

INTERIM 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, 2000 together with the comparative figures for the six months ended 30 September 1999, as follows:–

CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended	
		30 September	
		2000	1999
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		513,870	349,962
Cost of sales		(390,101)	(258,914)
		<hr/>	<hr/>
Gross profit		123,769	91,048
Other revenue		5,099	4,985
Distribution costs		(22,244)	(24,099)
Administrative expenses		(52,406)	(37,381)
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Profit from operations		54,218	34,553
Finance costs		(1,295)	(443)
Investment income		6,040	2,337
		<hr/>	<hr/>
Profit before taxation		58,963	36,447
Taxation	4	(10,852)	(4,184)
		<hr/>	<hr/>
Net profit for the period		48,111	32,263
Dividends	5	(7,816)	(6,303)
		<hr/>	<hr/>
Profit for the period, retained		<u>40,295</u>	<u>25,960</u>
Earnings per share	6		
Basic		<u>15.05 Cents</u>	<u>10.24 Cents</u>
Diluted		<u>14.49 Cents</u>	<u>10.05 Cents</u>

CONSOLIDATED BALANCE SHEET

		Unaudited 30 September 2000	Audited 31 March 2000
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	7	176,879	157,656
Intangible assets		7,000	8,000
Investments in securities		18,783	25,352
Loans receivable		1,601	1,575
		204,263	192,583
CURRENT ASSETS			
Inventories		108,414	83,409
Trade debtors and bills receivable	8	176,830	78,604
Deposits and prepayments		4,001	7,730
Mould deposits paid		11,646	3,811
Current portion of loans receivable		1,089	1,218
Taxation recoverable		194	243
Time deposits, bank balances and cash		125,663	103,602
		427,837	278,617
CURRENT LIABILITIES			
Trade creditors and bills payable	9	181,529	87,786
Deposits received and accrual		45,418	37,883
Mould deposits received		11,249	3,792
Dividend payable		20,102	12
Proposed dividend		6,709	18,983
Taxation payable		12,019	4,853
Obligations under finance leases – due within one year		5,980	5,611
Bank loans – due within one year		577	549
		283,583	159,469
NET CURRENT ASSETS		144,254	119,148
		348,517	311,731
CAPITAL AND RESERVES			
Share capital	10	33,543	31,638
Reserves		289,654	255,643
		323,197	287,281
NON-CURRENT LIABILITIES			
Deferred tax liabilities		10,360	7,916
Borrowings – due after one year		14,960	16,534
		25,320	24,450
		348,517	311,731

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Unaudited Six months ended 30 September 2000 <i>HK\$'000</i>
Revaluation (decrease) on investments in securities not recognised in the consolidated income statement	(7,522)
Net profit for the period	<u>48,111</u>
Total recognised gains	<u><u>40,589</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 September 2000 <i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	46,472
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	1,237
TAX PAID	(1,193)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(31,089)</u>
NET CASH INFLOW BEFORE FINANCING	15,427
NET CASH INFLOW FROM FINANCING	<u>6,634</u>
INCREASE IN CASH AND CASH EQUIVALENTS	22,061
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>103,602</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>125,663</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	
Time deposits, bank balances and cash	<u><u>125,663</u></u>

1. ACCOUNTING POLICIES

(i) Principal accounting policies and basis of preparation

The condensed financial statements have been prepared under the historical cost convention. The interim report has been prepared in accordance with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("SSAP 25"), except that comparative figures are not presented either for the statement of recognised gains and losses or for the cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1 July, 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

(ii) Basis of preparation

Certain comparative figures for the period ended 30 September, 1999 have been reclassified to conform with the current period and 2000 annual financial statements.

2. SEGMENTAL INFORMATION

	Turnover		Segment Result	
	Six months ended		Six months ended	
	30 September		30 September	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By principal activity				
Household electrical appliances	312,828	240,407	36,494	29,068
Personal care products	192,474	96,295	17,077	4,371
Toys	8,568	13,260	647	1,114
	<u>513,870</u>	<u>349,962</u>	54,218	34,553
<i>Less: Finance costs</i>			(1,295)	(443)
<i>Add: Investment income</i>			6,040	2,337
Profit before taxation			<u>58,963</u>	<u>36,447</u>
Geographical Segments				
America	232,674	136,138	24,549	13,441
Europe	218,614	158,113	23,066	15,611
Japan	29,752	38,139	3,139	3,766
Other Asian countries	16,081	8,508	1,697	840
Australia/ New Zealand	11,669	7,212	1,231	712
Africa	5,080	1,852	536	183
	<u>513,870</u>	<u>349,962</u>	54,218	34,553
<i>Less: Finance costs</i>			(1,295)	(443)
<i>Add: Investment income</i>			6,040	2,337
Profit before taxation			<u>58,963</u>	<u>36,447</u>

Note: The breakdown of turnover by geographical market is determined on the basis of the destination of shipments of products ex-factory.

3. DEPRECIATION

During the period, depreciation of HK\$14,172,000 (1999:HK\$27,239,000) was charged in respect of the Group's property, plant and equipment.

4. TAXATION

	Six months ended	
	30 September	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Profit for the period		
Hong Kong	7,605	3,848
Other regions in PRC	900	336
Prior years		
Other regions in PRC	(98)	–
Deferred taxation		
Current period	2,445	–
	<u>10,852</u>	<u>4,184</u>

5. DIVIDENDS

	Six months ended	
	30 September	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
2000 Final, paid for exercise of share option – 6 cents (1999: – nil) per share	1,107	–
Interim, proposed – 2 cents (1999: 2 cents) per share	6,709	6,303
	<u>7,816</u>	<u>6,303</u>

The interim dividend should be paid on or before 22 January, 2001 to the shareholders of the Company whose names appear in the Register of members on 15 January, 2001.

6. EARNINGS PER SHARE

(A) Basic earnings per share

The calculation of the basic earnings per share is based on the unaudited consolidated net profit for the period of HK\$48,111,000 (1999: HK\$32,263,000) and on the weighted average number of 319,678,968 (1999: 315,132,520) ordinary shares in issue during the period.

(B) Diluted earnings per share

	Six months ended	
	30 September 2000	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purposes of diluted earnings per share	<u>48,111</u>	<u>32,263</u>
	Number of Shares	Number of Shares
Number of shares used in calculating basic earnings per share	319,678,968	315,132,520
Effect of share options	<u>12,382,865</u>	<u>5,988,363</u>
Weighted average number of shares used in calculating diluted earnings per share	<u>332,061,833</u>	<u>321,120,883</u>

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$33,747,000 on additions to property, plant and equipment (2000: HK\$70,733,000).

8. TRADE DEBTORS AND BILLS RECEIVABLE

The Group maintains defined credit policy.

The following is an aged analysis of trade debtors and bills receivable at the reporting dates:

	30 September	31 March
	2000	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	175,723	73,364
91 – 120 days	1,106	1
over 120 days	<u>1</u>	<u>5,239</u>
	<u>176,830</u>	<u>78,604</u>

9. TRADE CREDITORS AND BILLS PAYABLE

The following is an aged analysis of trade creditors and bills payable at the reporting dates:

	30 September	31 March
	2000	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	180,554	81,806
91 – 120 days	2	450
over 120 days	<u>973</u>	<u>5,530</u>
	<u>181,529</u>	<u>87,786</u>

10. SHARE CAPITAL

	Number of shares		Nominal value	
	30 September 2000	31 March 2000	30 September 2000 <i>HK\$'000</i>	31 March 2000 <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each				
Authorised:				
At beginning and end of period	<u>600,000,000</u>	<u>600,000,000</u>	<u>60,000</u>	<u>60,000</u>
Issued and fully paid:				
At beginning of period	316,382,520	315,132,520	31,638	31,513
Exercise of share options	<u>19,050,000</u>	<u>1,250,000</u>	<u>1,905</u>	<u>125</u>
At the end of period	<u>335,432,520</u>	<u>316,382,520</u>	<u>33,543</u>	<u>31,638</u>

Share option scheme

Under the terms of the share option scheme which became effective on 21st October, 1992, the board of directors of the Company may offer to any director or employee of the Company, or any of its subsidiaries, options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares or 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10% of the issued share capital of the Company from time to time. The share option scheme will remain in force for a period of 10 years commencing on 21st October, 1992.

On 25th September, 1997, options were granted under the scheme to subscribe for 31,300,000 ordinary shares of the Company at an exercise price of HK\$0.41 per share, subject to adjustments, exercisable from 25th September, 1997 to 24th September, 2000.

During the period, 19,050,000 share options were exercised to subscribe for 19,050,000 ordinary shares of the Company at an exercise price of HK\$0.41 per share.

On 25th September, 2000 the remaining 11,000,000 outstanding share options have lapsed in accordance with the share option scheme.

11. CONTINGENT LIABILITIES

The Company has given guarantees to banks in respect of general facilities granted to its subsidiaries. The extent of such facilities utilised by the subsidiaries at 30 September 2000 amounted to approximately HK\$10,000,000 (2000: HK\$20,252,000).

12. LEASE COMMITMENTS

	30 September 2000 <i>HK\$'000</i>	31 March 2000 <i>HK\$'000</i>
Operating leases which expire:		
– Within one year	1,224	–
– In the second to fifth year inclusive	<u>936</u>	<u>900</u>
	<u>2,160</u>	<u>900</u>

13. CAPITAL COMMITMENTS

	30 September 2000	31 March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised and contracted for:		
Capital expenditure in respect of factory premises under construction	2,992	4,101
Capital expenditure in respect of acquisition of other property, plant and equipment	—	2,275
	<u>2,992</u>	<u>6,376</u>

BUSINESS REVIEW AND PROSPECTS

We are pleased to announce an increase of 47% increase in sales turnover amounting to HK\$513,870,000 (1999: HK\$349,962,000) and an increase of 49% in profit after taxation amounting to HK\$48,111,000 (1999: HK\$32,263,000) for the six months ended 30 September, 2000. Basic earnings per share of the Group for the six months ended 30 September, 2000 was 15.05 cents (1999: 10.24 cents).

Turnover to America increased significantly by 71% to HK\$232,674,000 representing 45% of the Group's turnover. Turnover to Europe increased by 38% to HK\$218,614,000 representing 43% of the Group's turnover. Turnover to other areas increased by 12% to HK\$62,582,000 representing 12% of the Group's turnover.

New products launched during this six-month period include Twin-nozzle Bath Spa, Bath Spa with mattress, Bath Spa with remote control, Electric Kettle, Blender, Juice Extractor and Hair Trimmer. New projects currently under development include Foot Massager, Futon Dryer, Cloth Shaver, new versions of Deep Fryer and Food Processor.

The 2 new factory blocks in the PRC is now in operation adding 9,525m² of floor space to our manufacturing capacity. Moreover, the realignment of our manufacturing capacity in the PRC has resulted in an increase in our productivity throughput thus enabling us to achieve the business volume increase.

The Group maintains a strong balance sheet and a healthy liquidity position for us to meet our current commitments and working capital requirements.

Year 2000 has been a very challenging year for us. We shall continue to focus on technology advancement, new product development, cost control, staff development and training. We have confidence to meet the future opportunities and challenges lying ahead.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30th September, 2000, the interests of the Directors in the share capital of the Company and its associated corporations recorded in the register kept by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance ("the SDI Ordinance") were as follows:

Name	Type of interest	Number of shares
Mr. Cheung Lun (<i>Note 1</i>)	Corporate and personal	149,679,960
Mr. Cheung Shu Wan (<i>Note 2</i>)	Corporate and personal	56,397,335
Ms. Cheung Lai Chun, Maggie	Personal	2,100,000
Ms. Cheung Lai See, Sophie	Personal	3,100,000
Mr. Cheung Pui (<i>Note 1</i>)	Personal	1,800,000
Mr. Wong Wing Ming	Personal	1,000,000

Notes:

- (1) A total of 144,821,960 shares are held by Allan Investment Company Limited, a company owned as to 89% by Mr. Cheung Lun and his spouse, Ms. Tse Kam. The balance of the shares in Allan Investment Company Limited is owned by Mr. Cheung Pui, and 858,000 shares are held by Commence Investment Ltd., a company beneficially owned by Mr. Cheung Lun. The remaining 4,000,000 shares are held by Mr. Cheung Lun personally.
- (2) A total of 6,694,935 shares are held by Topsail Investments Inc., a company beneficially owned by Mr. Cheung Shu Wan. The remaining 49,702,400 shares are held by Mr. Cheung Shu Wan personally.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th September, 2000, according to the register of substantial shareholders' interests kept by the Company under section 16(1) of the SDI Ordinance and so far as the Directors were aware, the shareholders of the Company (not being Directors or the Chief Executive of the Company whose interests are disclosed above) who were, directly or indirectly, interested in 10% or more of the issued share capital of the Company were as follows:

Name	Number of shares
Allan Investment Company Limited (<i>Note 1</i>)	144,821,960
China Internet Global Alliance Ltd.	35,633,865

Note:

- (1) Mr. Cheung Lun and his spouse, Ms. Tse Kam, hold 89% of the issued share capital of Allan Investment Company Limited and the balance is owned by Mr. Cheung Pui.

Save as disclosed above, there is no other interest or right recorded in the register that is required to be kept under section 16(1) of the SDI Ordinance as at 30th September, 2000.

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 15 January, 2001 to 19 January, 2001, 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 12 January, 2001 in order to qualify for the interim dividend above mentioned.

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, 2000.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September 2000.

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.

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, 22 December, 2000