allan International Holdings Limited, a Bermuda company whose shares are listed on the main board of the Stock Exchange                         |
| “Completion”          | completion of the Disposal pursuant to the Agreement  |
| “connected person(s)” | has the meaning ascribed to such term in the Listing Rules  |
| “Director(s)”         | the director(s) of the Company  |
| “Disposal”            | the disposal of the Sale Shares and the Sale Loan by the Company pursuant to the Agreement  |
| “Group”               | the Company and its subsidiaries  |
| “HK\$”                | Hong Kong dollar, the lawful currency of Hong Kong  |
| “Hong Kong”           | the Hong Kong Special Administrative Region of the PRC  |

|                  |   |
|------------------|---|
| “Listing Rules”  | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”            | the People’s Republic of China  |
| “Property”       | two parcels of land with total site area of approximately 10,933.30 square metres located in Nanmen Xi Street, Danshui, Huizhou City, Guangdong Province, the PRC together with several buildings erected thereon |
| “Purchaser”      | 葉旭君 (Ye Xujun)  |
| “RMB”            | Renminbi, the lawful currency of the PRC  |
| “Sale Loan”      | the indebtedness owing by Southern Well to the Company, which stood at HK\$15.74 million as at 31 March 2013  |
| “Sale Shares”    | 2 ordinary shares of HK\$1.00 each in the share capital of Southern Well, representing 100% of the entire issued share capital of Southern Well   |
| “Shareholders”   | shareholders of the Company   |
| “Southern Well”  | Southern Well Holdings Limited, a limited liability company incorporated in Hong Kong and owned as to 100% by the Company prior to Completion   |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited   |
| “%”              | per cent.   |

By order of the Board  
**Allan International Holdings Limited**  
**Cheung Lai See, Sophie**  
*Director*

Hong Kong, 4 July 2013

*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.*

*For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.2564.*