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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Allan International Holdings Limited** (the “**Company**”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

MAJOR TRANSACTION: DISPOSAL OF PROPERTY

A letter from the board of directors of the Company is set out on pages 3 to 7 of this circular.

29 January 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the same meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Allan International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 684)
“Completion”	completion of the sale and purchase of the Property
“connected person”	has the same meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$179 million, being the total consideration payable by the Purchaser to the Vendor for the purchase of the Property
“Controlling Shareholders”	collectively, Unison Associates Limited, Commence Investment Limited, Allan Investment Company Limited, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie, Ms. Cheung Lai See, Sophie, Mr. Cheung Pui and Mr. Cheung Shu Sang, William
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal by the Group of the Property to the Purchaser
“Formal Agreement”	the agreement for sale and purchase dated 13 January 2016 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party which is not connected person of the Company and is independent of the Company and its connected persons
“Latest Practicable Date”	27 January 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	all that 12th Floor of Zung Fu Industrial Building, No. 1067 King’s Road, Hong Kong
“Provisional SPA”	the provisional agreement for sale and purchase dated 29 December 2015 entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Lead Harvest Group Limited, a company incorporated in British Virgin Islands with limited liability and denoted as the purchaser in the Provisional SPA
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Ever Sources Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

LETTER FROM THE BOARD



ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

Executive Directors:

Mr. Cheung Lun (*Chairman*)
Mr. Cheung Shu Wan (*Managing Director*)
Ms. Cheung Lai Chun, Maggie
Ms. Cheung Lai See, Sophie
Mr. Cheung Pui

Independent Non-Executive Directors:

Dr. Chan How Chun
Mr. Lai Ah Ming, Leon
Professor Lo Chung Mau

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

12th Floor
Zung Fu Industrial Building
1067 King's Road
Quarry Bay
Hong Kong

29 January 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION: DISPOSAL OF PROPERTY

INTRODUCTION

The Company announced that on 29 December 2015, after trading hours, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Provisional SPA pursuant to which the Vendor had agreed to sell, and the Purchaser had agreed to purchase, the Property, namely, all that 12th Floor of Zung Fu Industrial Building, No. 1067 King's Road, Hong Kong, at the Consideration of HK\$179 million.

The Disposal will constitute a major transaction for the Company and is therefore subject to the shareholders' approval requirement under Chapter 14 of the Listing Rules. The Company has received a written approval given by the Controlling Shareholders for the Disposal in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with further information about the Disposal and other information required by the Listing Rules.

LETTER FROM THE BOARD

THE FORMAL AGREEMENT

Pursuant to the Provisional SPA, the Vendor and the Purchaser entered into the Formal Agreement on 13 January 2016 which superseded the Provisional SPA. Set out below are the principal terms of the Formal Agreement:

Date: 13 January 2016

Parties: Vendor: Ever Sources Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

Purchaser: Lead Harvest Group Limited, a company incorporated in the British Virgin Islands with limited liability and an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Property to be disposed of

The Property is all that 12th Floor of Zung Fu Industrial Building, No. 1067 King's Road, Hong Kong with approximate gross floor area of 16,500 square feet which was acquired by the Group in 1989 and is solely and beneficially owned by the Vendor. Zung Fu Industrial Building is a 15-storey industrial building of reinforced concrete construction completed in about 1971.

The Property has since 1989 been and is still occupied and used by the Group as the Company's head office and principal place of business. Accordingly, no rental income has been generated since then. Therefore, no net profits were attributable to the Property for the two years immediately preceding the transaction. The Property is currently charged in favour of a bank to secure certain general banking facilities. The bank has verbally confirmed that the terms and extent of such general banking facilities will not be affected as a result of the release of the Property.

As at 31 March 2015, the carrying value of the Property was approximately HK\$9,220,000.

Consideration

The Consideration of HK\$179 million for the Disposal shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit in the sum of HK\$5,370,000 has been paid by the Purchaser to the Vendor's solicitors upon signing of the Provisional SPA;
- (b) a further deposit in the sum of HK\$12,530,000 has been paid by the Purchaser to the Vendor's solicitors upon signing of the Formal Agreement; and
- (c) the balance of the Consideration in the sum of HK\$161,100,000 shall be paid by the Purchaser to the Vendor upon Completion on or before 3 March 2016 and the initial deposit and further deposit shall be released to the Vendor upon Completion.

LETTER FROM THE BOARD

The Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendor with reference to the prevailing market value of commercial properties of similar size and age as the Property in the same vicinity.

Condition Precedent

Pursuant to the Formal Agreement, Completion is subject to satisfaction of the condition precedent that the Purchaser having entered into binding agreements (with provisions on specific performance) to purchase the whole of 5th, 9th and 11th Floors of Zung Fu Industrial Building, No. 1067 King's Road, Hong Kong with the respective owners of such properties. If this condition precedent is not satisfied by 3 March 2016, the Purchaser is entitled to choose in its absolute discretion either to proceed with Completion as originally scheduled or to annul the sale and purchase of the Property in which case all the deposits paid to the Vendor shall be returned to the Purchaser and the Formal Agreement shall be terminated and each party shall not have any rights or remedies against the other.

To the best of the Directors' knowledge, information and belief, the said condition precedent has been fulfilled as at the Latest Practicable Date.

Completion

Pursuant to the Formal Agreement, Completion shall take place on or before 3 March 2016.

LEASEBACK ARRANGEMENT

Upon Completion, the Group would continue occupying the Property by the Vendor entering into a tenancy agreement with the Purchaser in respect of the Property with the following principal terms as provided in the Formal Agreement:

Term:	36 months commencing from the date of Completion
Rental:	Monthly rental of HK\$1 for the first two years and at market rate (but in any event not exceeding HK\$250,000 per month) for the third year, all exclusive of rates, government rent and management fee. Usually, the market rate will be determined through friendly negotiation between the parties, failing which it will be determined by an independent surveyor.
Termination:	During the lease term, the Vendor shall be entitled to terminate the tenancy by giving a written notice of not less than 6 months to the Purchaser.
Deposit:	The Vendor shall pay to the Purchaser a sum of HK\$1,000,000 as deposit upon signing of the tenancy agreement which shall be 100% refunded to the Vendor upon termination of the tenancy agreement.

LETTER FROM THE BOARD

USE OF PROCEEDS

According to the Formal Agreement, the Consideration is HK\$179 million. It is estimated that the net proceeds from the Disposal will be approximately HK\$177 million after deducting all relevant expenses. The Directors intend to utilise the net proceeds as the general working capital of the Group and for future investment and expansion of the Group's business but have not decided the respective proportions as the Company does not have any concrete investment plan at the moment.

REASONS FOR, AND BENEFITS OF, THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in manufacture and distribution of household electrical appliances.

The Property has been held by the Group for long term purpose as property, plant and equipment for self-use since 1989. The Directors consider that the Consideration for the Disposal has substantially reflected the long term investment potential of the Property. The Disposal provides an opportunity for the Company to realise its investment in the Property. According to the leaseback arrangement upon Completion as contemplated under the Formal Agreement, the Group would be able to continue occupying the Property as its head office and principal place of business in Hong Kong for 36 months after Completion at a nominal rental of HK\$1 per month for the first two years and at market rate for the third year with a cap of HK\$250,000 per month.

The Directors are of the view that the Disposal is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The total gain expected to accrue to the Group from the Disposal is approximately HK\$168 million, with a gain of HK\$57 million deferred and amortised throughout the lease term under the leaseback arrangement. The estimated gain represents the difference between the Consideration and Group's carrying value of the Property as at date of the Provisional SPA and the relevant fees expected to be payable by the Group. The consolidated net asset value of the Group is also expected to increase accordingly. During the financial year ending 31 March 2016, a gain of approximately HK\$111 million is expected to be recognized for the Disposal and leaseback arrangement.

Save as disclosed above, the Directors expect that the Disposal will not have any other impact on the earnings, and assets and liabilities of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

As no Shareholder has a material interest in the Disposal, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As at the date of the Provisional SPA, the Controlling Shareholders together held directly or indirectly approximately 60.36% of the issued share capital of the Company. The Company has received a written approval given by the Controlling Shareholders, who constitute a closely allied group of Shareholders and together hold more than 50% of the voting rights of the Company, for the Disposal in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company will be held for approval of the same.

As at the date of the Provisional SPA, Unison Associates Limited held 6,570,000 Shares (representing approximately 1.96% of the entire issued share capital of the Company), Commence Investment Limited held 7,658,000 Shares (representing approximately 2.28% of the entire issued share capital of the Company), Allan Investment Company Limited held 134,821,960 Shares (representing approximately 40.19% of the entire issued share capital of the Company), Mr. Cheung Shu Wan held 49,675,335 Shares (representing approximately 14.81% of the entire issued share capital of the Company), Ms. Cheung Lai Chun, Maggie held 600,000 Shares (representing approximately 0.18% of the entire issued share capital of the Company), Ms. Cheung Lai See, Sophie held 1,258,000 Shares (representing approximately 0.38% of the entire issued share capital of the Company), Mr. Cheung Pui held 1,000,000 Shares (representing approximately 0.30% of the entire issued share capital of the Company) and Mr. Cheung Shu Sang, William held 900,000 Shares (representing approximately 0.27% of the entire issued share capital of the Company). Unison Associates Limited and Commence Investment Limited are wholly owned by Credit Suisse Trust Limited as trustee of The Cheung Lun Family Trust while Allan Investment Company Limited is owned as to 89% by Credit Suisse Trust Limited as trustee of The Cheung Lun Family Trust. The discretionary beneficiaries of The Cheung Lun Family Trust include, among others, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie. Mr. Cheung Pui is a cousin of Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie while Mr. Cheung Shu Sang, William is the youngest brother of Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
By order of the Board
Cheung Lai See, Sophie
Director

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2015

The audited consolidated financial statements of the Group for the three years ended 31 March 2015 together with the relevant notes thereto can be found from pages 36 to 123 of the annual report of the Company for the year ended 31 March 2013, pages 36 to 131 of the annual report of the Company for the year ended 31 March 2014 and pages 34 to 127 of the annual report of the Company for the year ended 31 March 2015.

The said annual reports of the Company are available on the Company's website at www.allan.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

2. UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014 AND 2015

The unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2014 and 2015 together with the relevant notes thereto can be found from pages 4 to 21 of the interim report of the Company for the six months ended 30 September 2014 and pages 4 to 19 of the interim report of the Company for the six months ended 30 September 2015.

The said interim reports of the Company are available on the Company's website at www.allan.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

3. INDEBTEDNESS

As at the close of business on 30 November 2015, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank loans of approximately HK\$78.43 million, which were secured by the Group's land and buildings and investment properties. The Group's secured bank loans are also secured by corporate guarantee provided by Group entities.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 30 November 2015, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

4. WORKING CAPITAL

The Directors are of the opinion that after taking into account the expected completion of the Disposal and the Group's financial resources including internally generated cash flows, existing credit facilities and cash on hand, the Group has sufficient working capital for its requirements, that is for at least 12 months from the date of this circular.

5. REVIEW OF OPERATIONS AND PROSPECTS

For the year ended 31 March 2015, sales turnover decreased due to slow recovery in the economies, weakened global market demand and fierce competition in the household of electrical appliance industry. The weak Euro and Japanese Yen also put pressure on the selling prices to the European and Japanese customers. Labour wages and manufacturing operating costs in the PRC continue to rise which eroded the gross profit margin and net profit margin. On top of this, customers place last minute orders to minimize their inventory level risks. This has made the Group's production planning and workforce planning extremely difficult. The shortage of skilled labour had resulted in an increase in overtime working charges which placed further pressure on the margins.

For the year ended 31 March 2015, sales turnover decreased by 3.4% to HK\$1,946.0 million. Sales turnover to Europe decreased by 3.2% to HK\$988.6 million representing 50.8% of the Group's sales turnover. Sales turnover to Asia decreased by 10.0% to HK\$466.5 million representing 24.0% of the Group's sales turnover. Sales turnover to America increased by 5.4% to HK\$404.5 million representing 20.8% of the Group's sales turnover. Sales turnover to other markets decreased by 5.5% to HK\$86.5 million representing 4.4% of the Group's sales turnover.

Gross profit for the year ended 31 March 2015 decreased by 9.5% to HK\$221.3 million. Gross profit margin decreased from 12.1% to 11.4%. The drop in gross profit was mainly attributed by the increase in labour costs and operating costs in the PRC.

The Group continued to apply stringent control on all costs and expenses. Selling and distribution expenses decreased by 2.2% to HK\$34.6 million. As a percentage to sales turnover, selling and distribution expenses was maintained at 1.8% compared to the year ended 31 March 2014. Administration expenses increased by 4.2% to HK\$144.0 million. As a percentage to sales turnover, administration expenses increased from 6.9% to 7.4% compared to the year ended 31 March 2014.

The investment property located in Wanchai, Hong Kong was revaluated at HK\$248.0 million at 31 March 2015 (2014: HK\$218.0 million) giving rise to an increase in fair value of HK\$30.0 million in the income statement.

Net profit for the year decreased by 15.6% to HK\$70.5 million (2014: HK\$83.5 million). Net profit margin decreased from 4.1% to 3.6% compared to the year ended 31 March 2014.

It has become immensely difficult to project into the future under the current set of economic and political conditions. Business environment remain difficult, unpredictable and highly competitive. The Company believes the labour wages and manufacturing operating costs in the PRC would continue to rise. To offset this rise in costs, the prime objective of the Company is to increase productivity and efficiency through further automation and manufacturing process improvements. The Group continues to seek growth opportunities through new customers and new product categories. The Group would also increase their R&D activities to provide unique and innovative platforms for its products. Stringent costs and expense control, productivity efficiency improvements, persistence in quality products and product mix optimization would continue to be the Group's top priorities.

With the Company's prudent and pragmatic business approach, healthy financial conditions and commitment to excel, the management is confident that the Company would sail through the challenges and uncertainties ahead in the coming future.

The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this circular received from RHL Appraisal Limited., an independent valuer, in connection with its valuation as at 29 December 2015 of the Property to be disposed by our Group.



永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

**Room 1010, 10/F, Star House,
Tsimshatsui, Hong Kong**

29 January 2016

The Board of Directors
Allan International Holdings Limited
12/F,
Zung Fu Industrial Building,
1067 King's Road,
Quarry Bay,
Hong Kong

Dear Sirs/Madam,

INSTRUCTIONS

We refer to your instruction for us to value the property interests (“the Property”) held by Allan International Holdings Limited (the “Company”) or its subsidiaries (together referred as the “Group”) located in Hong Kong. We confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the such property interests as at 29 December 2015 (the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (“Market Value”) which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, condition precedent such as binding agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

We have valued the property interests by using the Direct Comparison Approach, which is based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in the HKIS Valuation Standards 2012 Edition and Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

VALUATION ASSUMPTION

In our valuation, unless otherwise stated, we have assumed that:

- i. all necessary statutory approvals for the Property or the subject building of which the Property forms part of their use have been obtained;
- ii. transferable land use rights in respect of the Property for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- iii. the owner of the Property has enforceable titles to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired terms as granted;
- iv. no deleterious or hazardous materials or techniques have been used in the construction of the Property;

- v. the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown;
- vi. the Property is connected to main services and sewers which are available on normal terms; and
- vii. the cost or repairs and maintenance to the buildings of which the Property located in are shared among all owners of the building, and that there are no onerous liabilities outstanding.

TITLE INVESTIGATION

We have carried out searches at the Land Registry for the Property in Hong Kong. However, we have not verified ownership of the Property or to verify the existence of any lease amendments which do not appear on the copies handed to us. All documents have been used for reference only.

LIMITING CONDITIONS

We have inspected the Property but no structural survey has been made. No inspection has been conducted to parts of the structures which are covered, unexposed or inaccessible. Therefore we are unable to report that the Property is free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the services. All dimensions, measurements and areas are only approximates.

None of the services have been tested by us and we are, therefore, unable to report on their present conditions. We have no duty to verify that no deleterious or hazardous materials or techniques have been used in the construction of or making addition or alteration to the Property. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not carried out detailed on-site measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents and/or official plans are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters, in particular, but not limited to statutory notices, easements, tenure, floor areas, particulars of occupancy and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of instructing party. Neither have we verified the correctness of any information supplied to us concerning the Property.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale.

REMARKS

We have valued the property interests in Hong Kong Dollars (HKD).

We have conducted on-site inspections to the Property in January 2016 by our Ms. Flora Chan (BSc in Estate Management).

We enclose herewith the valuation certificate.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)
Managing Director

Jessie X. Chen
MRICS, MSc (Real Estate), BEcon
Associate Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 20 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Ms. Jessie X. Chen is a Registered Professional Surveyor (Valuation) with over 5 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 29 December 2015 HKD
The whole of 12th floor of Zung Fu Industrial Building, No. 1067 King's Road, Quarry Bay Hong Kong	<p>The property comprises the whole of 12th floor of a 15-storey industrial building of reinforced concrete construction. The building was completed in about 1971.</p> <p>According to the measurement from the registered floor plan, the saleable area of the property is approximately 14,690 square feet.</p> <p>The lot is held under Government Lease for a term of 999 years commencing from 18 April 1900 at a total annual Government Rent of HK\$174.00.</p>	As at the valuation date, the property was owner-occupied.	HK\$120,000,000 (Hong Kong Dollars One Hundred and Twenty Million Only)

Notes:

1. The registered owner of the property is Ever Sources Investment Limited which acquired the property for the consideration of HK\$12,500,000 vide memorial no. UB4118042 dated 22 June 1989.
2. According to our recent Land Registry search, the following encumbrances were registered against the property:
 - i. Deed of Mutual Covenant vide memorial no. UB815199 dated 5 July 1971;
 - ii. Occupation Permit No. H194/71 vide memorial no. UB838505 dated 14 October 1971; and
 - iii. Mortgage in favour of The HongKong and Shanghai Banking Corporation to secure "all moneys" in respect of general banking facilities vide memorial no. UB4118043 dated 22 June 1989.
3. The property falls within zone "Commercial" under Approved Quarry Bay Outline Zoning Plan No. S/H21/28 dated September 2010.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Capacity	Number of Shares (long position)	Percentage of total issued share capital as at the Latest Practicable Date
Mr. Cheung Lun	Founder of discretionary trust	149,049,960	44.44%
Mr. Cheung Shu Wan	Beneficial owner	49,675,335	14.81%
	Beneficiary of trust	149,049,960	44.44%
Ms. Cheung Lai Chun, Maggie	Beneficial owner	600,000	0.18%
	Beneficiary of trust	149,049,960	44.44%
Ms. Cheung Lai See, Sophie	Beneficial owner	1,258,000	0.38%
	Beneficiary of trust	149,049,960	44.44%
Mr. Cheung Pui	Beneficial owner	1,000,000	0.30%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

In addition, the following Directors are also directors of the companies hereinafter mentioned which have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of companies which have such discloseable interest or short position
Mr. Cheung Lun	Unison Associates Limited and Allan Investment Company Limited
Mr. Cheung Shu Wan	Unison Associates Limited and Allan Investment Company Limited
Ms. Cheung Lai Chun, Maggie	Unison Associates Limited and Allan Investment Company Limited
Ms. Cheung Lai See, Sophie	Unison Associates Limited and Allan Investment Company Limited
Mr. Cheung Pui	Allan Investment Company Limited

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

Conan Electric Manufacturing Limited (“Conan”), a wholly-owned subsidiary of the Company entered into a tenancy agreement with Fair Pacific Limited, a wholly-owned subsidiary of Allan Investment Company Limited, pursuant to which Fair Pacific Limited granted to Conan a tenancy in respect of certain land in Lilin, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, the PRC at a monthly rent of HK\$82,000. The tenancy agreement was for a term of three years commenced from 1 April 2010 and renewable up to year 2028 on every 5 years. Allan Investment Company Limited is owned as to 89% by Credit Suisse Trust Limited as trustee of The Cheung Lun Family Trust, the discretionary beneficiaries of which include, among others, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie, all of whom are Directors.

Allan Plastics Mfg., Limited (“APML”), a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Income Village Limited, a wholly-owned subsidiary of Allan Investment Company Limited, pursuant to which Income Village Limited granted to APML a tenancy in respect of certain premises in Lilin Village, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, the PRC at a monthly rent of HK\$17,000. The tenancy agreement was for a term of three years commenced from 1 April 2014. Allan Investment Company Limited is owned as to 89% by Credit Suisse Trust Limited as trustee of The Cheung Lun Family Trust, the discretionary beneficiaries of which include, among others, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie, all of whom are Directors.

Karan Electric Manufacturing Limited (“Karan”), a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Allan Investment Company Limited, pursuant to which Allan Investment Company Limited granted to Karan a tenancy in respect of certain premises in Lilin, Zhongkai Hi-Tech Industrial Development Zone, Huizhou City, the PRC at a monthly rent of HK\$75,000. The tenancy agreement was for a term of three years commenced from 1 April 2014. Allan Investment Company Limited is owned as to 89% by Credit Suisse Trust Limited as trustee of The Cheung Lun Family Trust, the discretionary beneficiaries of which include, among others, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie, all of whom are Directors.

Save as disclosed above, none of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2015, the date to which the latest published audited financial statements of the Group were made up.

Save as disclosed above, none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. MATERIAL CONTRACTS

Save for the Provisional SPA and the Formal Agreement, none of the members of the Group has entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular that are or may be material.

7. LITIGATION

As at the Latest Practicable Date, there is no litigation or claims of material importance pending or threatened against any member of the Group.

8. EXPERT'S CONSENT AND QUALIFICATIONS

RHL Appraisal Limited ("RHL"), an independent qualified valuer, has given its opinion or advice as set out in Appendix II to this circular.

As at the Latest Practicable Date, RHL did not have any shareholding in any member of the Group nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and it did not have any direct or indirect interest in any assets which had been, since 31 March 2015 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

RHL has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reports and references to its name in the form and context in which they respectively appear.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to and including the 14th day following the date hereof:

- (a) the Memorandum of Association and the Bye-laws of the Company;
- (b) the Provisional SPA;
- (c) the Formal Agreement;
- (d) the annual reports of the Company for the two years ended 31 March 2014 and 31 March 2015;
- (e) the property valuation report from RHL, the text of which is set out in Appendix II to this circular; and
- (f) the consent letter of RHL referred to in the paragraph headed "8. Expert's Consent and Qualifications" in this Appendix.

10. MISCELLANEOUS

- (a) The secretary of the Company is Ms. Wong Lai Yung, who is a fellow member of The Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants and the Certified Tax Adviser of the Taxation Institute of Hong Kong.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is located on the 12th Floor, Zung Fu Industrial Building, 1067 King's Road, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.