



ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS 2002/2003

RESULTS

The board of directors of Allan International Holdings Limited announces the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30 September, 2002 together with the comparative figures for the six months ended 30 September, 2001, as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 September,	
	Notes	2002 HK\$'000	2001 HK\$'000
Turnover	2	396,064	400,241
Cost of sales		(304,364)	(300,503)
Gross profit		91,700	99,738
Other operating income		3,355	5,693
Distribution costs		(14,489)	(17,434)
Administrative expenses		(38,895)	(48,559)
Profit from operations		41,671	39,438
Impairment loss on investments in non-trading securities		(4,553)	–
Investment income		1,591	2,261
Interest on borrowings and finance lease charges		(171)	(576)
Profit before taxation		38,538	41,123
Taxation	3	(4,902)	(8,122)
Net profit for the period		<u>33,636</u>	<u>33,001</u>
Dividend	4	<u>6,709</u>	<u>6,709</u>
Earnings per share	5		
Basic		<u>10.03 Cents</u>	<u>9.84 Cents</u>

Notes:

1. Accounting Policies

(i) Basis of preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

(ii) Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investments in non-trading securities and investment property.

In the current period, the Group has adopted, for the first time, the following SSAPs. The adoption of these SSAPs have 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.

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the terms of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm’s length.

Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Cash flow Statements

Under SSAP No. 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under separate headings, 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 time deposits that are investing in nature. The re-definition of cash and cash equivalents resulted in a restatement in the comparative amounts shown in the cash flow statement.

Other than the above, the accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 March, 2002.

2. Segment Information

Business segments

For management purposes, the Group is currently organised into two operating divisions – household electrical appliances and personal care products. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

Six months ended 30 September, 2002

	Unaudited Household electrical appliances <i>HK\$'000</i>	Unaudited Personal care products <i>HK\$'000</i>	Unaudited Consolidated <i>HK\$'000</i>
Turnover	<u>299,781</u>	<u>96,283</u>	<u>396,064</u>
Segment result	<u>39,468</u>	<u>2,203</u>	41,671
Impairment loss on investments in non-trading securities			(4,553)
Investment income			1,591
Interest on borrowings and finance lease charges			<u>(171)</u>
Profit before taxation			38,538
Taxation			<u>(4,902)</u>
Net profit for the period			<u>33,636</u>

Six months ended 30 September, 2001

	Unaudited Household electrical appliances <i>HK\$'000</i>	Unaudited Personal care products <i>HK\$'000</i>	Unaudited Consolidated <i>HK\$'000</i>
Turnover	286,013	114,228	400,241
Segment result	36,990	2,448	39,438
Investment income			2,261
Interest on borrowings and finance lease charges			(576)
Profit before taxation			41,123
Taxation			(8,122)
Net Profit for the period			33,001

3. Taxation

	Unaudited Six months ended 30 September,	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on estimated assessable profit		
Current period	4,776	5,306
Overprovision in prior period	–	(400)
PRC enterprise income tax calculated at the prevailing rates		
Current period	592	246
Under provision in prior period	–	901
Deferred taxation	5,368 (466)	6,053 2,069
	4,902	8,122

4. Dividend

On 2 September, 2002, a final dividend of HK5 cents (2001 final dividend: HK6 cents) and a special dividend of HK3 cents (2001 special dividend: Nil) per share were paid to the shareholders for the year ended 31 March, 2002.

The board of directors have determined that an interim dividend of HK2 cents (2001: HK2 cents) per share be paid on or before 13 January, 2003 to the shareholders of the Company whose names appear on the Register of Members on 27 December, 2002.

5. Earnings Per Share

The calculation of the earnings per share is based on the following data:

	Unaudited Six months ended 30 September,	
	2002	2001
	HK\$'000	HK\$'000
Earnings for the purposes of basic earnings per share	<u>33,636</u>	<u>33,001</u>
	Unaudited Six months ended 30 September,	
	2002	2001
	Number of Shares	Number of Shares
Number of ordinary shares for the purpose of basic earnings per share	<u>335,432,520</u>	<u>335,432,520</u>

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 30 December, 2002 to 3 January, 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 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong no later than 4:00 p.m. on 27 December, 2002, in order to qualify for the interim dividend above mentioned.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September, 2002, the Group recorded sales turnover of HK\$396,064,000 (2001: HK\$400,241,000). Although there has been a slight decrease of 1% in sales turnover, profit after taxation increased by 2% to HK\$33,636,000 (2001: HK\$33,001,000). Earnings per share increased by 2% to HK 10.03 cents (2001: HK9.84 cents). The Board of Directors have determined that an interim dividend of HK2 cents (2001: HK2 cents) per share shall be paid.

Geographically, turnover to Europe increased by 14% to HK\$194,970,000 representing 49% of the Group's turnover. Turnover to America suffered a 12% decrease to HK\$ 148,683,000 representing 38% of the Group's turnover. Sales to America, which is mainly personal care products, had been affected by the port strike at the US west coast. Some shipments originally scheduled in September had been delayed to October and November. Turnover to Asia and other markets decreased by 13% to HK\$52,411,000 representing 13% of the Group's turnover.

Turnover of household electrical appliances increased by 5% to HK\$299,781,000 (2001: HK\$286,013,000) representing 76% of the Group's turnover. Turnover of personal products dropped by 16% to HK\$96,283,000 (2001: HK\$114,228,000) representing 24% of the Group's turnover.

Business environment remains difficult and highly competitive. The Group was constantly faced with downward pricing pressure from our customers. Despite the adverse conditions and difficult business environment, the Group has been able to further streamline the cost structure and achieved a 5% improvement in profit from operations. The drop in gross profit margin due to downward selling price was compensated by cost savings achieved in distribution costs and administrative expenses.

The group continues to maintain a strong balance sheet with a healthy liquidity position. As at 30 September, 2002, the Group's net assets amounted to HK\$406,309,000 with a bank deposit and cash balance of HK\$160,261,000. With the existing cash reserve and available banking facilities, we have sufficient financial resources for our current commitments, working capital requirements, further expansion of the Group's business operations and future investment opportunities, as and when required.

Looking ahead, the Group will continue to focus on continuous improvement in quality and efficiency in manufacturing, product development and cost control. In view of the current global economic situation, we believe the business environment would continue to be tough. However, with our strong financial position, determination and focus in manufacturing and product development, we are confident to meet the challenges lying ahead.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September, 2002.

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 period under review.

AUDIT COMMITTEE

The Audit Committee and the external auditors have reviewed the unaudited interim financial statements of the Group for the six months ended 30 September, 2002.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE

A detailed announcement of interim results of the Group for the six months ended 30 September, 2002, containing all the information required by paragraphs 46(1) to 46(6) 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 to the Group.

On behalf of the Board
Cheung Shu Wan
Managing Director

Hong Kong, 12 December, 2002

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