



# ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## INTERIM RESULTS 2003/2004

### 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, 2003 together with the comparative figures for the six months ended 30 September, 2002, as follows:–

### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Six months ended</b>	
		<b>30 September,</b>	
		<b>2003</b>	2002
		(Unaudited)	(Unaudited)
			(Restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	<b>405,985</b>	396,064
Cost of sales		<b>(317,310)</b>	(304,364)
Gross profit		<b>88,675</b>	91,700
Other operating income		<b>943</b>	3,355
Distribution costs		<b>(14,531)</b>	(14,489)
Administrative expenses		<b>(40,213)</b>	(38,895)
Profit from operations		<b>34,874</b>	41,671
Impairment loss recognised on investments in non-trading securities		–	(4,553)
Investment income		<b>1,575</b>	1,591
Interest on borrowings and finance lease charges		<b>(96)</b>	(171)
Profit before taxation		<b>36,353</b>	38,538
Taxation	3	<b>(5,635)</b>	(5,711)
Net profit for the period		<b>30,718</b>	32,827
Dividend	4	<b>6,709</b>	6,709
Earnings per share	5		
Basic		<b>9.16 Cents</b>	9.79 Cents

Notes:

## 1. General

### (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”) 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 investment property and investments in securities.

In the current interim period, the Group has adopted SSAP 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly.

As a result of this change in policy, the accumulated profits at 1 April, 2003 had been decreased by HK\$5,213,000 (1 April, 2002: decreased by HK\$3,827,000). The profits for the six months ended 30 September, 2003 had also been decreased by HK\$203,000 (six months ended 30 September, 2002: decreased by HK\$809,000).

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, 2003.

## 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, 2003**

	<b>Household electrical appliances (Unaudited) <i>HK\$'000</i></b>	<b>Personal care products (Unaudited) <i>HK\$'000</i></b>	<b>Consolidated (Unaudited) <i>HK\$'000</i></b>
Turnover	284,809	121,176	405,985
Segment result	31,377	3,497	34,874
Investment income			1,575
Interest on borrowings and finance lease charges			(96)
Profit before taxation			36,353
Taxation			(5,635)
Net Profit for the period			30,718

#### **Six months ended 30 September, 2002**

	<b>Household electrical appliances (Unaudited) <i>HK\$'000</i></b>	<b>Personal care products (Unaudited) <i>HK\$'000</i></b>	<b>Consolidated (Unaudited) <i>HK\$'000</i></b>
Turnover	299,781	96,283	396,064
Segment result	39,468	2,203	41,671
Impairment loss recognised on investments in non-trading securities			(4,553)
Investment income			1,591
Interest on borrowings and finance lease charges			(171)
Profit before taxation			38,538
Taxation			(5,711)
Net profit for the period			32,827

### 3. Taxation

	<b>Six months ended</b>	
	<b>30 September,</b>	
	<b>2003</b>	2002
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
The charge comprises:		
Current tax		
– Hong Kong Profits Tax calculated at 17.5% (2002: 16%) on the estimated assessable profit	4,686	4,776
– Income tax in other regions of the People's Republic of China calculated at prevailing rates	703	592
	<u>5,389</u>	<u>5,368</u>
Deferred tax		
– Current period	(824)	343
– Change in tax rate	1,070	–
	<u>246</u>	<u>343</u>
	<u>5,635</u>	<u>5,711</u>

### 4. Dividend

On 28 August, 2003, a final dividend of HK6 cents (2002: HK5 cents) and a special dividend of Nil (2002: HK3 cents) per share were paid to the shareholders for the year ended 31 March, 2003.

The board of directors have determined that an interim dividend of HK2 cents (2002: HK2 cents) per share be paid on or before 9 January, 2004 to the shareholders of the Company whose names appear on the Register of Members on 29 December, 2003.

### 5. Earnings Per Share

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

	<b>Six months ended</b>	
	<b>30 September,</b>	
	<b>2003</b>	2002
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purposes of basic earnings per share	<u>30,718</u>	<u>32,827</u>

	<b>Six months ended</b>	
	<b>30 September,</b>	
	<b>2003</b>	2002
	<b>(Unaudited)</b>	(Unaudited)
	<b>Number</b>	Number
	<b>of Shares</b>	of Shares
Number of ordinary shares for the purpose of basic earnings per share	<u><b>335,432,520</b></u>	<u>335,432,520</u>

## **CLOSURE OF REGISTER**

The Register of Shareholders will be closed from 30 December, 2003 to 2 January, 2004, 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 no later than 4:00p.m. on 29 December, 2003, in order to qualify for the interim dividend above mentioned.

## **BUSINESS REVIEW**

For the six months ended 30 September, 2003, the Group's sales turnover increased by 3% to HK\$405,985,000 (2002: HK\$396,064,000) and consolidated net profit decreased by 6% to HK\$30,718,000 (2002: HK\$32,827,000). Basic earnings per share of the Group decreased by HK0.6 cents to HK9.2 cents (2002: HK9.8 cents). The Board of Directors recommends an interim dividend of HK2 cents (2002: HK2 cents) per share shall be paid.

Turnover of household electrical appliances decreased by 5% to HK\$284,809,000 representing 70% of the Group's turnover. Turnover of personal care products increased by 26% to HK\$121,176,000 representing 30% of the Group's turnover.

Geographically, turnover to Europe decreased by 3% to HK\$188,286,000 representing 46% of the Group's turnover. Turnover to America decreased by 1% to HK\$147,094,000 representing 36% of the Group's turnover. Turnover to Asia and other markets increased by 35% to HK\$70,605,000 representing 18% of the Group's turnover.

Gross profit margin dropped from 23% to 22% due to the continual pricing pressure from customers. The Group's distribution costs and administrative expenses were maintained at 4% and 10% to turnover respectively. Profit from operations dropped by 2% to 9% to turnover. The profit from operations dropped to HK\$34,874,000 (2002: HK\$41,671,000). This decrease was mainly attributed to the decrease in the average selling price and the increase in plastic resin prices.

The outbreak of SARS in Hong Kong and China has not affected the Group's operation significantly. During the outbreak, preventive measures were implemented in our Hong Kong office and PRC factories thereby slightly increasing the administrative expenses. In addition, some of our overseas customers refrained from travelling to Hong Kong which has caused a certain extent of delay to the development timeframe of the new projects in the pipeline.

During the period, new products launched included new versions of Foot Bath, Bath Spa, Food Processor, Deep Fryer, Blender and Food Steamer.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group maintained a strong balance sheet and a healthy liquidity position. As at 30 September, 2003, the Group held HK\$168,539,000 in cash, bank deposits and held-to-maturity principal guaranteed bonds and funds. Cash and bank deposits were mainly 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 30 September, 2003 including obligations under finance leases was HK\$2,728,000 representing less than 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.

## **PROSPECTS**

Looking ahead, business environment remains difficult and highly competitive. We expect customer's request for selling price decrease and shorter order lead time to continue. 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 new versions of Juice Extractor, Blender, Food Processor, Deep Fryer, Electric Knife, Bath Spa and Foot Bath.

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 strive to operate under difficult business conditions and create value to our shareholders.

## **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, 2003.

## **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, 2003.

## **PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE**

A detailed announcement of interim results of the Group for the six months ended 30 September, 2003, 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, 2003

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