



# ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## Interim Results 2001/2002

### 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, 2001 together with the comparative figures for the six months ended 30 September, 2000, as follows:-

### CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30 September,	
		2001	2000
			As restated
	Notes	HK\$'000	HK\$'000
Turnover	2	400,241	513,870
Cost of sales		(300,503)	(390,101)
Gross profit		99,738	123,769
Other revenue		5,693	5,099
Distribution costs		(17,434)	(22,244)
Administrative expenses		(48,559)	(52,406)

Profit from operations		39,438	54,218
Finance costs		(576)	(1,295)
Investment income		2,261	6,040
Profit before taxation		41,123	58,963
Taxation	3	(8,122)	(10,852)
Net profit for the period		33,001	48,111
Dividend			
Proposed interim dividend of 2 cents (2000: 2 cents) per share	4	6,709	7,816
Earnings per share	5		
Basic		9.84 Cents	15.05 Cents
Diluted		Nil	14.49 Cents

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 (the "Listing Rules") 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 securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March, 2001, except that in the current period, the Group has adopted, for the first time, a number of new/revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following change in accounting policy.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP No. 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 component of reserves. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment of increasing the shareholders' funds at 31 March, 2001 by HK\$20,126,000 (increase of HK\$18,983,000 at 31 March, 2000).

## 2. Segmental Information

	Turnover		Profit from operations	
	Unaudited		Unaudited	
	Six months ended		Six months ended	
	30 September,		30 September,	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Manufacturing and trading of household electrical appliances	286,013	312,828	37,162	36,494
Manufacturing and trading of the personal care products	114,228	192,474	2,448	17,077
Manufacturing and trading of toys (Note i)	-	8,568	(172)	647
	400,241	513,870	39,438	54,218

Geographical segments				
America	168,819	232,674	17,064	24,549
Europe	171,247	218,614	17,023	23,066
Asia	44,543	45,833	4,287	4,836
Australia and New Zealand	10,133	11,669	450	1,231
Africa	5,499	5,080	614	536
	400,241	513,870	39,438	54,218

Notes:

- (i) During the current period, the Group ceased to manufacture and trade toys. In the six months ended 30 September, 2000, all toys were mainly sold to the American region.
- (ii) The breakdown of turnover by geographical market is determined on the basis of the destination of shipments of products ex-factory.

### 3. Taxation

	Unaudited	
	Six months ended	
	30 September,	
	2001	2000
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on estimated assessable profit		
Current period	5,306	7,605
Overprovision in prior period	(400)	-
Income tax in other regions in the People's Republic of China calculated at applicable rates		
Current period	246	900
Under (over) provision in prior period	901	(98)
	6,053	8,407
Deferred taxation	2,069	2,445
	8,122	10,852

## 4. Dividend

On 3 September, 2001, a dividend of 6 cents (2000 final dividend: 6 cents) per share was paid to the shareholders as the final dividend for the year ended 31 March, 2001.

The board of directors have determined that an interim dividend of 2 cents (2000: 2 cents) per share be paid on or before 22 January, 2002 to the shareholders of the Company whose names appear on the Register of Members on 8 January, 2002.

## 5. Earnings Per Share

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

	Unaudited	
	Six months ended	
	30 September,	
	2001	2000
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	33,001	48,111
	Number	Number
	of Shares	of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	335,432,520	319,678,968
Effect of dilutive share options		12,382,865
Weighted average number of ordinary shares used in calculating diluted earnings per share		332,061,833

As all the outstanding share options lapsed on 24 September, 2000, there was no effect of dilutive share options for the current period.

## **CLOSURE OF REGISTER**

The Register of Shareholders will be closed from 8 January, 2002 to 11 January, 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 no later than 4:00 p.m. on 7 January, 2002, in order to qualify for the interim dividend above mentioned.

## **BUSINESS REVIEW AND PROSPECTS**

For the six months ended 30 September, 2001, the Group's sales turnover decreased by 22% to HK\$400,241,000 (2000: HK\$513,870,000) and the Group's profit after taxation decreased by 31% to HK\$33,001,000 (2000: HK\$48,111,000). Basic earnings per share decreased by 35% to 9.84 cents (2000: 15.05 cents).

During the six months under review, sales turnover dropped by HK\$113,629,000 as compared with the same period in the previous year. Sales turnover across all sectors and markets declined. Sales turnover to America and Europe suffered drastically with a decline of 27% and 22% respectively. Business environment has been difficult since the beginning of 2001. Our business has been adversely affected by the global economic slowdown leading to weak market demand, pressure on selling price reduction, and customers' tendency to reduce inventory and defer orders. All of these unfavorable factors were further aggravated by the tragic event of 11 September, 2001 in the US.

Despite these difficult situations, the Group is able to remain profitable. The decrease in profit after taxation was mainly attributed to the decrease in sales turnover due to volume and price reduction. In fact, we managed to maintain gross profit margin as a percentage to sales at 25% due to our continuous efforts in cost reduction in both material and manufacturing costs.

The Group maintains a strong balance sheet with a healthy liquidity position and a very low debt-to-equity ratio. With our existing cash reserve and available banking facilities, we have sufficient liquidity to meet the current commitments and working capital requirements.

The global economic outlook will no doubt have an impact on the Group's business performance. The Group, however, is confident to meet the changes and challenges ahead. A number of cost reduction programs are already in place to further improve our cost structure, efficiency and competitiveness. With our solid experience, determination and strong financial resources, we are certain that we would be able to ride through this unprecedented economic downturn and difficult business environment.

## **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, 2001.

## **CODE OF BEST PRACTICE**

Throughout the accounting period, the Company was in compliance with the Code of Best Practice as set out in the Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited except that the non-executive directors of the Company have no set term of office but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

## **AUDIT COMMITTEE**

The Audit Committee and the external auditors has reviewed the unaudited interim financial statements of the Group for the six months ended 30 September, 2001.

## **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 Lai See, Sophie  
Director

Hong Kong, 18 December, 2001

"Please also refer to the published version of this announcement in the SCMP"