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ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

RESULTS

The board of directors (the “Board”) of Allan International Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2022 together with the comparative figures for the year ended 31 March 2021, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	2	783,192	909,466
Cost of sales		(731,678)	(756,403)
Gross profit		51,514	153,063
Other income	3	35,017	24,057
Other gains and losses	4	(3,357)	(4,036)
Selling and distribution expenses		(24,358)	(18,779)
Administrative expenses		(95,891)	(96,361)
Gain (loss) on fair value changes of investment properties		15,190	(2,832)
Reversal of impairment loss (impairment loss) under expected credit loss model, net		755	(201)
Finance costs on secured bank loan		(214)	(370)
(Loss) profit before tax	5	(21,344)	54,541
Income tax expense		(5,651)	(8,139)
(Loss) profit for the year attributable to owners of the Company	6	(26,995)	46,402
Other comprehensive income (expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		12,939	21,863
Net fair value (loss) gain on debt instruments at fair value through other comprehensive income		(400)	532
Reclassification of investment revaluation reserve upon disposal of debt instruments at fair value through other comprehensive income		(67)	27
Other comprehensive income for the year		12,472	22,422
Total comprehensive (expense) income for the year attributable to owners of the Company		(14,523)	68,824
(Loss) earnings per share	8		
Basic		HK(8.1) cents	HK13.8 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Investment properties		533,952	508,758
Property, plant and equipment		39,230	38,669
Right-of-use assets		3,948	4,131
Club debentures		10,343	10,343
Deposits paid for acquisition of property, plant and equipment		2,187	3,209
		<u>589,660</u>	<u>565,110</u>
Current assets			
Inventories		95,494	93,858
Trade receivables	9	165,587	240,597
Other receivables	9	22,680	17,832
Mould deposits paid		4,373	4,331
Financial assets at fair value through profit or loss ("FVTPL")		20,284	21,046
Debt instruments at fair value through other comprehensive income ("FVTOCI")		8,659	24,646
Tax recoverable		1,182	181
Short-term deposits		93,254	95,561
Bank balances and cash		411,377	520,762
		<u>822,890</u>	<u>1,018,814</u>
Current liabilities			
Trade payables	10	82,530	147,700
Other payables and accruals		104,023	101,887
Mould deposits received		32,028	27,450
Tax liabilities		33,191	38,136
Secured bank loan		5,124	5,124
		<u>256,896</u>	<u>320,297</u>
Net current assets		<u>565,994</u>	<u>698,517</u>
Total assets less current liabilities		<u>1,155,654</u>	<u>1,263,627</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	37,318	37,720
Secured bank loan	15,789	20,913
	<u>53,107</u>	<u>58,633</u>
Net assets	<u>1,102,547</u>	<u>1,204,994</u>
Capital and reserves		
Share capital	33,315	33,543
Reserves	1,069,232	1,171,451
	<u>1,102,547</u>	<u>1,204,994</u>

Notes :

1. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ¹

- ¹ Effective for annual periods beginning on or after 1 January 2022.
- ² Effective for annual periods beginning on or after 1 January 2023.
- ³ Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are manufacturing and trading of household electrical appliances. Revenue of the Group is sales of household electrical appliances.

As at 31 March 2022 and 2021, all received purchase orders are expected to be completed within 1 year.

Information reported to the Company's executive directors (the chief operating decision maker) for the purposes of resource allocation and assessment of segment performance focuses on geographical regions.

The Group is currently organised into four operating divisions – Europe sales, Asia sales, America sales and other regions sales. The information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is based on these operating divisions.

Segment Revenues and Results

The following is an analysis of the Group's revenues and results for each of the reportable and operating segments.

Year ended 31 March 2022

	Europe <i>HK\$'000</i>	Asia <i>HK\$'000</i>	America <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue <i>(Note a)</i>	<u>380,067</u>	<u>73,402</u>	<u>304,428</u>	<u>25,295</u>	<u>783,192</u>
Segment loss	<u>(17,444)</u>	<u>(3,369)</u>	<u>(13,973)</u>	<u>(1,161)</u>	<u>(35,947)</u>
Other gains and losses (except net foreign exchange loss)					696
Depreciation (except moulds)					(11,966)
Gain on fair value changes of investment properties					15,190
Finance costs on secured bank loan					(214)
Reversal of impairment loss on financial assets under expected credit loss model, net					755
Unallocated income and expenses, net <i>(Note b)</i>					<u>10,142</u>
Loss before tax					<u>(21,344)</u>

Year ended 31 March 2021

	Europe <i>HK\$'000</i>	Asia <i>HK\$'000</i>	America <i>HK\$'000</i>	Other regions <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue (<i>Note a</i>)	<u>428,655</u>	<u>111,132</u>	<u>336,167</u>	<u>33,512</u>	<u>909,466</u>
Segment profit	<u>31,159</u>	<u>8,078</u>	<u>24,436</u>	<u>2,436</u>	66,109
Other gains and losses (except net foreign exchange loss)					4,201
Depreciation (except moulds and right-of- use assets)					(12,192)
Loss on fair value changes of investment properties					(2,832)
Finance costs on secured bank loan					(370)
Impairment loss on financial assets under expected credit loss model, net					(201)
Unallocated income and expenses, net (<i>Note b</i>)					<u>(174)</u>
Profit before tax					<u>54,541</u>

Notes:

- a) The allocation of segment revenue is determined based on destinations of shipment of products.
- b) Unallocated income and expenses mainly represented certain other income, central administration costs and directors' salaries.

Segment loss/profit represents the loss from/profit earned by each segment without allocation of certain other income, central administration cost and directors' salaries, other gains and losses (except net foreign exchange loss), depreciation (except moulds and right-of-use assets), gain (loss) on fair value changes of investment properties, finance costs on secured bank loan and reversal of impairment loss (impairment loss) of financial assets under expected credit loss model, net. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment. Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment Assets

	2022	2021
	HK\$'000	HK\$'000
Europe	139,286	172,774
Asia	30,883	46,975
America	88,218	108,326
Other regions	9,336	13,206
	<hr/>	<hr/>
Segment assets	267,723	341,281
Unallocated assets		
Financial assets as FVTPL	20,284	21,046
Debt instruments at FVTOCI	8,659	24,646
Short-term deposits	93,254	95,561
Bank balances and cash	411,377	520,762
Investment properties	533,952	508,758
Plant, equipment and machinery (except moulds)	36,961	36,174
Club debentures	10,343	10,343
Other receivables	22,680	17,832
Tax recoverable	1,182	181
Other unallocated assets (<i>Note</i>)	6,135	7,340
	<hr/>	<hr/>
Consolidated assets	1,412,550	1,583,924

Note: Other unallocated assets comprised right-of-use assets and deposits paid for acquisition of property, plant and equipment.

Segment Liabilities

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Europe	11,344	10,523
Asia	2,481	2,523
America	17,472	13,523
Other regions	731	881
	<hr/>	<hr/>
Segment liabilities (<i>Note</i>)	32,028	27,450
Unallocated liabilities		
Trade payables	82,530	147,700
Other payables and accruals	104,023	101,887
Secured bank loan	20,913	26,037
Tax liabilities	33,191	38,136
Deferred tax liabilities	37,318	37,720
	<hr/>	<hr/>
Consolidated liabilities	310,003	378,930
	<hr/>	<hr/>

Note: Segment liabilities represented mould deposits received by each segment.

Information About Major Customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A (Europe, Asia, America and Other regions)	291,618	309,579
Customer B (Europe, Asia, America and Other regions)	206,869	216,770
Customer C (Europe, Asia, America and Other regions)	146,768	168,474
Customer D (Europe, Asia, America and Other regions)	N/A¹	112,068
	<hr/>	<hr/>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Geographical Information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	299,539	290,366
The PRC	290,121	274,744
	<u>589,660</u>	<u>565,110</u>

Other Segment Information

Year ended 31 March 2022

	<i>Europe</i> <i>HK\$'000</i>	<i>Asia</i> <i>HK\$'000</i>	<i>America</i> <i>HK\$'000</i>	<i>Other regions</i> <i>HK\$'000</i>	<i>Total segment</i> <i>HK\$'000</i>	<i>Unallocated</i> <i>HK\$'000</i>	<i>Consolidated</i> <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	251	540	438	16	1,245	11,659	12,904
Depreciation of property, plant and equipment and right-of-use assets	483	114	843	31	1,471	11,966	13,437

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interest income on bank deposits	-	-	-	-	-	3,628	3,628
Interest income on debt instruments	-	-	-	-	-	588	588
Rental income	-	-	-	-	-	20,451	20,451

Year ended 31 March 2021

	Europe HK\$'000	Asia HK\$'000	America HK\$'000	Other regions HK\$'000	Total segment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	597	137	932	52	1,718	4,704	6,422
Depreciation of property, plant and equipment and right-of-use assets	678	162	906	57	1,803	12,192	13,995

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

Interest income on bank deposits	-	-	-	-	-	3,490	3,490
Interest income on debt instruments	-	-	-	-	-	710	710
Rental income	-	-	-	-	-	10,096	10,096

3. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Rental income	20,451	10,096
Interest income	4,216	4,200
Building management fee income	6,779	3,852
Scrap sales	395	359
Government grants (<i>Note</i>)	-	4,993
Others	3,176	557
	35,017	24,057

Note: For the year ended 31 March 2021, the Group recognised government grants of approximately HK\$4,993,000 in respect of Covid-19-related subsidies, of which approximately HK\$4,499,000 relates to Employment Support Scheme provided by the Hong Kong government and approximately HK\$494,000 relates to the Covid-19-related government assistance in the PRC. There are no unfulfilled conditions or contingencies in relation to the grants.

4. OTHER GAINS AND LOSSES

	2022	2021
	HK\$'000	HK\$'000
Net foreign exchange loss	(4,053)	(8,237)
Gain on disposal of property, plant and equipment and land use rights located in the PRC	–	30
Gain on disposal of a club debenture	–	675
Write-off of property, plant and equipment	(87)	(129)
Cumulative gain (loss) reclassified of investment revaluation reserve upon disposal of debt instruments at FVTOCI	67	(27)
Net (loss) gain on fair value changes of financial assets at FVTPL	(265)	3,653
Others	981	(1)
	<u>(3,357)</u>	<u>(4,036)</u>

5. INCOME TAX EXPENSE

	2022	2021
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	937	3,776
PRC Enterprise Income Tax	3,883	4,445
PRC withholding tax	2,254	–
	<u>7,074</u>	<u>8,221</u>
Overprovision in prior years:		
Hong Kong	<u>(1,021)</u>	<u>(1,020)</u>
Deferred tax	<u>(402)</u>	<u>938</u>
	<u>5,651</u>	<u>8,139</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The tax charge for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss) profit before tax	<u>(21,344)</u>	<u>54,541</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	(3,522)	8,999
Tax effect of expenses not deductible for tax purpose	5,848	989
Tax effect of income not taxable for tax purpose	(1,129)	(2,897)
Effect of different tax rates of subsidiaries operating in the PRC	1,544	1,540
Overprovision in respect of prior years	(1,021)	(1,020)
Tax effect of tax losses not recognised	20	46
Utilisation of tax losses previously not recognised	(3)	(324)
Withholding tax on distributable profit of subsidiaries operating in the PRC	611	678
Others	<u>3,303</u>	<u>128</u>
Income tax expense for the year	<u>5,651</u>	<u>8,139</u>

6. (LOSS) PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Employee benefit expenses, including directors' remunerations		
– Salaries and other benefits	204,026	211,640
– Retirement benefit scheme contributions (<i>Note</i>)	<u>18,721</u>	<u>7,112</u>
Total employee benefit expenses	222,747	218,752
Depreciation of property, plant and equipment	13,254	13,812
Depreciation of right-of-use assets	<u>183</u>	<u>183</u>
Total depreciation	13,437	13,995
Gross rental income from investment properties	(20,451)	(10,096)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<u>912</u>	<u>907</u>
	<u>(19,539)</u>	<u>(9,189)</u>
Auditor's remuneration	2,386	2,384
Cost of inventories recognised as an expense (including allowance for inventory provision of HK\$943,000 (2021: HK\$3,818,000))	<u>731,678</u>	<u>756,403</u>

Note: On 30 January 2020, the Ministry of Human Resources and Social Security of the PRC issued an announcement regarding the administration of state-managed retirement benefit schemes during the period of prevention and containment of the spread of Covid-19. Practices are taken by local Social Security Bureau to reduce or waive employer contribution on these retirement benefit scheme contributions from February to December 2020.

7. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
– 2022 interim dividend of HK2 cents (2021: 2021 interim dividend of HK2 cents) per share	6,667	6,709
– 2021 final dividend of HK8 cents (2021: 2020 final dividend of HK7 cents) per share	26,814	23,480
– 2021 special dividend of HK15 cents (2020: nil) per share	50,277	–
	<u>83,758</u>	<u>30,189</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2022 of HK2 cents (2021: final dividend in respect of the year ended 31 March 2021 of HK8 cents) per ordinary share, in aggregate amount of HK\$6,663,000 (2021: HK\$26,814,000) and nil special dividend in respect for the year ended 31 March 2022 (2021: special dividend in respect for the year ended 31 March 2021 of HK15 cents per ordinary share, in aggregate amount HK\$50,277,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting. The final dividend is expected to be paid on 20 September 2022 to shareholders whose names appear on the Register of Members of the Company on 26 August 2022.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss) earnings for the purpose of basic (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	<u>(26,995)</u>	<u>46,402</u>
	Number of shares	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>334,349</u>	<u>335,433</u>

No diluted (loss) earnings per share has been presented for both years as there were no potential dilutive ordinary shares in issue.

9. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables – sales of goods	165,973	241,738
Less: Allowance for credit losses	(386)	(1,141)
	165,587	240,597
Other receivables (<i>Note</i>)	22,680	17,832
Total trade and other receivables	188,267	258,429

Note: As at 31 March 2022, the Group's other receivables mainly include value added tax recoverable of HK\$14,043,000 (2021: HK\$10,794,000), which will be recovered within one year.

As at 1 April 2020, trade receivables from contracts with customers amounted to HK\$134,658,000.

The following is an aged analysis of trade receivables, presented based on the invoice dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–90 days	104,885	159,074
91–120 days	16,466	28,638
121–180 days	44,236	52,885
	165,587	240,597

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregated carrying amount of HK\$22,584,000 (2021: HK\$4,416,000) which are past due at the reporting date. Out of the past due balances, HK\$67,000 (2021: HK\$146,000) has been past due 90 days or more and is not considered as in default because there had not been significant changes in credit quality of the relevant debtors and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

10. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-90 days	80,333	140,534
91-120 days	365	4,704
Over 120 days	1,832	2,462
	<hr/> 82,530 <hr/>	<hr/> 147,700 <hr/>

The credit period on purchase of goods is ranged from 30 to 90 days.

CLOSURE OF REGISTER OF MEMBERS

(i) To attend and vote at the AGM

The Register of Members of the Company will be closed from 15 August 2022 to 18 August 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the annual general meeting of the Company to be held on 18 August 2022, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Standard Limited, whose address is at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 12 August 2022.

(ii) To qualify for the proposed final dividend

Subject to shareholders' approval at the forthcoming Annual General Meeting, the proposed final dividend will be distributed to the shareholders on 20 September 2022 whose names appear on the Register of Members of the Company on 26 August 2022. The Register of Members of the Company will be closed from 24 August 2022 to 26 August 2022. In order to qualify for payment of the recommended final dividend, all transfers accompanied with the relevant share certificates must be deposited with the Company's share registrar, Tricor Standard Limited, whose address is at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 23 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2022, the Group's sales turnover decreased by 14% to HK\$783.2 million (2021: HK\$909.5 million) and the consolidated net loss was HK\$27 million (2021: profit HK\$46.4 million). Basic loss per share of the Group for the year ended 31 March 2022 was HK8.1 cents (2021: earnings HK13.8 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK2 cents (2021: final dividend of HK8 cents and a special dividend of HK15 cents) per share for the year ended 31 March 2022. Together with the interim dividend of HK2 cents per share paid in January this year, the total dividend for the year ended 31 March 2022 will be HK4 cents per share (2021: HK25 cents).

BUSINESS REVIEW

The Group is engaged in design, manufacturing and trading of a wide range of household electrical appliances.

For the year ended 31 March 2022, the global situation and business environment has been difficult and turbulent. COVID-19 continued into the third year. Different countries are subject to various degree of travel restrictions, lockdown measures and quarantine regulations. Although vaccines have been rolled out to combat COVID-19, variants of COVID-19, especially the Omicron has once again caused disruption to everyday life and slowed down the recovery to normal. Together with high inflation, increasing energy costs, and geopolitical uncertainties under Russia-Ukraine conflict and US-China tension, consumer sentiments have become extremely sluggish.

Against this backdrop, the Group's business had been severely impacted. Logistics problems and bottlenecks affected both our sales turnover and the supply chain. Shortage in containers and disruption in freight schedules has caused shipment delays, resulting in a drop in sales turnover. COVID-19 outbreaks at Yantian Port in May 2021 led to reduced capacity operation and even closure of Yantian Port in June 2021. This had a huge ripple effect on global container shipping resulting in tremendous congestion and delays. COVID-19 outbreaks in certain provinces or cities in the PRC had resulted in delay in transportation of raw materials and parts due to elevated and strict safety controls and measures. These disruptions also led to increase in related transportation costs and expenses. On top of the logistics crisis, we are faced with increase in raw material costs, particularly electronic components due to shortage in supply. The shortage in electricity supply and power outages in the PRC during the year has affected our manufacturing schedules. The rise in energy costs in terms of fuel and electricity, the appreciation in RMB currency and the absence of government subsidies for COVID-19 have resulted in reduced margins.

During the year under review, sales turnover decreased by 14% to HK\$783.2 million. Sales turnover decreased across all markets due to sluggish consumer sentiments. Sales turnover to Europe decreased by 11% to HK\$380.1 million representing 49% of the Group's sales turnover. Sales turnover to America decreased by 9% to HK\$304.4 million representing 39% of the Group's sales turnover. Sales turnover to Asia decreased by 34% to HK\$73.4 million representing 9% of the Group's sales turnover. Sales turnover to other markets decreased by 25% to HK\$25.3 million representing 3% of the Group's sales turnover.

Gross profit for the year ended 31 March 2022 decreased by 66% to HK\$51.5 million. Gross profit margin decreased from 17% to 7%. The decrease in gross profit margin was mainly due to rise in raw material costs, shortage in electronic components, rise in energy costs, appreciation in RMB currency and absence in COVID-19 government support for reduction in PRC social insurance expense. The social insurance expense paid for the year ended 31 March 2022 was approximately HK\$21.3 million (RMB17.7 million) as compared to approximately HK\$9.0 million (RMB7.7 million) paid for the year ending 31 March 2021.

For the year ended 31 March 2021, the Group received COVID-19 subsidies of approximately HK\$4.5 million through the Employment Support Scheme of the Government of the Hong Kong Special Administration Region and approximately HK\$494,000 through government assistance in the PRC. For the year ended 31 March 2022, the Group did not receive any such subsidies.

The investment property located in Wan Chai, Hong Kong (save for one unit of office space and one car park) and all 3 factory blocks at Hui Nam Hi-Tech Industrial Park had been leased out generating rental and management income. For the year ended 31 March 2022, rental and management income received was approximately HK\$20.5 million compared to approximately HK\$10.1 million received last year.

The Group continued to apply stringent control on all costs and expenses. Selling and distribution expenses increased by 30% to HK\$24.4 million. As a percentage to sales turnover, selling and distribution expenses increased from 2.1% to 3.1% compared to last year. The increase was mainly due to increased transportation costs resulting from logistics problems. Moreover, increased advertising and promotional expenses were spent on WARRAN brand items sold mainly through online channels in the PRC. Administration expenses decreased by 0.5% to HK\$95.9 million. As a percentage to sales turnover, administration expenses increased from 10.6% to 12.2% compared to last year.

At 31 March 2022, the investment property located in Wanchai, Hong Kong was revaluated at HK\$285 million (2021: HK\$275 million) resulting in an increase in fair value of HK\$10 million for the year.

At 31 March 2022, the investment property located in the PRC at Hui Nam Hi-Tech Industrial Park was revaluated at RMB202,400,000 (HK\$248,952,000) (2021: RMB198,100,000 (HK\$233,758,000)) resulting in an increase in fair value of HK\$5,190,000 and a translation gain of HK\$10,004,000 for the year.

Net loss for the year was HK\$27.0 million (2021: profit HK\$46.4 million). Net profit/(loss) margin decreased from 5.1% to -3.4% compared to last year.

BUSINESS OUTLOOK

Looking ahead, we expect the overall business environment to be extremely challenging and difficult. High inflation, increase in energy and commodity costs and geopolitical conflicts and uncertainties such as Russia-Ukraine conflict and US-China tension would inevitably affect consumer sentiments negatively. COVID-19 has continued into the third year. Although some countries are gradually opening up and lifting lockdown or quarantine measures, COVID-19 outbreaks and variants may go on for some time. As such, the supply chain and logistics issues are expected to continue.

During this difficult and challenging period, we will stay vigilant and versatile in our manufacturing capacity and resources planning in response to fluctuations in market demand. We would strive to stay slim with stringent cost and expense control, and productivity efficiency improvements. Meanwhile, persistence in quality products and engineering and R&D capabilities would continue to be our focus. We will seek growth opportunities through new customers and new product categories as well as the mainland China market and online sales channels. We will also look for business opportunities to create higher value to our shareholders.

With our prudent and pragmatic business approach, financial strength and commitment to excel, we will strive on and tread cautiously to ride through the current and coming difficulties and challenges.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the Group had total assets of HK\$1,412.6 million (2021: HK\$1,583.9 million) which was financed by current liabilities of HK\$256.9 million (2021: HK\$320.3 million), long-term liabilities and taxation of HK\$53.1 million (2021: HK\$58.6 million) and shareholders' equity of HK\$1,102.5 million (2021: HK\$1,205.0 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2022, the Group held HK\$504.6 million (2021: HK\$616.3 million) in cash and bank deposits. They were mainly placed in Renminbi and US dollar short term deposits, except for temporary balances held in other currencies as required pending specific payments. For the year ended 31 March 2022, the Group generated net cash outflow from operating activities of HK\$32.0 million (2021: HK\$16.7 million). As at the same date, total borrowings were HK\$20.9 million (2021: HK\$26.0 million) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 1.9% (2021: 2.2%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March 2022 increased from HK\$93.9 million to HK\$95.5 million. Inventory turnover increased from 36 days to 47 days compared to last year. The trade receivables balance as at 31 March 2022 decreased from HK\$240.6 million to HK\$165.6 million. Trade receivables turnover decreased from 97 days to 77 days compared to last year. The trade payables balance as at 31 March 2022 decreased from HK\$147.7 million to HK\$82.5 million. Trade payables turnover decreased from 71 days to 41 days compared to last year.

Funding for day-to-day operational working capital and capital expenditures are to be serviced by internal cash flow and available banking facilities. For the year ended 31 March 2022, the group invested HK\$12.9 million (2021: HK\$6.4 million) in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets for expansion and upgrade to our manufacturing facilities. The Group's capital expenditures were funded by internal resources and bank loans. With a healthy financial position and available banking facilities, the Group is able to provide sufficient financial resources for our current commitments, working capital requirements, further expansions of the Group's business operations and future investment opportunities, as and when required.

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars, US dollars, Renminbis. Currently the Group does not implement hedging activity to hedge against foreign currency exposure. However, we will closely monitor foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed approximately 2,000 employees (2021: 2,280). The majority of our employees work in the PRC. The Group remunerated our employees based on their performances, experiences and prevailing market rates while performance bonuses are granted on a discretionary basis. Share options may also be granted to employees based on individual performance and attainment of certain set targets.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the financial year ended 31 March 2022 except for the following deviation:

Code Provision A.5.1

Under this code provision, the Company did not set up a Nomination Committee. Pursuant to the Company’s Bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall retire and be eligible for re-election at the next following general meeting after appointment. Executive directors identify potential new directors and recommend to the Board for decision. In considering the nomination of a new director, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of independent non-executive directors, the Board follows the requirements set out in the Listing Rules.

On 7 April 2022, the Company has established the Nomination Committee which is chaired by the Chairman and comprises two Independent Non-executive Directors. Details of establishment of the Nomination Committee were set out in the announcement of the Company dated 7 April 2022. The terms of reference setting out the authority of the Nomination Committee and its duties are available on the Company’s website and the HKEx website.

Code Provision B.2.2

Under this code provision, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company, one third of the directors are subject to rotation at each annual general meeting and the Chairman and/or the Managing Director of the Company is not subject to retirement by rotation, which constitutes a deviation from code provision B.2.2. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes that, the present arrangement is most beneficial to the Company and the shareholders as a whole.

Code Provision C.1.6

Under this code provision, independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, Professor Lo Chung Mau was not present at the annual general meeting held on 18 August 2021.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors (the “Model Code”). Having made specific enquiry to all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code during the year ended 31 March 2022.

Updates on Directors’ Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Director of the Company subsequent to the date of the 2021/2022 interim report of the Company up to the date of the Board meeting held at 29 June 2022 approving this final results announcement are set out below:

As disclosed in the announcement dated 10 June 2022, Professor Lo Chung Mau (“Professor Lo”) has resigned as an independent non-executive Director with effect from 10 June 2022.

Non-compliance with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules

Due to the resignation of Professor Lo as an independent non-executive Director on 10 June 2022, the Company failed to meet the following requirements:

- (a) at least three independent non-executive directors on the board of directors under Rule 3.10(1) of the Listing Rules;
- (b) the independent non-executive directors representing at least one-third of the board of directors under Rule 3.10A of the Listing Rules;
- (c) the audit committee comprising a minimum of three members under Rule 3.21 of the Listing Rules;

The Company will endeavour to identify a suitable candidate for appointment as an independent non-executive Director and member of the Audit Committee within three months from the date of Professor Lo's resignation pursuant to Rule 3.11 and Rule 3.23 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Year, the Company repurchased an aggregate of 2,378,000 ordinary shares for a total consideration of HK\$4,149,240. All of the 2,378,000 ordinary shares were purchased on the Stock Exchange as follows:

Date of Repurchase	No. of shares Repurchased	Consideration per shares		Total
		Highest HK\$	Lowest HK\$	Consideration Paid HK\$
27 July 2021	100,000	1.82	1.82	182,000
28 July 2021	6,000	1.78	1.78	10,680
29 July 2021	52,000	1.80	1.80	93,600
30 July 2021	22,000	1.80	1.80	39,600
04 August 2021	6,000	1.81	1.81	10,860
13 August 2021	78,000	1.93	1.93	150,540
25 August 2021	320,000	1.80	1.70	565,740
26 August 2021	110,000	1.80	1.80	198,000
27 August 2021	50,000	1.81	1.81	90,500
30 August 2021	38,000	1.82	1.81	69,120
31 August 2021	50,000	1.85	1.85	92,500
02 September 2021	100,000	1.86	1.85	185,480
03 September 2021	100,000	1.89	1.87	188,000
09 September 2021	52,000	1.87	1.87	97,240
08 October 2021	50,000	1.69	1.68	84,320
11 October 2021	214,000	1.75	1.74	374,480
19 October 2021	138,000	1.75	1.70	239,600
29 November 2021	308,000	1.67	1.60	510,380
30 November 2021	172,000	1.67	1.65	285,800
06 December 2021	120,000	1.67	1.67	200,400
18 January 2022	122,000	1.66	1.64	201,480
11 February 2022	70,000	1.71	1.67	118,720
17 March 2022	100,000	1.61	1.57	160,200
Total	2,378,000			4,149,240

The Board believes that the share repurchases are in the best interests of the Company and its shareholders and would lead to an enhancement of the net assets value per share and/or earnings per share of the Company. As at the date of this announcement, the above repurchased shares were cancelled upon repurchases. For the shares repurchases in March 2022, the shares were repurchased but not yet cancelled as at the year end. The issued share capital of the Company was reduced by the nominal value of these shares accordingly and the balance of consideration was charged against the share premium account.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the years.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited consolidated financial statements of the Group for the year ended 31 March 2022. The Audit Committee currently comprises two independent non-executive directors, namely Ms. Choy Wai Sheun, Susan and Mr. Lai Ah Ming, Leon.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> (the “HKEx website”) and the Company’s website at <http://www.allan.com.hk>.

The Company’s annual report containing all information required by the Listing Rules will also be available for viewing on the HKEx website and the Company’s website, and dispatched to shareholders 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 continual contribution and support throughout the year.

Professor Lo Chung Mau has resigned as independent non-executive Director on 10th June 2022. On behalf of the Board, I would like to express our gratitude for his service to the Board and wish him every success in the future.

On behalf of the Board
Allan International Holdings Limited
Cheung Lai Chun, Maggie
Chairman

Hong Kong, 29 June 2022

As at the date of this announcement, the Executive Directors are Ms. Cheung Lai Chun, Maggie (Chairman), Mr. Cheung Shu Wan (Managing Director), Ms. Cheung Lai See, Sophie and Dr. Cheung Shu Sang, William. The Independent Non-Executive Directors are Ms. Choy Wai Sheun, Susan and Mr. Lai Ah Ming, Leon.