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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 2021**

#### **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 2021 together with the comparative figures for the year ended 31 March 2020, as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 March 2021*

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Revenue	2	<b>909,466</b>	982,835
Cost of sales		<b>(756,403)</b>	(839,033)
Gross profit		<b>153,063</b>	143,802
Other income	3	<b>24,057</b>	26,177
Other gains and losses	4	<b>(4,036)</b>	(7,471)
Selling and distribution expenses		<b>(18,779)</b>	(18,384)
Administrative expenses		<b>(96,361)</b>	(103,975)
Loss on fair value changes of investment properties (Impairment loss) reversal of impairment loss under expected credit loss model, net		<b>(2,832)</b>	(52,284)
Finance costs on secured bank loan		<b>(370)</b>	373 (1,025)
Profit (loss) before tax		<b>54,541</b>	(12,787)
Income tax expense	5	<b>(8,139)</b>	(5,377)
Profit (loss) for the year attributable to owners of the Company	6	<b>46,402</b>	(18,164)

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Other comprehensive income (expense):</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on revaluation of manufactory plants and right-of-use assets transferred to investment properties		—	114,410
Deferred taxation on gain on revaluation of manufactory plants and right-of-use assets transferred to investment properties		—	(28,603)
		<u>—</u>	<u>85,807</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>21,863</b>	(18,427)
Net fair value gain on debt instruments at fair value through other comprehensive income		<b>532</b>	40
Reclassification of investment revaluation reserve upon disposal of debt instruments at fair value through other comprehensive income		<b>27</b>	5
		<u><b>22,422</b></u>	<u>(18,382)</u>
Other comprehensive income for the year		<u><b>22,422</b></u>	<u>67,425</u>
Total comprehensive income for the year attributable to owners of the Company		<u><b>68,824</b></u>	<u>49,261</u>
Earnings (loss) per share	8		
Basic		<u><b>HK13.8 cents</b></u>	<u>HK(5.4 cents)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 March 2021*

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		<b>508,758</b>	493,545
Property, plant and equipment		<b>38,669</b>	44,037
Right-of-use assets		<b>4,131</b>	4,314
Club debentures		<b>10,343</b>	11,018
Deposits paid for acquisition of property, plant and equipment		<b>3,209</b>	1,878
		<hr/> <b>565,110</b>	<hr/> 554,792
<b>Current assets</b>			
Inventories		<b>93,858</b>	56,307
Trade receivables	<i>9</i>	<b>240,597</b>	133,718
Other receivables	<i>9</i>	<b>17,832</b>	16,788
Mould deposits paid		<b>4,331</b>	7,317
Financial assets at fair value through profit or loss ("FVTPL")		<b>21,046</b>	23,278
Debt instruments at fair value through other comprehensive income ("FVTOCI")		<b>24,646</b>	25,664
Tax recoverable		<b>181</b>	93
Short-term deposits		<b>95,561</b>	237,423
Bank balances and cash		<b>520,762</b>	419,392
		<hr/> <b>1,018,814</b>	<hr/> 919,980
<b>Current liabilities</b>			
Trade payables	<i>10</i>	<b>147,700</b>	91,994
Other payables and accruals		<b>101,887</b>	92,086
Mould deposits received		<b>27,450</b>	20,443
Tax liabilities		<b>38,136</b>	35,947
Secured bank loan		<b>5,124</b>	5,124
		<hr/> <b>320,297</b>	<hr/> 245,594
Net current assets		<hr/> <b>698,517</b>	<hr/> 674,386
Total assets less current liabilities		<hr/> <b>1,263,627</b>	<hr/> 1,229,178

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	<b>37,720</b>	36,782
Secured bank loan	<b>20,913</b>	26,037
	<u><b>58,633</b></u>	<u>62,819</u>
Net assets	<u><b>1,204,994</b></u>	<u>1,166,359</u>
Capital and reserves		
Share capital	<b>33,543</b>	33,543
Reserves	<b>1,171,451</b>	1,132,816
	<u><b>1,204,994</b></u>	<u>1,166,359</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 *Amendments to References to the Conceptual Framework in HKFRS Standards* and 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 period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and 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.

### ***Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material***

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

## **New and amendments to HKFRSs in issue but not yet effective**

HKFRS 17	Insurance Contracts and the related Amendments <sup>5</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>1</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>5</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>5</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>5</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>5</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>4</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>6</sup> 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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2***

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures to accompany the amendments regarding modifications and hedge accounting*.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 March 2021, the Group has several Hong Kong Interbank Offered Rate (“HIBOR”) bank loans which will or may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

## **2. REVENUE AND SEGMENT INFORMATION**

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

As at 31 March 2021 and 2020, 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 2021

	Europe <i>HK\$'000</i>	Asia <i>HK\$'000</i>	America <i>HK\$'000</i>	Other regions <i>HK\$'000</i> <i>(Note a)</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>	<u>66,109</u>
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>

### Year ended 31 March 2020

	Europe <i>HK\$'000</i>	Asia <i>HK\$'000</i>	America <i>HK\$'000</i>	Other regions <i>HK\$'000</i> <i>(Note a)</i>	Consolidated <i>HK\$'000</i>
Segment revenue <i>(Note a)</i>	<u>461,584</u>	<u>169,828</u>	<u>309,867</u>	<u>41,556</u>	<u>982,835</u>
Segment profit	<u>26,919</u>	<u>9,904</u>	<u>18,072</u>	<u>2,424</u>	<u>57,319</u>
Other gains and losses (except net foreign exchange loss)					(2,674)
Depreciation (except moulds and right-of-use assets)					(14,353)
Loss on fair value changes of investment properties					(52,284)
Finance costs on secured bank loan					(1,025)
Reversal of impairment loss on financial assets under expected credit loss model, net					373
Unallocated income and expenses, net <i>(Note b)</i>					<u>(143)</u>
Loss before tax					<u>(12,787)</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 profit represents the 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), loss on fair value changes of investment properties, finance costs on secured bank loan and (impairment loss) reversal of 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 segment:

#### Segment assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Europe	172,774	97,480
Asia	46,975	36,732
America	108,326	56,327
Other regions	13,206	9,309
	<hr/>	<hr/>
Segment assets	341,281	199,848
Unallocated assets		
Financial assets as FVTPL	21,046	23,278
Debt instruments at FVTOCI	24,646	25,664
Short-term deposits	95,561	237,423
Bank balances and cash	520,762	419,392
Investment properties	508,758	493,545
Plant, equipment and machinery (except moulds)	36,174	41,531
Club debentures	10,343	11,018
Other receivables	17,832	16,788
Tax recoverable	181	93
Other unallocated assets ( <i>Note</i> )	7,340	6,192
	<hr/>	<hr/>
Consolidated assets	<u>1,583,924</u>	<u>1,474,772</u>

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

### ***Segment liabilities***

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Europe	<b>10,523</b>	8,107
Asia	<b>2,523</b>	2,626
America	<b>13,523</b>	9,200
Other regions	<b>881</b>	510
Segment liabilities ( <i>Note</i> )	<b>27,450</b>	20,443
Unallocated liabilities		
Trade payables	<b>147,700</b>	91,994
Other payables and accruals	<b>101,887</b>	92,086
Secured bank loan	<b>26,037</b>	31,161
Tax liabilities	<b>38,136</b>	35,947
Deferred tax liabilities	<b>37,720</b>	36,782
Consolidated liabilities	<b>378,930</b>	308,413

*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:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Customer A (Europe, Asia, America and Other regions)	<b>309,579</b>	313,993
Customer B (Europe, Asia, America and Other regions)	<b>216,770</b>	208,800
Customer C (Europe, Asia, America and Other regions)	N/A <sup>1</sup>	141,171
Customer D (Europe, Asia, America and Other regions)	<b>168,474</b>	132,452
Customer E (Europe, Asia, America and Other regions)	<b>112,068</b>	N/A <sup>1</sup>

<sup>1</sup> 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.

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Hong Kong	<b>290,366</b>	293,199
The PRC	<b>274,744</b>	261,593
	<b>565,110</b>	554,792

## Other segment information

### 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

### Year ended 31 March 2020

	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	683	208	910	35	1,836	11,315	13,151
Depreciation of property, plant and equipment and right-of-use assets	705	236	724	49	1,714	14,353	16,067

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	—	—	—	—	—	5,744	5,744
Interest income on debt instruments	—	—	—	—	—	847	847
Rental income	—	—	—	—	—	8,811	8,811

### 3. OTHER INCOME

	2021 HK\$'000	2020 HK\$'000
Rental income	10,096	8,811
Interest income	4,200	6,591
Building management fee income	3,852	3,294
Scrap sales	359	508
Government grants (Note)	4,993	6,893
Others	557	80
	<u>24,057</u>	<u>26,177</u>

*Note:* During the current year, the Group recognised government grants of approximately HK\$4,993,000 (2020: HK\$6,893,000) in respect of Covid-19-related subsidies, of which approximately HK\$4,499,000 (2020: nil) relates to Employment Support Scheme provided by the Hong Kong government and approximately HK\$494,000 (2020: HK\$6,893,000) 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net foreign exchange loss	(8,237)	(4,797)
Gain on disposal of property, plant and equipment and land use rights located in the PRC	30	379
Gain (loss) on disposal of a club debenture	675	(978)
Write-off of property, plant and equipment	(129)	(929)
Cumulative loss reclassified of investment revaluation reserve upon disposal of debt instruments at FVTOCI	(27)	(5)
Net gain (loss) on fair value changes of financial assets at FVTPL	3,653	(1,124)
Others	(1)	(17)
	<u>(4,036)</u>	<u>(7,471)</u>

#### 5. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong	3,776	1,270
PRC Enterprise Income Tax	4,445	4,421
	<u>8,221</u>	<u>5,691</u>
(Over)underprovision in prior years:		
Hong Kong	(1,020)	(1,354)
PRC Enterprise Income Tax	—	114
	<u>(1,020)</u>	<u>(1,240)</u>
Deferred tax	<u>938</u>	<u>926</u>
	<u><u>8,139</u></u>	<u><u>5,377</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime,

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%.

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 profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income (expense) as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) before tax	<u>54,541</u>	<u>(12,787)</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	8,999	(2,110)
Tax effect of expenses not deductible for tax purpose	989	3,404
Tax effect of income not taxable for tax purpose	(2,897)	(1,343)
Effect of different tax rates of subsidiaries operating in the PRC	1,540	5,017
Overprovision in respect of prior years	(1,020)	(1,240)
Tax effect of tax losses not recognised	46	1,405
Utilisation of tax losses previously not recognised	(324)	(284)
Withholding tax on distributable profit of subsidiaries operating in the PRC	678	632
Others	<u>128</u>	<u>(104)</u>
Income tax expense for the year	<u>8,139</u>	<u>5,377</u>

## 6. PROFIT (LOSS) FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging:		
Employee benefit expenses, including directors’ remunerations		
— Salaries and allowances	211,640	223,863
— Retirement benefit scheme contributions ( <i>Note</i> )	<u>7,112</u>	<u>16,096</u>
Total employee benefit expenses	218,752	239,959
Depreciation of property, plant and equipment	13,812	15,884
Depreciation of right-of-use assets	<u>183</u>	<u>183</u>
Total depreciation	13,995	16,067
Gross rental income from investment properties	(10,096)	(8,811)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	<u>907</u>	<u>907</u>
	<u>(9,189)</u>	<u>(7,904)</u>
Auditor’s remuneration	2,384	2,286
Cost of inventories recognised as an expense	<u>756,403</u>	<u>839,033</u>

*Note:* On 30 January 2020, the Ministry of Human Resources and Social Security of 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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
— 2021 interim dividend of HK2 cents (2020: 2020 interim dividend of HK2 cents) per share	<b>6,709</b>	6,709
— 2020 final dividend of HK7 cents (2020: 2019 final dividend of HK3 cents) per share	<b>23,480</b>	10,063
	<b>30,189</b>	16,772

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2021 of HK8 cents (2020: final dividend in respect of the year ended 31 March 2020 of HK7 cents) per ordinary share, in aggregate amount of HK\$26,835,000 (2020: HK\$23,480,000) and a special dividend in respect of the year ended 31 March 2021 of HK15 cents (2020: nil special dividend in respect of the year ended 31 March 2020) per ordinary share, in aggregate amount of HK\$50,315,000 (2020: nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting. The final and special dividends are expected to be paid on 20 September 2021 to shareholders whose names appear on the Register of Members of the Company on 27 August 2021.

## 8. EARNINGS (LOSS) PER SHARE

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	<b>46,402</b>	(18,164)
	<b>Number of shares</b>	
	<b>2021</b>	2020
	<b>'000</b>	<b>'000</b>
Number of ordinary shares for the purpose of basic earnings (loss) per share	<b>335,433</b>	335,433

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

## 9. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables — sales of goods	241,738	134,658
Less: Allowance for credit loss	<u>(1,141)</u>	<u>(940)</u>
	240,597	133,718
Other receivables ( <i>Note</i> )	<u>17,832</u>	<u>16,788</u>
Total trade and other receivables	<u><u>258,429</u></u>	<u><u>150,506</u></u>

*Note:* As at 31 March 2021, the Group's other receivables mainly include value added tax recoverable of approximately HK\$10,794,000 (2020: HK\$7,802,000), which will be recovered within one year.

As at 1 April 2019, trade receivables from contracts with customers amounted to approximately HK\$251,848,000.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–90 days	159,074	113,737
91–120 days	28,638	18,515
121–180 days	<u>52,885</u>	<u>1,466</u>
	<u><u>240,597</u></u>	<u><u>133,718</u></u>

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregated carrying amount of approximately HK\$4,416,000 (2020: HK\$27,229,000) which are past due at the reporting date. Out of the past due balances, approximately HK\$146,000 (2020: HK\$9,000) 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–90 days	140,534	72,915
91–120 days	4,704	16,719
Over 120 days	<u>2,462</u>	<u>2,360</u>
	<u><u>147,700</u></u>	<u><u>91,994</u></u>

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 13 August 2021 to 18 August 2021 (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 2021, 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 2021.

### **(ii) To qualify for the proposed final dividend and special dividend**

Subject to shareholders' approval at the forthcoming Annual General Meeting, the proposed final dividend and special dividend will be distributed to the shareholders on 20 September 2021 whose names appear on the Register of Members of the Company on 27 August 2021. The Register of Members of the Company will be closed from 25 August 2021 to 27 August 2021. In order to qualify for payment of the recommended final dividend and special 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 24 August 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended 31 March 2021, the Group's sales turnover decreased by 7% to HK\$909.5 million (2020: HK\$982.8 million) and the consolidated net profit was HK\$46.4 million (2020: loss HK\$18.2 million). Basic earnings per share of the Group for the year ended 31 March 2021 was HK13.8 cents (2020: loss HK5.4 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK8 cents (2020: HK7 cents) and a special dividend of HK15 cents (2020: nil) per share for the year ended 31 March 2021. Together with the interim dividend of HK2 cents per share paid in January this year, the total dividend for the year ended 31 March 2021 will be HK25 cents per share (2020: HK9 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 2021, the overall global situation and business environment continued to be difficult and volatile. COVID-19 spread to the whole world affecting all walks of life. Lockdowns, stay home, work from home and social distancing became the "new normal". The easing of such measures from time to time and subsequent resurgence of COVID-19 seemed



to be going hand in hand. The Group put employee health and safety being paramount during these difficult times. Strict safety precautions and measures were implemented at our workplace in Hong Kong and mainland China.

During the first quarter of the year under review, the operation of our factories was severely affected by the COVID-19 outbreak. Lockdowns and travel restrictions at some cities in mainland China caused disruption in material supply and delays in employees returning to work. On the demand side, the lockdowns at European and US markets due to the COVID-19 pandemic had resulted in order cancellations and deferrals in shipment of products.

While the lockdowns in mainland China eased, our factory operation gradually resumed to levels before the pandemic. As the world adapted to the “new-normal” with stay home, work from home and limited opening hours of restaurants and eating outlets due to social distancing policies, home cooking increased leading to increase in usage of electrical kitchen appliances.

During the year under review, sales turnover decreased by 7% to HK\$909.5 million. Sales turnover to Europe decreased by 7% to HK\$428.7 million representing 47% of the Group’s sales turnover. Sales turnover to America increased by 8% to HK\$336.2 million representing 37% of the Group’s sales turnover. Sales turnover to Asia decreased by 35% to HK\$111.1 million representing 12% of the Group’s sales turnover. Sales turnover to other markets decreased by 19% to HK\$33.5 million representing 4% of the Group’s sales turnover.

Gross profit for the year ended 31 March 2021 improved to HK\$153.1 million. The improvement in gross profit margin was mainly due to change in customer mix and product mix, relatively stable raw material costs and tight cost control measures.

The Group continued to apply stringent control on all costs and expenses. Selling and distribution expenses increased by 2% to HK\$18.8 million. As a percentage to sales turnover, selling and distribution expenses increased from 1.9% to 2.1% compared to last year. Administrative expenses decreased by 7% to HK\$96.4 million. As a percentage to sales turnover, administrative expenses maintained at 10.6% for both years.

During the year, 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. The entire amount has been paid out as salaries to our employees in Hong Kong.

The site at Hui Nam Hi-Tech Industrial Park including the three factory blocks was reclassified as investment properties at 1 April 2019. At 31 March 2021, this investment property was revaluated at RMB198,100,000 (HK\$233,758,000) (2020: RMB200,500,000 (HK\$218,545,000)) resulting in a decrease in fair value of HK\$2,832,000 and a translation gain of HK\$18,045,000. One factory block has been leased out since April 2019 to an independent third party. The remaining two factory blocks were leased out at December 2020 for a term of five years to another independent third party.

The investment property located in Wanchai, Hong Kong was revaluated at HK\$275 million at 31 March 2021 (2020: HK\$275 million).

Net profit for the year was HK\$46.4 million (2020: loss HK\$18.2 million). Net profit margin improved from -1.8% to 5.1% compared to last year. If the change in fair value of investment properties for both years was segregated, the net profit for operations for the year ended 31 March 2021 would be HK\$49.2 million as compared to HK\$34.1 million for the previous year.

## **PROSPECTS**

Going forward, it is extremely difficult to predict the business outlook. While a number of vaccines have been rolled out to combat the COVID-19, the new variants pose new threats and danger to the whole world. Apart from the pandemic, we are facing material cost increase and a global shortage in supply of electronic components. In recent months, the shortage in electricity supply, tight supply for containers and congestions at container ports in mainland China has affected the production and shipping of goods to our customers. We have already revamped our electric generators in our factories to ensure our production would not be disturbed. We are also working with our customers to change the boarding of goods from mainland China to Hong Kong. All these unfavorable factors would inevitably add on to our costs. As such we expect the profit margin would have a downturn in the current financial year.

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 2021, the Group had total assets of HK\$1,583.9 million (2020: HK\$1,474.8 million) which was financed by current liabilities of HK\$320.3 million (2020: HK\$245.6 million), long-term liabilities and taxation of HK\$58.6 million (2020: HK\$62.8 million) and shareholders' equity of HK\$1,205.0 million (2020: HK\$1,166.4 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2021, the Group held HK\$616.3 million (2020: HK\$656.8 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 2021, the Group generated net cash outflow from operating activities of HK\$16.7 million (2020: inflow HK\$117.9 million). As at the same date, total borrowings were HK\$26.0 million (2020: HK\$31.2 million) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 2.2% (2020: 2.7%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March 2021 increased from HK\$56.3 million to HK\$93.9 million. Inventory turnover increased from 29 days to 36 days compared to last year. The reason for the increase in inventory level was two-fold. The inventory level at 31 March 2020 was low due to the COVID-19 lockdown and the inventory level at 31 March 2021 was increased from purchasing ahead due to shortage of material especially electronic components. The trade receivables balance as at 31 March 2021 increased from HK\$133.7 million to HK\$240.6 million. Trade receivables turnover increased from 50 days to 97 days compared to last year. The trade payables balance as at 31 March 2021 increased from HK\$92.0 million to HK\$147.7 million. Trade payables turnover increased from 40 days to 71 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 2021, the group invested HK\$6.4 million (2020: HK\$11.7 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 2021, the Group employed approximately 2,280 employees (2020: 2,500). 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 2021 except for the following deviation:

### **Code Provision A.4.1**

Under this code provision, the non-executive directors should be appointed for a specific term, subject to re-election.

Currently, none of the three independent non-executive directors is appointed for a specific term. However, all of them are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company, and the terms of their appointment will be reviewed when they are due for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those set out in the CG Code.

### **Code Provision A.4.2**

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 A.4.2. The reason for the deviation is that the directors of the Company do not consider that arbitrary term limits on director’s service are appropriate and the retirement by rotation has given the Company’s shareholders the right to approve continuation of the service of the directors.

### **Code Provision A.5.1**

Under this code provision, the Company should establish a nomination committee.

At 31 March 2021, the Company had 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.

### **Code Provision A.6.7**

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.

An independent non-executive director did not attend the annual general meeting of the Company held on 26 August 2020 due to other business engagements.

### **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 2021.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31 March 2021, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

### **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 2021. The Audit Committee currently comprises three independent non-executive directors, namely Ms. Choy Wai Sheun, Susan, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.

### **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 2021 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.

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

Hong Kong, 29 June 2021

*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, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.*