ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

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 2017 together with the comparative figures for the year ended 31 March 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*2*	**1,325,082**	1,565,325
Cost of sales		**(1,133,545)**	(1,376,692)
Gross profit		**191,537**	188,633
Other income		**28,942**	13,420
Other gains and losses	*3*	**(1,826)**	(3,211)
Selling and distribution expenses		**(24,703)**	(30,148)
Administrative expenses		**(117,849)**	(129,511)
Gain (loss) from changes in fair value of investment properties		**8,800**	(6,000)
Gain on sale and leaseback arrangement		**–**	110,788
Finance costs on bank loans		**(676)**	(959)
Profit before tax		**84,225**	143,012
Income tax expense	*4*	**(11,278)**	(7,356)
Profit for the year attributable to owners of the Company	*5*	**72,947**	135,656
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(10,055)**	(6,408)
Net fair value gain (loss) on available-for-sale investments		**514**	(727)
Reclassified to profit or loss upon disposal of available-for-sale investments		**30**	47
Other comprehensive expense for the year		**(9,511)**	(7,088)
Total comprehensive income for the year attributable to owners of the Company		**63,436**	128,568
Earnings per share	*7*		
Basic		**HK21.7 cents**	HK40.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**250,800**	242,000
Property, plant and equipment		**179,602**	229,057
Prepaid lease payments		**22,994**	24,833
Club debentures		**13,176**	13,866
Available-for-sale investments		**17,010**	16,031
Financial assets designated at fair value through profit or loss ("FVTPL")		**1,920**	3,495
Deposits paid for acquisition of property, plant and equipment		**1,879**	108
		487,381	529,390
Current assets			
Inventories		**88,210**	74,589
Trade receivables and bills receivable	*8*	**254,189**	300,729
Other receivables	*8*	**22,157**	29,918
Mould deposits paid		**14,295**	13,012
Prepaid lease payments		**677**	704
Available-for-sale investments		**8,548**	3,538
Tax recoverable		**1,441**	11,695
Short-term deposits		**213,362**	305,732
Bank balances and cash		**517,924**	424,879
		1,120,803	1,164,796
Current liabilities			
Trade payables	*9*	**188,658**	200,717
Other payables and accruals		**122,885**	133,242
Deferred income		**19,252**	19,252
Mould deposits received		**41,213**	26,919
Tax liabilities		**40,734**	33,261
Secured bank loans – due within one year		**5,124**	10,672
		417,866	424,063
Net current assets		**702,937**	740,733
Total assets less current liabilities		**1,190,318**	1,270,123

	Notes	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Deferred tax liabilities		**13,069**	12,855
Deferred income		**17,649**	36,901
Secured bank loans – due after one year		**41,409**	46,533
		72,127	96,289
Net assets		**1,118,191**	1,173,834
Capital and reserves			
Share capital		**33,543**	33,543
Reserves		**1,084,648**	1,140,291
		1,118,191	1,173,834

Notes:

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in current year:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations

The application of the amendments to HKFRSs in 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.

New and amendments to HKFRSs and interpretations in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2017, the directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosure, however, the directors of the Company do not anticipate that the application of HKFRS 15 in the future will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

2. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are manufacturing of household electrical appliance. Revenue of the Group are sales of household electrical appliance.

Information reported to the Company's executive directors (the chief operating decision maker) for the purposes of resource allocation and assessment of segment performance focuses on geographical regions.

The Group is currently organised into four operating divisions – Europe sales, Asia sales, America sales and other regions 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 2017

	Europe	**Asia**	**America**	**Other regions**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
				(Note a)	
Segment revenue *(Note a)*	**655,338**	**332,578**	**301,632**	**35,534**	**1,325,082**
Segment profit	**60,079**	**30,490**	**27,652**	**3,258**	**121,479**
Other gains and losses (except net foreign exchange loss)					**(111)**
Depreciation (except moulds)					**(55,683)**
Gain from changes in fair value of investment properties					**8,800**
Finance costs on bank loans					**(676)**
Unallocated income and expenses, net *(Note b)*					**10,416**
Profit before tax					**84,225**

Year ended 31 March 2016

	Europe	Asia	America	Other regions	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Note a)	
Segment revenue *(Note a)*	812,435	394,762	311,248	46,880	1,565,325
Segment profit	56,922	27,658	21,807	3,285	109,672
Other gains and losses (except net foreign exchange loss)					(252)
Depreciation (except moulds)					(64,192)
Loss from changes in fair value of investment properties					(6,000)
Gain on sale and leaseback arrangement					110,788
Finance costs on bank loans					(959)
Unallocated income and expenses, net *(Note b)*					(6,045)
Profit before tax					143,012

Note a: The allocation of segment revenue is determined based on destinations of shipment of products.

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

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 foreign exchange loss), depreciation (except moulds), gain (loss) from changes in fair value of investment properties and finance costs on bank loans and gain on sale and leaseback arrangement. This is the measure reported to the Group's chief operating decision maker 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

	2017 ***HK$'000***	2016 *HK$'000*
Europe	**180,856**	204,444
Asia	**95,010**	104,393
America	**75,359**	74,096
Other regions	**10,017**	12,226
Segment assets	**361,242**	395,159
Unallocated assets		
Available-for-sale investments	**25,558**	19,569
Financial assets designated as FVTPL	**1,920**	3,495
Short-term deposits	**213,362**	305,732
Bank balances and cash	**517,924**	424,879
Investment properties	**250,800**	242,000
Plant, equipment and machinery (except moulds)	**175,054**	222,228
Club debentures	**13,176**	13,866
Other receivables	**22,157**	29,918
Tax recoverable	**1,441**	11,695
Other unallocated assets *(Note)*	**25,550**	25,645
Consolidated assets	**1,608,184**	1,694,186

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

Segment Liabilities

	2017 *HK$'000*	2016 *HK$'000*
Europe	**20,337**	14,042
Asia	**10,030**	6,379
America	**9,754**	5,723
Other regions	**1,092**	775
Segment liabilities *(Note)*	**41,213**	26,919
Unallocated liabilities		
Trade payables	**188,658**	200,717
Other payables and accruals	**122,885**	133,242
Deferred income	**36,901**	56,153
Secured liabilities loans	**46,533**	57,205
Tax liabilities	**40,734**	33,261
Deferred tax liabilities	**13,069**	12,855
Consolidated liabilities	**489,993**	520,352

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

Information About Major Customers

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

	2017 *HK$'000*	2016 *HK$'000*
Customer A (Europe, Asia, America and Other regions)	**396,997**	523,977
Customer B (Europe, Asia, America and Other regions)	**368,595**	463,750
Customer C (Europe, Asia, America and Other regions)	**232,588**	204,135
Customer D (Europe, Asia and Other regions)	**134,943**	N/A[1]
Customer E (Europe, Asia, America and Other regions)	**133,422**	N/A[1]

[1] The Correspondence revenue did not contribute over 10% of the total revenue of the Group.

Geographical Information

The Group's operations are located in Hong Kong and PRC.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2017 *HK$'000*	2016 *HK$'000*
Hong Kong	**254,904**	246,367
PRC	**200,371**	250,335
	455,275	496,702

Note: Non-current assets excluded financial instruments and club debentures.

Other Segment Information

Year ended 31 March 2017

	Europe *HK$'000*	**Asia** *HK$'000*	**America** *HK$'000*	**Other regions** *HK$'000*	**Total segment** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	**755**	**346**	**540**	**36**	**1,677**	**20,009**	**21,686**
Depreciation	**1,767**	**805**	**1,303**	**83**	**3,958**	**55,683**	**59,641**
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	**–**	**–**	**–**	**–**	**–**	**2,612**	**2,612**
Interest income on available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**398**	**398**
Rental income	**–**	**–**	**–**	**–**	**–**	**4,517**	**4,517**

Year ended 31 March 2016

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Other regions *HK$'000*	Total segment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	2,121	865	1,212	82	4,280	12,097	16,377
Depreciation	1,996	830	1,086	83	3,995	64,190	68,185
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	–	–	–	–	–	4,418	4,418
Interest income on available-for-sale investments	-	-	-	-	-	328	328
Rental income	-	-	-	-	-	5,601	5,601

3. OTHER GAINS AND LOSSES

	2017 ***HK$'000***	2016 *HK$'000*
Net foreign exchange loss	**(1,715)**	(2,959)
Gain on disposal of property, plant and equipment	**37**	100
Write-off of property, plant and equipment	**(428)**	(163)
Cumulative loss reclassified from other comprehensive income to profit or loss on redemption of available-for-sale investments	**(30)**	(47)
Net gain (loss) from changes in fair value of financial assets designated at FVTPL	**315**	(140)
Others	**(5)**	(2)
	(1,826)	(3,211)

4. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**6,472**	3,811
PRC Enterprise Income Tax	**5,798**	7,578
	12,270	11,389
Overprovision in prior years:		
Hong Kong	**(717)**	(1,025)
PRC Enterprise Income Tax	**(489)**	(2,924)
	(1,206)	(3,949)
Deferred tax:		
Current year	**214**	(84)
	11,278	7,356

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% for both years.

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

	2017	2016
	HK$'000	*HK$'000*
Profit before tax	**84,225**	143,012
Tax at the Hong Kong Profits Tax rate of 16.5%	**13,897**	23,597
Tax effect of expenses not deductible for tax purpose	**1,868**	1,763
Tax effect of income not taxable for tax purpose	**(5,220)**	(19,947)
Effect of different tax rates in the PRC	**2,709**	4,351
Overprovision in respect of prior years	**(1,206)**	(3,949)
Tax effect of tax losses not recognised	**29**	1,983
Utilisation of tax losses previously not recognised	**(787)**	(161)
Withholding tax on undistributed earnings	**756**	654
Others	**(768)**	(935)
Tax charge for the year	**11,278**	7,356

5. PROFIT FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Staff salaries and allowances	**254,700**	295,809
Contributions to retirement benefits schemes	**22,121**	23,865
Total staff costs, including directors' emoluments	**276,821**	319,674
Depreciation for property, plant and equipment	**59,641**	68,185
Direct outgoings in relation to rental income	**795**	784
Release of prepaid lease payments	**677**	704
Auditor's remuneration	**2,205**	2,165

6. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year		
2017 interim dividend of HK2.0 cents (2016: 2016 interim dividend of HK1.5 cents) per share	**6,709**	5,032
2016 final dividend of HK5.5 cents (2016: 2015 final dividend of HK7.5 cents) per share	**18,449**	25,157
2016 special dividend of HK28 cents (2015: nil) per share	**93,921**	–
	119,079	30,189

Subsequent to the end of the reporting period, a final dividend of HK10.5 cents per share in respect of the year ended 31 March 2017 (2016: final dividend of HK5.5 cents per share and a special dividend of HK28 cents per share in respect of the year ended 31 March 2016), in aggregate amount of HK$35,220,000 (2016: HK$112,370,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

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:

	2017	2016
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**72,947**	135,656

	Number of shares	
	2017	2016
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**335,433**	335,433

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

8. TRADE RECEIVABLES AND BILLS RECEIVABLE/OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**253,179**	300,729
Bills receivable	**1,010**	–
	254,189	300,729
Other receivables *(Note)*	**22,157**	29,918
Total trade and other receivables	**276,346**	330,647

Note: As at 31 March 2017, the Group's other receivables mainly include value added tax recoverable of HK$11,519,000 (2016: HK$19,577,000), which will be repayable within one year.

The following is an aged analysis of trade receivables and bills receivable, presented based on the invoice date which approximated the respective revenue recognition dates.

	2017	2016
	HK$'000	*HK$'000*
0 – 90 days	**242,740**	283,211
91 – 120 days	**8,861**	17,518
> 120 days	**2,588**	–
	254,189	300,729

The Group maintains defined credit period of up to 90 days. 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 of the Company, 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.

As at 31 March 2017, included in the Group's trade receivables and bills receivable balance are debtors with aggregated carrying amount of approximately HK$18,792,000 (2016: HK$21,595,000) 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.

Age of trade receivables which are past due but not impaired:

	2017	2016
	HK$'000	*HK$'000*
Overdue by:		
1 – 90 days	**17,342**	21,551
91 – 120 days	**1,135**	44
> 120 days	**315**	–
	18,792	21,595

9. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date:

	2017	2016
	HK$'000	*HK$'000*
0 – 90 days	**183,779**	169,911
91 – 120 days	**4,009**	27,397
> 120 days	**870**	3,409
	188,658	200,717

CLOSURE OF REGISTER OF MEMBERS

(i) To attend and vote at the AGM

The Register of Members of the Company will be closed from 11 August 2017 to 15 August 2017 (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 15 August 2017, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Standard Limited, whose address is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 10 August 2017.

(ii) To qualify for the proposed final dividend

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 25 August 2017. The Register of Members of the Company will be closed from 23 August 2017 to 25 August 2017. 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 22 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2017, the Group's sales turnover decreased by 15.3% to HK$1,325.1 million (2016: HK$1,565.3 million) and the consolidated net profit decreased by 46.2% to HK$72.9 million (2016: HK$135.7 million). Basic earnings per share of the Group for the year ended 31 March 2017 was HK21.7 cents (2016: HK40.4 cents). The significant drop in the consolidated net profit was primarily attributable to the one-off gain on sale of a property in the year ended 31 March 2016. The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK10.5 cents (2016: final dividend of HK5.5 cents and a special dividend of HK28.0 cents) per share for the year ended 31 March 2017. Together with the interim dividend of HK2.0 cents per share paid in January this year, the total dividend for the year ended 31 March 2017 will be HK12.5 cents per share (2016: HK35.0 cents).

BUSINESS REVIEW

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

Business environment for the year ended 31 March 2017 continued to be difficult and challenging. Sales turnover dropped across all markets with weak demands. The impact of the Brexit referendum result in the United Kingdom and the depreciation of the Pound Sterling and Euro had affected the sales turnover of the European market adversely.

During the year under review, sales turnover decreased by 15.3% to HK$1,325.1 million. Sales turnover to Europe decreased by 19.3% to HK$655.3 million representing 49.5% of the Group's sales turnover. Sales turnover to Asia decreased by 15.8% to HK$332.6 million representing 25.1% of the Group's sales turnover. Sales turnover to America decreased by 3.1% to HK$301.6 million representing 22.8% of the Group's sales turnover. Sales turnover to other markets decreased by 24.2% to HK$35.5 million representing 2.7% of the Group's sales turnover.

Gross profit for the year ended 31 March 2017 increased by 1.5% to HK$191.5 million. Gross profit margin increased from 12.1% to 14.5%. The improvement in gross profit margin was mainly attributed to the change in product mix, depreciation in Renminbi and productivity gains through manpower streamlining, automation and process improvements.

The Group continued to apply stringent control on all costs and expenses. Selling and distribution expenses decreased by 18.1% to HK$24.7 million. As a percentage to sales turnover, selling and distribution expenses maintained at 1.9% for both years. Administration expenses decreased by 9.0% to HK$117.8 million. As a percentage to sales turnover, administration expenses increased from 8.3% to 8.9% compared to last year.

On 13 January 2016, the Group entered into a sale and purchase agreement with an independent third party to disposal of a property, namely, all that 12th floor of Zung Fu Industrial Building, 1067 King's Road, Hong Kong at a cash consideration of HK$179.0 million. In addition, pursuant to the agreement, upon completion of the transaction, the Group continues to occupy the property by entering into a tenancy agreement with the Purchaser in respect of the Property for three years commencing from the date of completion, 3 March 2016. This sale and leaseback arrangement resulted in a gain of HK$110.8 million and a deferred income of HK$56.2 million at 31 March 2016. Amortization of deferred income arising thereof for the year ended 31 March 2017 was HK$19.3 million (2016: HK1.6 million).

The investment property located in Wanchai, Hong Kong was revaluated at HK$250.8 million at 31 March 2017 (2016: HK$242.0 million) giving rise to an increase in fair value of HK$8.8 million in the income statement.

Net Profit for the year decreased by 46.2% to HK$72.9 million (2016: HK$135.7 million). Net profit margin decreased from 8.7% to 5.5% compared to last year.

PROSPECTS

It is very difficult to project into the future under the current set of economic and political conditions. Going forward, we expect global business environment to be turbulent and challenging. Competition would continue to be very intense in the household electrical appliances industry with pressure on product selling prices. We would strive to stay slim and efficient through automation, manpower streamlining and process improvements. We would invest in our engineering and R&D capabilities to offer total project management with unique and innovative product platforms to our customers. Stringent cost and expense control, productivity efficiency improvements, persistence in quality products and engineering and R&D capabilities would continue to be our focus and top priorities. We continue to seek growth opportunities through new customers and new product categories. We will also look for business opportunities to create higher value to our shareholders.

With our prudent and pragmatic business approach, financial strength and commitment to excel, we will strive on and tread cautiously to ride through the current and coming difficulties and challenges.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group had total assets of HK$1,608.2 million (2016: HK$1,694.2 million) which was financed by current liabilities of HK$417.9 million (2016: HK$424.1 million), long-term liabilities and deferred income and taxation of HK$72.1 million (2016: HK$96.3 million) and shareholders' equity of HK$1,118.2 million (2016: HK$1,173.8 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2017, the Group held HK$731.3 million (2016: HK$730.6 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 2017, the Group generated net cash inflow from operating activities of HK$152.4 million (2016: HK$208.5 million). As at the same date, total borrowings were HK$46.5 million (2016: HK$57.2 million) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 4.2% (2016: 4.9%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March 2017 increased from HK$74.6 million to HK$88.2 million. Inventory turnover increased from 24 days to 26 days compared to last year. The trade receivables balance as at 31 March 2017 decreased from HK$300.7 million to HK$254.2 million. Trade receivables turnover maintained at 70 days for both years. The trade payables balance as at 31 March 2017 decreased from HK$200.7 million to HK$188.7 million. Trade payables turnover increased from 53 days to 61 days.

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, 2017, the group invested HK$22 million (2016: HK$16 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. 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 and Renminbis. 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

As at 31 March 2017, the Group employed approximately 3,770 employees (2016: 4,000). 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the financial year ended 31 March 2017 except for the following deviation:

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 A.5.1

Under this provision, the Company should establish a nomination committee.

At 31 March 2017, the Company had not set up a Nomination Committee. Pursuant to the Company's Bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall retire and be eligible for re-election at the next following general meeting after appointment. Executive directors identify potential new directors and recommend to the Board for decision. In considering the nomination of a new director, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of independent non-executive directors, the Board follows the requirements set out in the Listing Rules.

Code Provision A.6.7

Under this provision, independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders.

Two independent non-executive directors, Dr. Chan How Chun, Rita and Professor Lo Chung Mau, did not attend the annual general meeting of the Company held on 18 August 2016 due to other business engagements.

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 18 August 2016. 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 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2017, 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 2017. The Audit Committee currently comprises three independent non-executive directors, namely Dr. Chan How Chun, Rita, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS

All the information of the annual results of the Group for the year ended 31 March 2017 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) and the Company's website (www.allan.com.hk) in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to our employees, shareholders and business associates for their continual contribution and support throughout the year.

On behalf of the Board
Allan International Holdings Limited
Cheung Lai Chun, Maggie
Chairman

Hong Kong, 29 June 2017

As at the date of this announcement, the Executive Directors are Ms. Cheung Lai Chun, Maggie (Chairman), Mr. Cheung Shu Wan (Managing Director), Ms. Cheung Lai See, Sophie, Mr. Cheung Pui and Dr. Cheung Shu Sang, William. The Non-Executive Director is Mr. Cheung Lun (Honorary Chairman). The Independent Non-Executive Directors are Dr. Chan How Chun, Rita, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.