



# Allan International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code:684)





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### 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

#### COMPANY SECRETARY

Ms. Wong Lai Yung

#### QUALIFIED ACCOUNTANT

Ms. Wong Lai Yung

#### AUDIT COMMITTEE

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

#### REMUNERATION COMMITTEE

Mr. Lai Ah Ming, Leon\*  
Dr. Chan How Chun  
Ms. Cheung Lai See, Sophie

#### AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35th Floor  
One Pacific Place  
88 Queensway  
Hong Kong

#### LEGAL ADVISERS ON BERMUDA LAW

Conyers, Dill and Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### PRINCIPAL BANKERS

The Hongkong and Shanghai  
Banking Corporation Limited  
Hang Seng Bank Limited  
Chong Hing Bank Limited

### SHARE REGISTRARS AND TRANSFER OFFICE

HSBC Securities Services  
(Bermuda) Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

### HONG KONG BRANCH REGISTRARS AND TRANSFER OFFICE

Tricor Standard Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

12th Floor  
Zung Fu Industrial Building  
1067 King's Road  
Quarry Bay  
Hong Kong  
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Fax: (852) 2214 9357  
Website: [www.allan.com.hk](http://www.allan.com.hk)

### STOCK CODE

684

\* Chairman of the relevant Board Committee



# Deloitte.

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## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**TO THE BOARD OF DIRECTORS OF ALLAN INTERNATIONAL HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Allan International Holdings Limited (the “Company”) and its subsidiaries set out on pages 4 to 23, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

27 November 2013



## RESULTS

The board of directors of Allan International Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013 together with the comparative figures for the six months ended 30 September 2012, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
	NOTES	HK\$'000	HK\$'000
Revenue	3	1,121,339	1,233,924
Cost of sales		(984,647)	(1,083,384)
Gross profit		136,692	150,540
Other income		4,934	4,755
Other gains and losses		(2,892)	(1,370)
Selling and distribution expenses		(17,518)	(18,862)
Administrative expenses		(74,031)	(71,845)
Increase in fair value of investment properties		31,166	9,500
Interest on bank borrowings		(1,103)	(1,542)
Profit before tax		77,248	71,176
Income tax expense	5	(9,411)	(11,620)
Profit for the period	6	67,837	59,556
<b>Other comprehensive income (expense):</b>			
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Exchange difference arising on translation		4,504	(339)
Net adjustments on available-for- sale investments		(26)	223
Other comprehensive income (expense) for the period		4,478	(116)
Total comprehensive income for the period		72,315	59,440
Earnings per share	7		
Basic		HK20.22 cents	HK17.75 cents



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

		30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
	NOTES		
<b>Non-current assets</b>			
Investment properties	9	218,000	242,100
Property, plant and equipment	10	371,657	397,277
Prepaid lease payments		27,828	27,835
Club debentures		13,866	13,866
Available-for-sale investments	11	13,260	12,467
Financial assets designated at fair value through profit or loss ("FVTPL")	12	5,263	5,342
Deposits paid for acquisition of property, plant and equipment		918	2,878
		<b>650,792</b>	<b>701,765</b>
<b>Current assets</b>			
Inventories		91,070	85,888
Trade receivables and bills receivable	13	554,621	517,386
Other receivables		124,088	128,335
Mould deposits paid		19,396	18,563
Prepaid lease payments		719	706
Available-for-sale investments	11	–	3,096
Tax recoverable		–	962
Time deposits and deposits placed with banks and financial institutions		229,190	139,377
Bank balances and cash		233,171	159,261
		<b>1,252,255</b>	<b>1,053,574</b>
<b>Current liabilities</b>			
Trade payables and bills payable	14	442,414	334,825
Other payables and accruals		195,478	175,090
Mould deposits received		32,026	34,052
Tax payable		47,969	41,468
Secured bank loans			
– due within one year		50,428	54,129
		<b>768,315</b>	<b>639,564</b>



	<b>30 September 2013 (Unaudited) NOTE</b>	31 March 2013 (Audited)
	<b>HK\$'000</b>	HK\$'000
Net current assets	<b>483,940</b>	414,010
Total assets less current liabilities	<b>1,134,732</b>	1,115,775
Non-current liabilities		
Deferred tax liabilities	<b>12,100</b>	17,719
Secured bank loans – due after one year	<b>78,339</b>	91,528
	<b>90,439</b>	109,247
Net assets	<b>1,044,293</b>	1,006,528
Capital and reserves		
Share capital	<b>33,543</b>	33,543
Reserves	<b>1,010,750</b>	972,985
	<b>1,044,293</b>	1,006,528



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2012 (audited)	33,543	109,884	793	791	12,292	33,525	41,929	708,981	941,738
Profit for the period	-	-	-	-	-	-	-	59,556	59,556
Exchange difference arising on translation	-	-	-	-	-	(339)	-	-	(339)
Fair value gain on available-for-sale investments	-	-	-	223	-	-	-	-	223
Other comprehensive income (expense) for the period	-	-	-	223	-	(339)	-	-	(116)
Total comprehensive income (expense) for the period	-	-	-	223	-	(339)	-	59,556	59,440
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(41,929)	-	(41,929)
At 30 September 2012 (unaudited)	33,543	109,884	793	1,014	12,292	33,186	-	768,537	959,249
Profit for the period	-	-	-	-	-	-	-	49,270	49,270
Exchange difference arising on translation	-	-	-	-	-	6,674	-	-	6,674
Fair value gain on available-for-sale investments	-	-	-	121	-	-	-	-	121
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	-	(400)	-	-	-	-	(400)
Other comprehensive (expense) income for the period	-	-	-	(279)	-	6,674	-	-	6,395
Total comprehensive (expense) income for the period	-	-	-	(279)	-	6,674	-	49,270	55,665
Dividend proposed for 2013	-	-	-	-	-	-	34,550	(34,550)	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	-	(8,386)	(8,386)
At 31 March 2013 (audited)	33,543	109,884	793	735	12,292	39,860	34,550	774,871	1,006,528
Profit for the period	-	-	-	-	-	-	-	67,837	67,837
Exchange difference arising on translation	-	-	-	-	-	4,504	-	-	4,504
Fair value gain on available-for-sale investments	-	-	-	115	-	-	-	-	115
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	-	(141)	-	-	-	-	(141)
Other comprehensive (expense) income for the period	-	-	-	(26)	-	4,504	-	-	4,478
Total comprehensive (expense) income for the period	-	-	-	(26)	-	4,504	-	67,837	72,315
Release of property revaluation reserve on disposal of an investment property held by a subsidiary (note 4)	-	-	-	-	(12,292)	-	-	12,292	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(34,550)	-	(34,550)
At 30 September 2013 (unaudited)	33,543	109,884	793	709	-	44,364	-	855,000	1,044,293





## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	NOTE		
Net cash from operating activities		<b>161,979</b>	112,079
Net cash used in investing activities			
Placement in time deposits and deposits placed with banks and financial institutions		<b>(231,419)</b>	(160,162)
Purchase of available-for-sale investments		<b>(4,760)</b>	(1,556)
Purchase of property, plant and equipment		<b>(6,866)</b>	(32,369)
Deposits for acquisition of property, plant and equipment		<b>(918)</b>	(7,253)
Withdrawal of time deposits and deposits placed with banks and financial institutions		<b>141,606</b>	176,121
Disposal of a subsidiary	4	<b>55,147</b>	–
Proceeds on disposal/redemption of available-for-sale investments		<b>7,161</b>	–
Proceeds on disposal of property, plant and equipment		<b>1,377</b>	1,597
Proceeds on redemption of financial assets designated at FVTPL		–	3,375
Purchase of financial assets designated at FVTPL		–	(5,072)
Other investing cash flows		<b>1,113</b>	782
		<b>(37,559)</b>	(24,537)
Cash used in financing activities			
Dividends paid		<b>(34,550)</b>	(41,929)
Repayment of borrowings		<b>(16,890)</b>	(16,889)
Other financing cash flows		<b>(1,103)</b>	(1,542)
		<b>(52,543)</b>	(60,360)
Net increase in cash and cash equivalents		<b>71,877</b>	27,182
Cash and cash equivalents at beginning of the period		<b>159,261</b>	188,700
Effect of foreign exchange rate changes		<b>2,033</b>	–
Cash and cash equivalents at end of the period, represented by bank balances and cash		<b>233,171</b>	215,882



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle;
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;
HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
HKFRS 13	Fair Value Measurement;



Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures; and
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine.

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

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 18.



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

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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 do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

### **Amendments to HKAS 34 *Interim Financial Reporting* (as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle)**

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker (“CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group’s reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.



### 3. SEGMENT INFORMATION

Information reported to the Company's executive directors, CODM, for the purposes of resource allocation and assessment of segment performance focuses on geographical regions.

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, America sales, Asia sales and other sales. The information reported to the Group's CODM for the purposes of resource allocation and assessment of performance is based on these operating divisions.

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

#### Six months ended 30 September 2013

	Europe (Unaudited) HK\$'000	America (Unaudited) HK\$'000	Asia (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
				(Note a)	
Segment revenue	548,962	254,491	271,956	45,930	1,121,339
Segment profit	40,388	18,723	20,008	3,379	82,498
Other gains and losses (except gain on disposal of property, plant and equipment and net exchange loss)					68
Depreciation (except moulds)					(37,301)
Increase in fair value of investment properties					31,166
Finance costs					(1,103)
Unallocated income and expenses, net (note b)					1,920
Profit before tax					77,248



## Six months ended 30 September 2012

	Europe (Unaudited) HK\$'000	America (Unaudited) HK\$'000	Asia (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
					<i>(Note a)</i>
Segment revenue	604,152	294,123	297,452	38,197	1,233,924
Segment profit	51,401	25,024	25,307	3,250	104,982
Other gains and losses (except gain on disposal of property, plant and equipment and net exchange loss)					275
Depreciation (except moulds)					(33,773)
Increase in fair value of investment properties					9,500
Finance costs					(1,542)
Unallocated income and expenses, net ( <i>note b</i> )					(8,266)
Profit before tax					71,176

### Notes:

- (a) Segment revenue in others represents revenue from destinations of shipment of products which individually contributed less than 10% of total revenue of the Group.
- (b) Unallocated income and expenses, net, 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 costs and directors' salaries, other gains and losses (except gain on disposal of property, plant and equipment and net exchange loss), depreciation (except for moulds), increase in fair value of investment properties and finance costs. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment. Revenue reported above represents revenue generated from external customers. There is no inter-segment sales in both periods.



#### 4. DISPOSAL OF A SUBSIDIARY

During the current interim period, the Group entered into a sale agreement with an independent third party (the “Purchaser”) to dispose of the entire equity interest in a then wholly-owned subsidiary, Southern Well Holdings Limited (“Southern Well”), at a cash consideration of RMB43,880,000 (equivalent to approximately HK\$55,147,000). In addition, pursuant to the agreement, upon completion of the disposal, the Group transferred and assigned to the Purchaser an outstanding balance due from Southern Well amounting to HK\$15,873,000.

Southern Well is a company incorporated in Hong Kong and its principal asset is two parcels of land located in the People’s Republic of China (“PRC”) which was classified as investment property at fair value. The disposal was completed on 30 August 2013, on which date the Group lost control of Southern Well. The investment property was measured at its fair value at disposal date and its fair value, in the opinion of the directors, approximates the selling proceeds, of HK\$55,266,000. The resulting increase in fair value of HK\$23,766,000 was recognised in the condensed consolidated statement of profit or loss during the six months ended 30 September 2013 and the property revaluation reserve of HK\$12,292,000, arising from change of usage as evidenced by end of owner occupation on 1 December 2011, was transferred to retained profits accordingly.

	HK\$'000
<b>Gain/loss on disposal of a subsidiary:</b>	
Consideration received	55,147
Assignment of shareholder’s loan	(15,873)
Net assets disposed of	(39,274)
Gain/loss on disposal	—
<b>Net cash inflow arising on disposal:</b>	
Cash consideration	55,147



No summary of cash flows is presented as Southern Well did not have any cash flows for both periods.

	HK\$'000
<b>Total effect on equity:</b>	
Release of property revaluation reserve	(12,292)
Retained profits recognised	12,292
	<u>                    </u>
	-
	<u>                    </u>

## 5. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax		
– Hong Kong	<b>7,847</b>	9,230
– PRC Enterprise Income Tax	<b>1,837</b>	2,141
	<u><b>9,684</b></u>	11,371
Deferred tax (credit) charge	<b>(273)</b>	249
	<u><b>9,411</b></u>	11,620

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for both periods. PRC Enterprise Income Tax is calculated at 25% for both periods.





## 6. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Interest on bank deposits	(948)	(632)
Interest on debt securities	(165)	(148)
	<b>(1,113)</b>	(780)
Net gain on financial assets designated at FVTPL	(72)	(275)
Release of prepaid lease payments	360	353
Depreciation on property, plant and equipment	39,418	35,876
Total depreciation and amortisation	<b>39,778</b>	36,229
Net exchange loss	4,011	1,978
Gain on disposal of property, plant and equipment	(1,059)	(333)

## 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:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	<b>67,837</b>	59,556



	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>Number of</b>	Number of
	<b>shares</b>	shares
Number of ordinary shares for the purpose of basic earnings per share	<b>335,432,520</b>	335,432,520

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

## **8. DIVIDENDS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Dividends paid		
2013 final dividend of HK10.3 cents (2012: HK12.5 cents for 2012 final dividend) per ordinary share	<b>34,550</b>	41,929

Subsequent to 30 September 2013, the board of directors has determined that a dividend of HK2.5 cents per share (2012: HK2.5 cents per share) shall be paid on or before 22 January 2014 to the shareholders of the Company whose names appear on the Register of Members on 30 December 2013 as interim dividend for the current financial year. The aggregate amount of the interim dividend amounted to approximately HK\$8,386,000 (2012: HK\$8,386,000).



## 9. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 1 April 2013 (audited)	242,100
Increase in fair value recognised in profit or loss	31,166
On disposal of a subsidiary	(55,266)
At 30 September 2013 (unaudited)	<u>218,000</u>

The carrying amounts of investment properties shown above are situated on:

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
Property in Hong Kong under long lease	<b>218,000</b>	210,600
Land outside Hong Kong under long lease	–	31,500
	<b><u>218,000</u></b>	<u>242,100</u>

During the current interim period, an investment property located outside Hong Kong under long lease was disposed of upon the disposal of a subsidiary as described in note 4. The investment property was measured at its fair value at disposal date and its fair value which, in the opinion of the directors, approximates the selling proceeds, of HK\$55,266,000. The directors believe that the increase in fair value of HK\$23,766,000 was mainly due to a premium paid by the buyer who is holding another plot of land adjacent to the land held by Southern Well which might allow the buyer greater flexibility on his development plan.

The fair value of the Group's investment property at 30 September 2013, representing property in Hong Kong under long lease, has been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Ltd., independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. The resulting increase in fair value of HK\$7,400,000 (2012: increase of HK\$9,500,000) has been recognised directly in the condensed consolidated statement of profit or loss for the six months ended 30 September 2013.



## **10. PROPERTY, PLANT AND EQUIPMENT**

For the six months ended 30 September 2013, the Group's additions on property, plant and equipment were HK\$9,744,000 (six months ended 30 September 2012: HK\$42,504,000). The acquisitions mainly comprised HK\$3,329,000 spent on plant and machinery to upgrade the Group's manufacturing capabilities (six months ended 30 September 2012: HK\$12,797,000) and HK\$4,688,000 on furniture, fixtures and equipment (six months ended 30 September 2012: HK\$24,043,000). No material disposal of property, plant and equipment was made during both periods.

## **11. AVAILABLE-FOR-SALE INVESTMENTS**

The unlisted investment funds and unlisted debt securities are stated at fair values, which have been determined by reference to prices provided by the counterparty financial institution. As of 30 September 2013, the unlisted debt securities carry interest either at fixed rates or variable rates, which is by reference to the London Interbank Offered Rate plus a fixed rate. The original maturities of these debt securities ranges from three years to eight years with maturity dates from December 2014 to April 2016. For the six months ended 30 September 2013, the Group acquired additional unlisted debt securities amounting to HK\$4,760,000 (six months ended 30 September 2012: HK\$1,556,000).

As at 30 September 2013, the Group had nil available-for-sale investments classified as current assets (31 March 2013: HK\$3,096,000) which will be matured and redeemed within twelve months from the end of the reporting period.

## **12. FINANCIAL ASSETS DESIGNATED AT FVTPL**

Financial assets designated at FVTPL represent unlisted investment funds and unlisted debt securities redeemable or being disposable at the directors' discretion with the total principal amount of HK\$5,263,000 (31 March 2013: HK\$5,342,000). As at 30 September 2013, the directors intended to hold these investments at least in the coming twelve months from the end of the reporting period and therefore they are classified as non-current assets.

The above financial instruments are measured at fair value at the end of the reporting period.



### 13. TRADE RECEIVABLES AND BILLS RECEIVABLE

The Group allows an average credit period up to 90 days to its trade customers. 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, which approximates the respective revenue recognition date:

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
0 – 90 days	<b>527,619</b>	431,117
91 – 120 days	<b>26,236</b>	86,210
Over 120 days	<b>766</b>	59
Total	<b>554,621</b>	517,386

### 14. TRADE PAYABLES AND BILLS PAYABLE

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

	<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
0 – 90 days	<b>389,690</b>	298,375
91 – 120 days	<b>48,229</b>	30,385
Over 120 days	<b>4,495</b>	6,065
Total	<b>442,414</b>	334,825



## 15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2012, 30 September 2012, 1 April 2013 and 30 September 2013	600,000,000	60,000
Issued and fully paid:		
At 1 April 2012, 30 September 2012, 1 April 2013 and at 30 September 2013	335,432,520	33,543

## 16. CAPITAL COMMITMENTS

	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	947	3,761
Capital expenditure authorised but not contracted for in respect of:		
– acquisition of property, plant and equipment	30,716	44,070
	<b>31,663</b>	47,831



## 17. RELATED PARTY TRANSACTIONS

During the period, rental expenses paid and payable to Allan Investment Company Limited amounted to HK\$450,000 (2012: HK\$450,000) and to Income Village Limited amounted to HK\$102,000 (2012: HK\$102,000) and to Fair Pacific Limited amounted to HK\$492,000 (2012: HK\$492,000). These companies are controlled by certain directors of the Company who, together with their family members, have significant influence to the Group.

In addition, the Group also paid rentals of HK\$339,000 (2012: HK\$331,000) to Mr. Cheung Pui, a director of the Company.

During the period, the emoluments paid to the directors amounted to HK\$9,070,000 (2012: HK\$9,516,000). There is no key management personnel other than the executive directors of the Company.

## 18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### **Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All the financial assets at FVTPL and available-for-sale financial assets are grouped into Level 3 at the end of the reporting period. There were no transfers between the different levels of the fair value hierarchy for the current interim period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.



## Reconciliation of Level 3 fair value measurements of financial assets

	Available- for-sale investments HK\$'000	Financial assets designated at FVTPL HK\$'000
At 1 April 2013 (audited)	<b>15,563</b>	5,342
Total gains (losses) recognised:		
– in profit or loss	<b>141</b>	(72)
– in other comprehensive income	<b>(26)</b>	–
Purchases	<b>4,760</b>	–
Settlements	<b>(7,161)</b>	–
Exchange difference	<b>(17)</b>	(7)
At 30 September 2013 (unaudited)	<b>13,260</b>	5,263

Of the total losses for the period included in 'other gains and losses' in profit or loss, gains of HK\$15,000 relates to unlisted investment funds and unlisted debt securities held at the end of the reporting period (six months ended 30 September 2012: gains of HK\$192,000). Included in other comprehensive income is an amount of HK\$53,000 gains related to unlisted investment funds and unlisted debt securities held at the end of the reporting period and is reported as changes of 'investment revaluation reserve' (six months ended 30 September 2012: gains of HK\$223,000).

### Fair value measurements and valuation processes

The board of directors of the Company has determined the fair value of the unlisted investment funds and unlisted debt securities by reference to prices provided by the counterparty financial institution.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group looks for other data provided by the counterparty financial institution. The finance director works closely with the counterparty financial institution to obtain the latest data. The finance director reports the findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.





## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2013, the Group's sales turnover decreased by 9.1% to HK\$1,121.3 million (2012: HK\$1,233.9 million) and the consolidated net profit increased by 13.9% to HK\$67.8 million (2012: HK\$59.6 million). Basic earnings per share of the Group for the six months ended 30 September 2013 was HK20.2 cents (2012: HK17.8 cents). The Board of Directors has resolved that an interim dividend of HK2.5 cents (2012: HK2.5 cents) per share would be paid on 22 January 2014 to shareholders registered on 30 December 2013.

### BUSINESS REVIEW

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

For the six months ended 30 September 2013, sales turnover decreased by 9.1% to HK\$1,121.3 million. The European market still shows no sign of recovery and sales continues to suffer. Sales turnover to Europe decreased by 9.1% to HK\$549.0 million representing 49.0% of the Group's sales turnover. Sales turnover to Asia decreased by 8.6% to HK\$272.0 million representing 24.2% of the Group's sales turnover. The recovery in the American market is showing signs of slowing in pace. Sales turnover to America decreased by 13.5% to HK\$254.5 million representing 22.7% of the Group's sales turnover. Sales turnover to other markets increased by 20.2% to HK\$45.9 million representing 4.1% of the Group's sales turnover.

Gross profit for the six months ended 30 September 2013 decreased by 9.2% to HK\$136.7 million (2012: HK\$150.5 million). Gross profit margin was maintained at 12.2% for both periods. Although raw material and commodity prices have generally stabilised, the increase in operating expenses, increase in statutory labour wages, shortage in labour supply and appreciation in Renminbi have put tremendous pressure on the gross margin. The issue of labour shortage has intensified which have caused OT wages to increase in order to fulfill confirmed orders to customers.

We continue to apply stringent cost control measures to all aspects of our operations. Selling and distribution costs decreased by 7.1% to HK\$17.5 million (2012: HK\$18.9 million). As a percentage to sales turnover, selling and distribution costs increased slightly from 1.5% to 1.6% as compared to corresponding period last year. Administrative expenses increased by 3% to HK\$74.0 million (2012: HK\$71.8 million). As a percentage to sales turnover, administrative expenses increased from 5.8% to 6.6% as compared to corresponding period last year.



During the current period, the Group entered into a sale agreement with an independent third party to dispose of the entire equity interest in a then wholly-owned subsidiary, Southern Well Holdings Limited (“Southern Well”), at a cash consideration of RMB43.88 million (equivalent to approximately HK\$55.15 million). Southern Well’s principle asset is two parcels of land located in the People’s Republic of China (the “PRC”). The transaction was completed on 30 August 2013. The transaction resulted in an increase in fair value of HK\$23.77 million which was recognized in the condensed consolidated statement of profit or loss during the six months ended 30 September 2013 and the property revaluation reserve of HK\$12.29 million arising from change of usage as evidenced by end of owner occupation on 1 December 2011, was transferred to retained profits accordingly.

The valuation of the investment property located in Wanchai, Hong Kong was revalued at HK\$218 million at 30 September 2013 giving rise to an increase in fair value of HK\$7.4 million.

Net profit increased by 13.9% to HK\$67.8 million (2012: HK\$59.6 million). Net profit margin increased from 4.8% to 6.0%.

## **PROSPECTS**

Business environment continues to be increasingly difficult and competitive and the outlook remains uncertain. We continue to seek growth opportunities through new customers and new product categories.

At the operations level, our main focus lies in productivity efficiency and cost control. We anticipate the problem of labour shortage to continue. On top of this, we still have to face difficulties and challenges such as possible fluctuations in raw material prices, rising operating costs and labour costs in the PRC and the appreciation of Renminbi. To alleviate the pressure on our margins and our operations, we would stay focused to exercise tight cost control in all aspects of our operations and raise productivity and efficiency through semi-automation and lean manufacturing concepts and projects.

The Group celebrates its 50th anniversary in business this year. With our prudent and pragmatic business approach, healthy financial conditions and commitment to excel, we are confident that we would sail through the challenges and uncertainties ahead of us in the coming future to create value to our shareholders, employees and business partners.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2013, the Group had total assets of HK\$1,903.0 million (31 March 2013: HK\$1,755.3 million) which was financed by current liabilities of HK\$768.3 million (31 March 2013: HK\$639.6 million), long-term liabilities and deferred taxation of HK\$90.4 million (31 March 2013: HK\$109.2 million) and shareholders’ equity of HK\$1,044.3 million (31 March 2013: HK\$1,006.5 million).



The Group continued to maintain a strong and healthy balance sheet and liquidity position. As at 30 September 2013, the Group held HK\$462.4 million (31 March 2013: HK\$298.6 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. As at the same date, total borrowings were HK\$128.8 million (31 March 2013: HK\$145.7 million) and the gearing ratio (ratio of borrowings to shareholders' equity) was 12.3% (31 March 2013: 14.5%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 30 September 2013 was HK\$91.1 million (31 March 2013: HK\$85.9 million). The trade receivables balance as at 30 September 2013 increased to HK\$554.6 million (31 March 2013: HK\$517.4 million). The trade payables balance as at 30 September 2013 increased to HK\$442.4 million (31 March 2013: HK\$334.8 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 six months ended 30 September 2013, the Group invested approximately HK\$9.7 million (2012: HK\$42.5 million) in property, plant and machinery, mould and tools, equipment, computer systems and other tangible assets for expansion and upgrade to our manufacturing facilities. These investments were funded by internal resources. With our 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, Renminbi, 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.

## **CONTINGENT LIABILITIES**

As at 30 September 2013, the Group did not have any significant contingent liability.

## **EMPLOYEE AND REMUNERATION POLICIES**

Currently, the Group employs approximately 4,900 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.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2013, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”), were as follows:

### Ordinary shares of HK\$0.10 each of the Company

Name	Capacity	Number of ordinary shares held		Total	Approximate % of the issued share capital of the Company
		Personal Interest	Other interest		
Mr. Cheung Lun	Founder of discretionary trust		149,049,960 <i>(Note)</i>	149,049,960	44.44%
Mr. Cheung Shu Wan	Beneficial Owner	49,675,335		198,725,295	59.24%
	Beneficiary of trust		149,049,960 <i>(Note)</i>		
Ms. Cheung Lai Chun, Maggie	Beneficial Owner	600,000		149,649,960	44.61%
	Beneficiary of trust		149,049,960 <i>(Note)</i>		
Ms. Cheung Lai See, Sophie	Beneficial Owner	1,258,000		150,307,960	44.81%
	Beneficiary of trust		149,049,960 <i>(Note)</i>		
Mr. Cheung Pui	Beneficial Owner	1,000,000		1,000,000	0.30%



*Note:*

The references to 149,049,960 shares relate to the same block of shares in the Company, of which 134,821,960 shares are held by Allan Investment Company Limited (“AICL”), 7,658,000 shares are held by Commence Investment Limited (“CIL”) and 6,570,000 shares are held by Unison Associates Limited (“UAL”), AICL and CIL are owned as to 89% and 100% by UAL respectively. Mr. Cheung Lun is the settlor of The Cheung Lun Family Trust (“Trust”). Credit Suisse Trust Limited as trustee of the Trust holds 100% of the shareholding of UAL and the discretionary beneficiaries of the Trust are, among others family members, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie and Ms. Cheung Lai See, Sophie.

Save as disclosed above, none of the directors or chief executives, nor their associates, of the Company had, as at 30 September 2013, any interests or short positions 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 would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## **SUBSTANTIAL SHAREHOLDERS**

So far as is known to any Director or chief executive of the Company, as at 30 September 2013, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company were as follows:

### **Long Positions of Substantial Shareholders in the Shares of the Company**

<b>Number of Shareholder</b>	<b>Capacity</b>	<b>Name of Ordinary Shares</b>	<b>Approximate % of Shareholding</b>
Credit Suisse Trust Limited	Trustee	149,049,960	44.44%
Unison Associates Limited	Held by controlled corporation	142,479,960	42.48%
	Beneficial Owner	6,570,000	1.96%



<b>Number of Shareholder</b>	<b>Capacity</b>	<b>Name of Ordinary Shares</b>	<b>Approximate % of Shareholding</b>
Allan Investment Company Limited	Beneficial Owner	134,821,960	40.19%
Webb, David Michael	Beneficial Owner	9,121,000	2.72%
	Held by controlled corporation	27,905,000 <i>(Note)</i>	8.32%
Preferable Situation Assets Limited	Beneficial Owner	26,886,000 <i>(Note)</i>	8.02%

*Note:*

The reference to 27,905,000 shares above are held by Preferable Situation Assets Limited, a company 100% controlled by Mr. Webb, David Michael. According to a notice subsequently filed pursuant to Part XV of the SFO, the shareholding of Preferable Situation Assets Limited in the Company was increased from 26,886,000 shares to 27,905,000 Shares.

Save as disclosed above, as at 30 September 2013, the Company has not been notified by any persons (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

On 8 August 2012 (“Adoption Date”), the then Shareholders of the Company passed a resolution to adopt the Share Option Scheme (the “Scheme”) of the Company. The Scheme will remain in force for a period of ten years from the Adoption Date. At 30 September 2013, no option has been granted by the Company pursuant to the Scheme.



## **CLOSURE OF REGISTER**

The Register of Shareholders will be closed from 23 December 2013 to 30 December 2013, both days inclusive, during which period no transfer of shares will be effected.

All transfers, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 20 December 2013 in order to qualify for the interim dividend above mentioned.

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

During the six months ended 30 September 2013, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") for the six month ended 30 September 2013, except for the deviations herein below mentioned:

### **The CG 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 ("INEDs") is appointed for a specific term. However, all INEDs, 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 CG Code.



### **The CG 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 the CG 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.

### **The CG Code Provision A.5.1**

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

Currently, the Company does not have a nomination committee. The Board will identify individuals suitably qualified to become board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship after taking into account of his/her experience, qualification and other relevant factors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

### **The CG Code Provision A.6.7**

Under this code 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 and Professor Lo Chung Mau, did not attend the annual general meeting of the Company held on 21 August 2013 due to other business engagements.





## **The CG 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 21 August 2013. 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 MODEL CODE**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its Code of Conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standards set out in the Model Code as provided in Appendix 10 of the Listing Rules.

## **REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The Audit Committee and the external auditors have reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2013. The Committee now comprises three independent non-executive directors of the Company.

## **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.

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

Hong Kong, 27 November 2013

*This interim report can also be accessed through the interest at the Company's Website <http://www.allan.com.hk>.*