



ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2002

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, 2002 together with the comparative figures for the year ended 31 March, 2001, as follows:–

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March,	
		2002	2001
	Notes	HK\$'000	HK\$'000
Turnover	1	730,667	904,242
Cost of sales		<u>(545,580)</u>	<u>(687,045)</u>
Gross profit		185,087	217,197
Other revenue		2,175	8,463
Distribution costs		(28,948)	(37,275)
Administrative expenses		<u>(91,858)</u>	<u>(91,961)</u>
Profit from operations		66,456	96,424
Finance costs		(931)	(2,452)
Investment income, less losses		<u>3,474</u>	<u>(1,883)</u>
Profit before taxation		68,999	92,089
Taxation	2	<u>(8,968)</u>	<u>(7,468)</u>
Profit for the year		<u>60,031</u>	<u>84,621</u>
Dividends	3	<u>33,544</u>	<u>27,942</u>
Earnings per share	5		
Basic		<u>17.90 Cents</u>	<u>25.84 Cents</u>
Diluted		<u>N/A</u>	<u>24.89 Cents</u>

1. SEGMENTAL INFORMATION

	Turnover		Contribution to Profit (loss) from operations	
	Year ended 31 March,		Year ended 31 March,	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activity				
Household electrical appliances	516,385	519,464	60,125	66,054
Personal care products	214,282	368,213	6,331	32,984
Toys (discontinued)	–	16,565	–	(2,614)
	<u>730,667</u>	<u>904,242</u>	<u>66,456</u>	<u>96,424</u>

Geographical segments

The following tables provide analyzes of the Group's turnover and contribution to profit (loss) from operations by geographical market determined on the basis of the destination of shipments of products:

	Turnover		Discontinued operations		Total	
	Continuing operations		Discontinued operations		Total	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Europe	333,543	399,391	–	2,855	333,543	402,246
America	290,634	383,431	–	8,441	290,634	391,872
Asia	81,833	80,023	–	5,247	81,833	85,270
Other regions	24,657	24,832	–	22	24,657	24,854
	<u>730,667</u>	<u>887,677</u>	<u>–</u>	<u>16,565</u>	<u>730,667</u>	<u>904,242</u>

	Continuing operations		Discontinued operations		Total	
	Continuing operations		Discontinued operations		Total	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Europe	30,849	43,265	–	(450)	30,849	42,815
America	27,678	43,671	–	(1,333)	27,678	42,338
Asia	6,170	8,937	–	(828)	6,170	8,109
Other regions	1,759	3,165	–	(3)	1,759	3,162
	<u>66,456</u>	<u>99,038</u>	<u>–</u>	<u>(2,614)</u>	<u>66,456</u>	<u>96,424</u>

2. TAXATION

	Year ended 31 March,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on the estimated assessable profits		
Current year	6,207	5,628
Overprovision in prior years	(398)	(1,963)
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	5,809	3,665
PRC enterprise income tax calculated at the prevailing rates	1,071	992
Deferred taxation	2,088	2,811
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	8,968	7,468
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3. DIVIDENDS

	Year ended 31 March,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Ordinary Shares:		
Interim, paid – 2 cents (2001: 2 cents) per share	6,709	6,709
Final, proposed – 5 cents (2001: 6 cents) per share	16,772	20,126
Special, proposed – 3 cents (2001: Nil) per share	10,063	–
Additional prior year's dividend paid on exercise of share options subsequent to the issue of the annual report	–	1,107
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	33,544	27,942
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The final and special dividend should be paid on or before 2 September, 2002 to the shareholders of the Company whose names appear in the Register of members on 20 August, 2002.

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 (“SSAPs”) issued by the Hong Kong Society of Accountants and has adopted SSAP 1 (Revised) “Presentation of Financial Statements” in advance of its effective date. Adoption of these standards has led to a number of changes in the Group’s accounting policies. In addition, the new and revised standards have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts and disclosures for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group’s accounting policies that have affected the amounts reported for the current or prior periods.

Dividend proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) “Events after the Balance Sheet Date”, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of equity in the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment which increased the dividend reserve as at 1 April, 2000 by HK\$18,983,000 and as at 1 April, 2001 by HK\$20,126,000 respectively.

Segment reporting

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 “Segment Reporting”. Segment disclosures for the year ended 31 March, 2001 have been amended so that they are presented on a consistent basis.

5. EARNINGS PER SHARE

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

	Year ended 31 March,	
	2002	2001
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>60,031</u>	<u>84,621</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>335,432,520</u>	327,534,164
Effect of dilutive potential ordinary share – share options		<u>12,382,865</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share		<u>339,917,029</u>

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 12 August, 2002 to 20 August, 2002, 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 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on 9 August, 2002 in order to qualify for the final and special dividend above mentioned.

BUSINESS REVIEW

For the year ended 31 March 2002, the Group recorded sales turnover of HK\$730,667,000 (2001: HK\$904,242,000) and consolidated net profit of HK\$60,031,000 (2001: HK\$84,621,000). Basic earnings per share of the Group for the year ended 31 March 2002 was HK17.90 cents (2001: HK25.84 cents).

The 2001/02 financial year was one of the most difficult years for the Group. Adverse factors such as global economic slow down, the tragic 911 disaster, keen market competition, customer inventory corrections, shorter and shorter order lead-time and severe pricing pressures have all hit us during the year. Although there has been a decrease in both sales turnover and earnings, we were able to maintain a very strong financial position. After due consideration of the current strong cash position and working capital requirements and to continue to provide a reasonable dividend return to our shareholders for their continual support, the directors recommend the payment of a final dividend of HK5 cents and a special dividend of HK3 cents per share for the year ended 31 March 2002. Together with the interim dividend of HK2 cents per share paid in January 2002, the total dividends for the year ended 31 March 2002 will be increased by 25% to HK10 cents per share (2001: HK8 cents).

Sales turnover has dropped by 19% to HK\$730,667,000 with declines in both volume and unit price. During the 2001/02 financial year, the Group was faced with the most severe downward pricing pressure from all customers for all product lines across the board. Coupled with the decrease in end consumer demand arising from global economic downturn, the Group recorded its first downturn in sales turnover in 5 years.

Geographically, turnover to Europe decreased by 17% to HK\$333,543,000 representing 46% of the Group's turnover. Turnover to the America was most affected with a decrease of 26% to HK\$290,634,000 representing 40% of the Group's turnover. Turnover to Asia and other markets decreased by 3% to HK\$106,490,000 representing 14% of the Group's turnover.

The Group's core business lies in product categories of household electrical appliances and personal care products. Turnover of household electrical appliances decreased very slightly by 1% to HK\$516,385,000 representing 71% of the Group's turnover. Within this product category, turnover of Deep Fryers and Food Processors, both of which are our key development items, actually increased 19% from HK\$135,421,000 to HK\$160,812,000. Turnover of personal care products dropped drastically by 42% to HK\$214,282,000 following a strong growth of 80% in the previous year. The decline was mainly due to the sharp and sudden downturn in the global economy and customer inventory adjustment.

Despite a drop of 19% in our sales turnover, we were able to improve our gross profit margin from 24% to 25%. This has been achieved through tight cost control, expenditure reduction, efficiency improvement and hard negotiations for better material costing. The Group's distribution costs was maintained at 4% to turnover. The Group's administration expenses, however, increased from 10% to 13% to turnover although there is only a marginal increase in absolute dollar terms. This was mainly attributable to the continuing fixed overhead and depreciation expenses. As a result, net profit after tax for the year dropped by one percentage point year on year from 9% to 8% to turnover.

During the year, new products launched included Foot Bath, and new versions of Food Processors, Deep Fryers, Blenders and Bath Spa.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2002, the Group had total assets of HK\$495,103,000 which was financed by current liabilities of HK\$80,516,000, long-term liabilities and deferred taxation of HK\$18,152,000 and shareholders' equity of 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 2002, the Group had cash balance of HK\$179,827,000 most of which was placed in US dollar short term deposits with major banks in Hong Kong, except for temporary balances held in such non-US currencies as required pending specific payments. Total borrowings as at 31 March 2002 included obligations under finance leases of HK\$10,838,000 representing 3% 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

As at 31 March 2002, the Group employed approximately 4,100 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

Although there has been some evidence that an economic recovery is underway, we are of the conservative view that the recovery would be gradual. Sales for the first quarter of 2002/03 financial year have increased by approximately 10% comparing same period last year. Under the difficult business environment with keen competition and customer request on shorter order lead time and pricing pressure, the Group would continue to work very hard with emphasis on stringent cost control, efficiency and research and development in new products.

We are currently working on several new versions of Juice Extractors, Food Processors, Deep Fryers, Bath Spa, Foot Bath and Beauty Care products. Several projects for new products are also underway which are expected to materialize in 2003/04 financial year. Expansion in our Research and Development section has been planned whereby testing and rapid prototyping facilities would be installed. Capital expenditure for this expansion would be funded by our internal cash flow.

The Group has implemented an ERP system with live run in October 2001. In its early stages, there is still a lot of fine-tuning to be implemented. Nonetheless, the system has provided us with more timely and accurate material and capacity planning. We are confident that together with our dedication, it would enable the group to plan and execute our manufacturing to achieve shorter order lead-time for customer orders.

Looking ahead, the Group will mark its 40th year in business in year 2003. 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, 2002, 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, 2002, 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 and also to thank Mr. Wong Wing Ming who retired on 1 April 2002 for his valuable contribution to the Company during his office as an executive director of the Company.

On behalf of the Board
Cheung Shu Wan
Managing Director

Hong Kong, 15 July, 2002

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 20 August 2002 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 2002;
2. To declare a final dividend of HK5 cents and a special dividend of HK3 cents per share for the year ended 31 March 2002;
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** conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting listing of, and permission to deal in, the shares of HK\$0.10 each in the capital of the Company (“**Shares**”) which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the share option scheme (a copy of which is produced to the meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) (“**New Share Option Scheme**”), the New Share Option Scheme be and is hereby approved and adopted by the Company and with effect from the date of the New Share Option Scheme becoming unconditional and coming into effect, the existing share option scheme of the Company which was adopted by the Company on 21 October 1992 be terminated therefrom and the directors of the Company (“**Directors**”) be and are hereby authorised to allot and issue Shares pursuant to the exercise of any options which may fall to be granted under the New Share Option Scheme, and that to the extent permissible under the bye-laws of the Company, the Rules Governing the Listing of Securities on the Stock Exchange and the rules of the New Share Option Scheme, the Directors may vote in respect of any resolution(s) under or affecting the New Share Option Scheme (including the granting of options thereunder or approving the allotment and issue of Shares upon exercise of options thereunder) notwithstanding any interest(s) of any Director(s).”

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 (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 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution 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:

“**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).”

7. 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.”
8. 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 6 and 7 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 6 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 7 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 Shu Wan
Managing Director

Hong Kong, 15 July, 2002

*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 5/F, Wing On Centre, 111 Connaught Road Central, 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”.