



ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2003

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, 2003 together with the comparative figures for the year ended 31 March, 2002, as follows:–

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Year ended 31 March,	
		2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	1	769,638	730,667
Cost of sales		(594,002)	(545,580)
Gross profit		175,636	185,087
Other operating income		1,214	2,175
Distribution costs		(29,052)	(28,948)
Administrative expenses		(81,776)	(91,858)
Profit from operations		66,022	66,456
Finance costs		(399)	(931)
Investment (loss) income		(3,049)	3,474
Profit before taxation		62,574	68,999
Taxation	2	(4,976)	(8,968)
Profit for the year		57,598	60,031
Dividends	3	26,835	33,544
Earnings per share	5		
Basic		17.2 Cents	17.9 Cents

1. SEGMENTAL INFORMATION

By principal activity	Turnover Year ended 31 March,		Contribution to Profit from operations Year ended 31 March,	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Household electrical appliances	554,761	516,385	58,927	60,125
Personal care products	214,877	214,282	7,095	6,331
	769,638	730,667	66,022	66,456

Geographical segments

The following tables provide analysis of the Group's turnover and contribution to profit from operations by geographical market determined on the basis of the destination of shipment of products:

	Turnover Year ended 31 March,		Contribution to Profit from operations Year ended 31 March,	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Europe	390,942	333,543	36,009	30,849
America	277,494	290,634	21,338	27,678
Asia	74,409	81,833	6,620	6,170
Other regions	26,793	24,657	2,055	1,759
	<u>769,638</u>	<u>730,667</u>	<u>66,022</u>	<u>66,456</u>

2. TAXATION

	Year ended 31 March,	
	2003 HK\$'000	2002 HK\$'000
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on the estimated assessable profits		
Current year	4,882	6,207
Under (over) provision in prior years	300	(398)
	<u>5,182</u>	<u>5,809</u>
PRC enterprise income tax calculated at the prevailing rates	1,211	1,071
Deferred taxation (credit) charge	(1,417)	2,088
	<u>4,976</u>	<u>8,968</u>

3. DIVIDENDS

	Year ended 31 March,	
	2003 HK\$'000	2002 HK\$'000
Ordinary Shares:		
Interim, paid – 2 cents (2002: 2 cents) per share	6,709	6,709
Final, proposed – 6 cents (2002: 5 cents) per share	20,126	16,772
Special, proposed – Nil (2002: 3 cents) per share	–	10,063
	<u>26,835</u>	<u>33,544</u>

The final dividend should be paid on or before 28 August, 2003 to the shareholders of the Company whose names appear in the Register of members on 15 August, 2003.

4. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice (“SSAP(s)”) issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign Currencies

The revisions to SSAP 11 “Foreign Currency Translation” have eliminated the choice of translating the income statements of overseas subsidiaries at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting year.

Cash Flow Statements

Under SSAP 15 (Revised) “Cash Flow Statements”, cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividend, which were previously presented under a separate heading, are classified as investing or financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude cash balances held for investment purposes. The redefinition of cash and cash equivalents has resulted in a restatement of the comparative amounts shown in the cash flow statement.

Employee Benefits

SSAP 34 “Employee Benefits”, introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

5. EARNINGS PER SHARE

The calculation of the earnings per share is based on the net profit for the both years and 335,432,520 shares in issue.

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 11 August, 2003 to 15 August, 2003, 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, Standard Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 8 August, 2003 in order to qualify for the final dividend above mentioned.

CHAIRMAN'S STATEMENT

For the year ended 31 March, 2003, the Group's sales turnover increased by 5% to HK\$769,638,000 (2002: HK\$730,667,000) and consolidated net profit decreased by 4% to HK\$57,598,000 (2002: HK\$60,031,000). Basic earnings per share of the Group for the year ended 31 March, 2003 was HK17.2 cents (2002: HK17.9 cents).

The Directors recommend the payment of a final dividend of HK6 cents per share for the year ended 31 March, 2003. Together with the interim dividend HK2 cents per share paid in January 2003, the total dividends for the year ended 31 March, 2003 will be HK8 cents per share (2002: HK7 cents and a special dividend of HK3 cents).

BUSINESS REVIEW

Business environment, being affected by the uncertain global economic conditions and consumers' cautious and conservative spending, remains difficult and highly competitive. In spite of this, the Group was able to attain a slight increase in sales turnover and maintain the operating profit margin at 9%.

The Group's core business lies in product categories of household appliances and personal care products. Turnover of household appliances increased by 7% to HK\$554,761,000 representing 72% of the Group's turnover. Turnover of personal care products increased slightly to HK\$214,877,000 representing 28% of the Group's turnover.

Geographically, turnover to Europe increased by 17% to HK\$390,942,000 representing 51% of the Group's turnover. Turnover to America decreased by 5% to HK\$277,494,000 representing 36% of the Group's turnover. Turnover to Asia and other markets decreased by 5% to HK\$101,202,000 representing 13% of the Group's turnover.

Gross profit margin dropped from 25% to 23% due to the continual pricing pressure from customers. Profit from operations, however, maintained at 9% to turnover. The Group's distribution costs was maintained at 4% to turnover. The Group's administration expenses was trimmed down from HK\$91,858,000 to HK\$81,776,000 thereby achieving a HK\$10,082,000 cost savings which compensated for the drop in gross profit.

Net profit after tax for the year dropped by one percentage point year on year from 8% to 7% to turnover. While the profit from operations was maintained at 9%, the drop in net profit was caused by an investment loss of HK\$5,788,000 arising from disposal of investment in securities.

During the year, new products launched included Foot Bath, Lady Shaver, Vegetable Cutter, Minus-ion Hair Dryer, Ice Cream Maker and new versions of Food Processors, Deep Fryers, Coffee Makers and Bath Spa.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March, 2003, the Group had total assets of HK\$543,678,000 (2002: HK\$495,103,000) which was financed by current liabilities of HK\$105,018,000 (2002: HK\$80,516,000), long-term liabilities and deferred taxation of HK\$11,659,000 (2002: HK\$18,152,000) and shareholders' equity of HK\$427,001,000 (2002: HK\$396,435,000).

At the end of the financial year, the Group maintained a strong balance sheet and a healthy liquidity position. As at 31 March, 2003, the Group had bank deposit and cash balance of HK\$178,702,000 (2002: HK\$179,827,000) most of which was placed in US dollar short term deposits, except for temporary balances held in such non-US currencies as required pending specific payments. Total borrowings as at 31 March, 2003 included obligations under finance leases of HK\$5,336,000 (2002: HK\$10,838,000) representing 1% of the Group's shareholders' equity at the same date.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flows. With a strong financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansion of the Group's business operation and future investment opportunities, as and when required.

HUMAN RESOURCES

Currently, the Group employed approximately 4,800 employees, the majority of which work in the PRC. Remuneration of the employees includes basic salaries and performance bonuses. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

PROSPECTS

Under the difficult business environment with keen competition and customer request on shorter order lead time and pricing pressure, the Group would continue to focus on stringent cost control, expenditure reduction, efficiency improvement, material sourcing and research and development in new products.

We are currently working on several new versions of Juice Extractor, Blender, Food Processor, Food Steamer, Deep Fryer, Bath Spa and Foot Bath.

With the fierce competition arising from PRC local manufacturers, we believe that we can differentiate in terms of quality and service. We would continue to focus on consistent product quality and design & engineering services to our customers. Our expansion in our Research and Development section is now in progress whereby testing and rapid prototyping facilities are being installed.

During the year, we have commenced on the construction of a new factory block in the PRC. The new block is now at its final stage of completion and is expected to be in operation in the 3rd quarter of this year. The added capacity of the new factory block would allow us to have a more efficient workflow for the larger size products. The capital expenditure requirement for this new block is approximately HK\$30 million which is funded from the internal resources of the Group.

The Group celebrates its 40th anniversary in business this year. With a strong and stable financial position, long established experience and goodwill, dedication and focus in our core business, the Group is confident to meet the challenges lying ahead and will continue to perform under difficult business conditions and create value to our shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March, 2003, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the accounting year under review.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE

A detailed announcement of annual results of the Group for the year ended 31 March, 2003, containing all the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited, will be published on the website of the Stock Exchange in due course.

APPRECIATION

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

On behalf of the Board
Cheung Lai See, Sophie
Director

Hong Kong, 30 June, 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Allan International Holdings Limited (the “**Company**”) will be held at World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on 15 August, 2003 at 3:45 p.m., for the purpose of considering and, if thought fit, passing, with or without modification, the following ordinary resolutions of the Company:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March, 2003;
2. To declare a final dividend of HK6 cents per share for the year ended 31 March, 2003;
3. To re-elect directors and to authorize the board of directors to fix their remuneration;
4. To appoint auditors and to authorize the board of directors to fix their remuneration;

5. To consider and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:–

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period of all the powers of the Company to allot, issue and otherwise deal with additional shares of the Company (“**Shares**”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorizations given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:–
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or right to acquire Shares;
 - (iv) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company;

shall not exceed;

- (A) in the case of an allotment and issue of shares for cash, 5% of the aggregate nominal amount of the share capital in issue at the date of this resolution; and
- (B) in the case of an allotment and issue of shares other than for cash, 20% of the aggregate nominal amount of the share capital in issue at the date of this resolution (less shares (if any) issued pursuant to the general mandate granted pursuant to sub-paragraph (A) of the resolution).

provided that, in any event, any shares to be allotted and issued by the Directors pursuant to the approval granted under this resolution shall not be issued at a discount of 5% or more to the Benchmarked Price (as hereinafter defined) of the shares, and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“**Benchmarked Price**” shall be a price which is the higher of:

- (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet on the date of signing of the agreement to which the transaction relates; or
- (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the earlier of:
 - (A) the date of signing of the agreement to which the transaction relates; or
 - (B) the date on which the relevant transaction is announced; or
 - (C) the date on which the price of the shares of the Company to be issued pursuant to the transaction is fixed.

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:–

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting;

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

6. To consider and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:–

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of Company (**“Directors”**) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the shares of the Company (**“Shares”**) on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases, and subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolutions and the said approval shall be limited accordingly;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this Resolution, **“Relevant Period”** means the period from the passing of this Resolution until whichever is the earlier of:–
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”

7. To consider and, if thought fit, passing with or without modification, the following resolution shall be passed as an ordinary resolution of the Company:–

“THAT conditional upon the passing of the Resolutions 5 and 6 as set out in the notice of this meeting, the general mandate granted to the directors of the Company (**“Directors”**) to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to Resolution 5 above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

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

Hong Kong, 30 June, 2003

Head office and Principal place of business in Hong Kong:
12th Floor
Zung Fu Industrial Building
1067 King's Road
Quarry Bay
Hong Kong

Registered office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

Notes:–

1. A shareholder entitled to attend and vote at the above meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any Share, any one such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the share registrar of the Company in Hong Kong, Standard Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

“Please also refer to the published version of this announcement in SCMP”.