



Allan International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

INTERIM REPORT

2023/2024



60th
ANNIVERSARY

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Cheung Lai Chun, Maggie (*Chairman*)
Mr. Cheung Shu Wan (*Managing Director*)
Ms. Cheung Lai See, Sophie
Dr. Cheung Shu Sang, William

Independent Non-Executive Directors

Ms. Choy Wai Sheun, Susan
Mr. Lai Ah Ming, Leon
Mr. Lo Chor Cheong, Colin

COMPANY SECRETARY

Ms. Tong On Ni

AUTHORIZED REPRESENTATIVES

Mr. Cheung Shu Wan
Ms. Cheung Lai See, Sophie

AUDIT COMMITTEE

Ms. Choy Wai Sheun, Susan*
Mr. Lai Ah Ming, Leon
Mr. Lo Chor Cheong, Colin

NOMINATION COMMITTEE

Ms. Cheung Lai Chun, Maggie*
Ms. Choy Wai Sheun, Susan
Mr. Lai Ah Ming, Leon

REMUNERATION COMMITTEE

Mr. Lai Ah Ming, Leon*
Ms. Cheung Lai See, Sophie
Ms. Choy Wai Sheun, Susan

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISERS ON BERMUDA LAW

Conyers, Dill and Pearman
29th Floor One Exchange Square
8 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

SHARE REGISTRARS AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG BRANCH REGISTRARS AND TRANSFER OFFICE

Tricor Standard Limited
17/F,
Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat B, 23/F., Chaiwan Industrial Centre
20 Lee Chung Street, Chai Wan
Hong Kong
Tel: (852) 2103 7288
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STOCK CODE

684

* Chairman of the relevant Board Committee

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	NOTES	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	276,401	246,388
Cost of sales		(255,130)	(232,072)
Gross profit		21,271	14,316
Other income	4	20,477	16,754
Other gains and losses		166	5,504
Selling and distribution expenses		(6,795)	(10,492)
Administrative expenses		(38,438)	(46,252)
(Loss) gain on fair value changes of investment properties	9	(15,660)	1,517
(Impairment loss) reversal of impairment loss under expected credit loss model, net		(138)	55
Impairment loss on property, plant and equipment	10	–	(24,879)
Finance costs on bank loan		(360)	(148)
Loss before tax		(19,477)	(43,625)
Income tax expense	5	(1,354)	(1,855)
Loss for the period	6	(20,831)	(45,480)

	Six months ended 30 September	
	2023	2022
<i>NOTE</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(19,635)	(39,573)
Net fair value loss on debt instruments at fair value through other comprehensive income	(13)	(83)
Reclassification of investment revaluation reserve upon disposal of debt instruments at fair value through other comprehensive income	–	(64)
	<hr/>	<hr/>
Other comprehensive expense for the period	(19,648)	(39,720)
	<hr/>	<hr/>
Total comprehensive expense for the period	(40,479)	(85,200)
	<hr/>	<hr/>
Loss per share	7	
Basic	HK(6.25) cents	HK(13.65) cents
	<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		30 September 2023	31 March 2023
	<i>NOTES</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Investment properties	9	481,140	512,990
Property, plant and equipment	10	4,589	6,583
Right-of-use assets	11	3,673	3,765
Club debentures		10,343	10,343
Debt instruments at fair value through other comprehensive income ("FVTOCI")		3,761	7,662
		503,506	541,343
Current assets			
Inventories		46,007	41,066
Trade receivables	12	153,818	72,968
Other receivables		21,185	23,117
Mould deposits paid		5,031	5,869
Financial assets at fair value through profit or loss ("FVTPL")		1,493	7,349
Debt instruments at FVTOCI		5,417	1,529
Tax recoverable		478	1,381
Short-term deposits	13	339,065	367,684
Bank balances and cash		170,022	186,575
		742,516	707,538

		30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
	<i>NOTES</i>		
Current liabilities			
Trade payables	14	91,400	51,240
Other payables and accruals		76,331	76,425
Mould deposits received		27,782	28,784
Tax liabilities		33,679	32,460
Secured bank loan		5,124	5,124
		234,316	194,033
Net current assets		508,200	513,505
Total assets less current liabilities		1,011,706	1,054,848
Non-current liabilities			
Deferred tax liabilities		36,743	36,844
Secured bank loan		8,103	10,665
		44,846	47,509
Net assets		966,860	1,007,339
Capital and reserves			
Share capital	15	33,305	33,305
Reserves		933,555	974,034
		966,860	1,007,339

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	33,315	106,107	632	85,807	136	39,670	836,880	1,102,547
Loss for the period	-	-	-	-	-	-	(45,480)	(45,480)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(39,573)	-	(39,573)
Net fair value loss on debt instruments at FVTOCI	-	-	-	-	(83)	-	-	(83)
Reclassification of investment revaluation reserve upon disposal of debt instruments at FVTOCI	-	-	-	-	(64)	-	-	(64)
Other comprehensive expense for the period	-	-	-	-	(147)	(39,573)	-	(39,720)
Total comprehensive expense for the period	-	-	-	-	(147)	(39,573)	(45,480)	(85,200)
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(6,661)	(6,661)
Shares cancelled	(10)	(151)	161	-	-	-	-	-
At 30 September 2022 (unaudited)	33,305	105,956	793	85,807	(11)	97	784,739	1,010,686
At 1 April 2023 (audited)	33,305	105,956	793	85,807	(124)	13,436	768,166	1,007,339
Loss for the period	-	-	-	-	-	-	(20,831)	(20,831)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(19,635)	-	(19,635)
Net fair value loss on debt instruments at FVTOCI	-	-	-	-	(13)	-	-	(13)
Other comprehensive expense for the period	-	-	-	-	(13)	(19,635)	-	(19,648)
Total comprehensive expense for the period	-	-	-	-	(13)	(19,635)	(20,831)	(40,479)
At 30 September 2023 (unaudited)	33,305	105,956	793	85,807	(137)	(6,199)	747,335	966,860

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss before tax	(19,477)	(43,625)
Adjustments for:		
Depreciation of property, plant and equipment	1,166	6,677
Depreciation of right-of-use assets	92	91
Loss (gain) on fair value changes of investment properties	15,660	(1,517)
Impairment loss on property, plant and equipment	–	24,879
Other items	(8,394)	325
Operating cash flows before movements in working capital	(10,953)	(13,170)
(Increase) decrease in trade receivables	(81,007)	75,873
Decrease in other receivables	577	2,213
(Increase) decrease in inventories	(7,231)	28,701
Decrease in mould deposits paid	838	1,457
Increase (decrease) in trade payables	43,399	(30,471)
Increase in other payables and accruals	4,169	800
(Decrease) increase in mould deposits received	(1,002)	4,795
Cash (used in) generated from operations	(51,210)	70,198
Income taxes refunded (paid), net	666	(999)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(50,544)	69,199

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Interest received	8,666	1,120
Proceeds from disposal of:		
– financial assets at FVTPL	5,981	7,350
– debt instruments FVTOCI	–	3,132
Proceeds on disposal of property, plant and equipment	130	–
Purchase of property, plant and equipment	–	(2,848)
Deposits paid for acquisition of property, plant and equipment	–	(1,460)
Withdrawal of short-term deposits	105,580	6,065
Placement of short-term deposits	(55,508)	(120,994)
	64,849	(107,635)
FINANCING ACTIVITIES		
Dividends paid	–	(6,661)
Interest paid	(360)	(148)
Repayment of secured bank loan	(2,562)	(2,562)
	(2,922)	(9,371)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	11,383	(47,807)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		
	438,627	411,377
Effect of foreign exchange rate changes	(3,706)	(18,197)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by		
	446,304	345,373
Bank balances and cash	170,022	345,373
Short-term deposits with original maturity within three months	276,282	–
	446,304	345,373

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain investment properties and financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

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

3. 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 30 September 2023, 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 ("CODM"), 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, America sales, Asia sales and other regions sales. The information reported to the Group's CODM for the purposes of resource allocation and assessment of performance is based on these operating divisions. During the six months ended 30 September 2023, the Group had no material change in segment assets and segment liabilities.

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

Six months ended 30 September 2023

	Europe HK\$'000 (Unaudited)	America HK\$'000 (Unaudited)	Asia HK\$'000 (Unaudited)	Other regions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue (<i>Note a</i>)	71,101	179,530	21,991	3,779	276,401
Segment loss	(4,080)	(10,302)	(1,261)	(217)	(15,860)
Other gains and losses (except net foreign exchange loss)					283
Depreciation					(1,258)
Loss on fair value changes of investment properties					(15,660)
Finance costs on secured bank loan					(360)
Unallocated income and expenses, net (<i>Note b</i>)					13,378
Loss before tax					(19,477)

Six months ended 30 September 2022

	Europe HK\$'000 (Unaudited)	America HK\$'000 (Unaudited)	Asia HK\$'000 (Unaudited)	Other regions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue (<i>Note a</i>)	48,329	161,728	31,563	4,768	246,388
Segment loss	(3,735)	(12,500)	(2,439)	(369)	(19,043)
Other gains and losses (except net foreign exchange gain)					(1,162)
Depreciation (except moulds)					(5,926)
Gain on fair value changes of investment properties					1,517
Finance costs on secured bank loan					(148)
Impairment loss on property, plant and equipment					(24,879)
Unallocated income and expenses, net (<i>Note b</i>)					6,016
Loss before tax					(43,625)

Notes:

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

Segment loss represents the loss from each segment without allocation of certain other income, central administration costs and directors' salaries, other gains and losses (except net foreign exchange difference), depreciation (except moulds), (loss) gain on fair value changes of investment properties, impairment loss on property, plant and equipment and finance costs on secured bank loan. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment. Revenue reported above represents revenue generated from external customers. There is no inter-segment sales in both periods.

4. OTHER INCOME

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	8,561	10,297
Interest income	8,637	1,120
Building management fee income	3,095	3,483
Others	184	1,854
	20,477	16,754

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	61	133
People's Republic of China ("PRC")		
Enterprise Income Tax	1,394	1,288
	1,455	1,421
Deferred taxation	(101)	434
	1,354	1,855

6. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting) the following items:		
Net (gain) loss arising on financial assets at FVTPL	(125)	1,364
Depreciation of right-of-use assets	92	91
Depreciation of property, plant and equipment	1,166	6,677
Net foreign exchange loss (gain)	117	(6,666)
Gain on disposal of property, plant and equipment	(130)	–
Loss on write-off of property, plant and equipment	–	52
Cost of inventories recognised as expenses	255,130	232,072
Expenses relating to short-term leases in respect of rented premises	1,951	2,060

7. LOSS PER SHARE

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the purpose of basic loss per share:		
Loss for the period attributable to owners of the Company	(20,831)	(45,480)
	Six months ended 30 September	
	2023	2022
	Number of	Number of
	shares	shares
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	333,055	333,081

No diluted loss per share has been presented for both periods as there were no potential ordinary shares in issue.

8. DIVIDENDS

Six months ended 30 September	
2023	2022
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Dividends recognised as distribution during the period:

Final dividend

2023: HKnil cents (2022: HK2 cents) per ordinary share

–	6,661
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Subsequent to 30 September 2023, the board of directors has declared that an interim dividend of HK2 cents per share (2022: nil per share) and an interim special dividend of HK13 cents per share (2022: nil per share) amounting to HK\$49,958,000 in aggregate (2022: nil) will be paid on 8 January 2024 to the shareholders of the Company whose names appear on the Register of Members on 15 December 2023.

9. INVESTMENT PROPERTIES

The Group's investment properties as at the end of the current interim period were fair valued by RHL Appraisal Ltd., a firm of independent qualified professional surveyor not connected to the Group. The fair value of investment properties located in Hong Kong was determined based on the direct comparison method by reference to market evidence of transaction prices for properties in the similar location and conditions, and the fair value of investment properties located in the PRC was determined based on term and reversion analysis of investment method by capitalising rental income on a fully leased basis and the potential reversionary rental income at market level. The resulting decrease in fair value of investment properties of HK\$15,660,000 (six months ended 30 September 2022: increase of HK\$1,517,000) has been recognised directly in profit or loss for the six months ended 30 September 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group has no material addition on property, plant and equipment (six months ended 30 September 2022: HK\$4,103,000). During the six months ended 30 September 2022, additions mainly comprised HK\$505,000 on plant and machinery, HK\$1,969,000 on furniture, fixtures and equipment, and HK\$1,629,000 on moulds and tools. No material disposal of property, plant and equipment was made during both periods.

At 30 September 2023 and 31 March 2023, the Group has no material capital commitments.

Impairment assessment

At the end of each reporting period, the management assesses whether there is any indication for impairment and conducted impairment assessment on carrying amount of certain classes of property, plant and equipment. If any such indication exists, the management is required to estimate the recoverable amount of the asset which requires significant judgment.

In view of the adverse global business environment and the abrupt downturn in sales turnover from weakened demand and customer sentiments during the six months ended 30 September 2022, some orders placed by customers were deferred or cancelled. Management of the Group assessed that the estimated recoverable amount of property, plant and equipment determined under the value-in-use method are lower than their carrying amounts and the Group recognised impairment loss of HK\$24,879,000. No further impairment or reversal of impairment have been made in the current period.

The impairment amount has been allocated to each category of property, plant and equipment such that the carrying amount of each category is not reduced below the highest of its fair value less cost of disposal, its value-in-use and zero. Key assumptions used in the value-in-use calculations for the recoverable amount of property, plant and equipment include expected product sales, gross profit margin and operating costs.

11. RIGHT-OF-USE ASSETS

During the current interim period, no new lease agreement was entered by the Group.

12. TRADE RECEIVABLES

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade receivables		
– sales of goods	154,254	73,266
Less: Allowance for credit loss	(436)	(298)
	153,818	72,968

The Group allows credit period ranging from 30 to 180 days to its trade customers. The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0 – 90 days	119,723	62,409
91 – 120 days	14,592	4,827
> 120 days	19,503	5,732
	153,818	72,968

13. SHORT-TERM DEPOSITS

Short-term deposits of HK\$62,783,000 (31 March 2023: HK\$115,632,000) are deposits with original maturity of more than three months and the remaining HK\$276,282,000 (31 March 2023: HK\$252,052,000) are deposits with original maturity within three months. Short-term deposits placed with banks or financial institution are for investment purpose. The short-term deposits carry fixed interest rates with effective interest rates ranging from 1.29% to 5.56% (31 March 2023: 1.60% to 4.88%) per annum.

14. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0 – 90 days	81,229	50,216
91 – 120 days	9,085	219
> 120 days	1,086	805
	91,400	51,240

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2022, 30 September 2022, 1 April 2023 and 30 September 2023	600,000,000	60,000
Issued and fully paid:		
At 1 April 2022	333,154,520	33,315
Shares cancelled (<i>Note</i>)	(100,000)	(10)
At 30 September 2022, 1 April 2023 and 30 September 2023	333,054,520	33,305

Note: The Company repurchased 100,000 of its own ordinary shares through The Stock Exchange of Hong Kong Limited in March 2022, the shares were cancelled in May 2022.

16. RELATED PARTY TRANSACTIONS

- a) Expenses relating to short-term leases of the Group to the related parties are as follows:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Immediate holding company		
Allan Investment Company Limited	450	450
Fellow subsidiaries		
Ardent Investment Limited	779	788
Fair Pacific Limited	492	492

- b) During the current interim period, the emoluments paid to the directors of the Company amounted to HK\$3,403,000 (six months ended 30 September 2022: HK\$4,521,000). There is no key management personnel other than the directors of the Company.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 September	31 March		
	2023	2023		
	HK\$'000	HK\$'000		
(Unaudited)	(Audited)			
Unit-linked funds				
– classified as financial assets at FVTPL	–	5,876	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets of the funds
Listed debt securities				
– classified as debt instruments at FVTOCI	9,178	9,191	Level 1	Quoted bid prices in an active market
– classified as financial assets at FVTPL	1,493	1,473	Level 1	Quoted bid prices in an active market

There were no transfers between Level 1 and 2 during the both periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 September 2023, the Group's sales turnover increased by 12% to HK\$276.4 million (2022: HK\$246.4 million) and the consolidated net loss was HK\$20.8 million (2022: HK\$45.5 million). Basic loss per share of the Group for the period ended 30 September 2023 was HK6.25 cents (2022: HK13.65 cents). In return for shareholders' long-term support and to celebrate the 60th anniversary of the Group, the Board has resolved to declare the payment of an interim dividend of HK2 cents (2022: nil) and an interim special dividend of HK13 cents (2022: nil) per share for the six months ended 30 September 2023 to be paid on 8 January 2024 to shareholders registered on 15 December 2023.

BUSINESS REVIEW

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

Founded in 1963, the Group celebrates its 60th anniversary this year.

For the six months ended 30 September 2023, we continued to face tough and uncertain global business environment against the backdrop of intensifying geopolitical situations, high inflation and high interest rates. All these adverse factors have led to sluggish demand and consumer sentiments.

Sales turnover increased by 12% to HK\$276.4 million. The Group's sales turnover had taken a drastic downturn for the six months ended 30 September 2022 due to a series of adverse factors such as high inflation, high interest rates, geopolitical tensions under Russia-Ukraine conflict. The increase for the current period under review only recovered part of the sales turnover loss suffered in the previous period as the adverse factors are still lingering on. Sales turnover to Europe increased by 47% to HK\$71.1 million representing 26% of the Group's sales turnover. Sales turnover to America increased by 11% to HK\$179.5 million representing 65% of the Group's sales turnover. Sales turnover to Asia decreased by 30% to HK\$22.0 million representing 8% of the Group's sales turnover. Sales turnover to other markets decreased by 21% to HK\$3.8 million representing 1% of the Group's sales turnover.

Gross profit for the six months ended 30 September 2023 increased by 48.6% to HK\$21.3 million. Gross profit margin increased from 5.8% to 7.7%. We continued to apply stringent control on all costs as well as streamline and optimize the manufacturing processes to enhance production efficiency and reduce labour costs.

Other income primarily comprises rental and building management fee income, interest income and subsidies received from government. The increase of HK\$3.7 million in the period under review was mainly due to an increase in interest income partly offset by a reduction in rental and building management income and the absence of subsidies received from the HKSAR government under the 2022 Employment Support Scheme.

The Group continued to apply strict control and measures on all overhead costs and expenses. Selling and distribution expenses decreased by 35.2% to HK\$6.8 million. As a percentage to sales turnover, selling and distribution expenses decreased from 4.3% to 2.5% compared to corresponding period last year. Administrative expenses decreased by 16.9% to HK\$38.4 million. As a percentage to sales turnover, administrative expenses decreased from 18.8% to 13.9% compared to corresponding period last year.

At 30 September 2023, the investment property located in Wanchai, Hong Kong was revaluated at HK\$265 million (31 March 2023: HK\$280 million) and the investment property located in the PRC at Hui Nam Hi-Tech Industrial Park was revaluated at RMB202,000,000 (HK\$216,140,000) (31 March 2023: RMB202,600,000 (HK\$232,990,000)) resulting in an decrease in fair value of HK\$15,660,000 and a translation loss of HK\$16,190,000 for the period.

In view of the adverse global business environment and the loss situation of the Group brought about by the abrupt downturn in sales turnover, there was indication for impairment of property, plant and equipment of the Group at 30 September 2022. An assessment for impairment was conducted to assess the recoverable amount with reference to the higher of the assets' fair value less costs to disposal and value in use. An impairment loss was recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. As a result, the Group made a provision of impairment to property, plant and equipment of approximately HK\$24.9 million for the period ended 30 September 2022. No further provision of impairment to property, plant and equipment was made for the period ended 30 September 2023.

Net loss for the six months ended 30 September 2023 was HK\$20.8 million (2022: HK\$45.5 million). Net loss margin improved from -18.5% to -7.5% compared to last year.

BUSINESS OUTLOOK

Although the threat of COVID-19 has lessened, consumer sentiments did not improve significantly. Several other adverse factors continued to affect the global economy. High interest rates, high inflation, difficult macroeconomic situation, volatile and intensifying geopolitical conflicts in Russia-Ukraine and in Israel-Palestine together led to a frail global economy and weak consumer demand and sentiments. As a result, we expect consumer spending will be cut back inevitably.

Through continuous improvement, streamlining and consolidation across all aspects of operations, prudent supply chain management and stringent cost control measures, we will strive to further improve in cost reduction and efficiency. We will stay vigilant and versatile in our manufacturing capacity and resources planning in response to fluctuations in market demand. We will proactively 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 for 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 30 September 2023, the Group had total assets of HK\$1,246.0 million (31 March 2023: HK\$1,248.9 million) which was financed by current liabilities of HK\$234.3 million (31 March 2023: HK\$194.0 million), long-term liabilities and taxation of HK\$44.8 million (31 March 2023: HK\$47.5 million) and shareholders' equity of HK\$966.9 million (31 March 2023: HK\$1,007.3 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 30 September 2023, the Group held HK\$509.1 million (31 March 2023: HK\$554.3 million) in cash and bank deposits. They were mainly placed in Renminbi, HK dollar and US dollar short term deposits, except for temporary balances held in other currencies as required pending specific payments. For the six months ended 30 September 2023, the Group has net cash outflow in operating activities of HK\$50.5 million (2022: inflow of HK\$69.2 million). As at 30 September 2023, total borrowings were HK\$13.2 million (31 March 2023: HK\$15.8 million) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 1.4% (31 March 2023: 1.6%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 30 September 2023 was HK\$46.0 million (31 March 2023: HK\$41.1 million). As compared with the corresponding period last year, inventory balance decreased by HK\$14.4 million and inventory turnover decreased from 61 days to 31 days. The trade receivables balance as at 30 September 2023 was HK\$153.8 million (31 March 2023: HK\$73.0 million). As compared with the corresponding period last year, trade receivables increased by HK\$64.1 million and trade receivables turnover increased from 66 days to 102 days. The trade payables balance as at 30 September 2023 was HK\$91.4 million (31 March 2023: HK\$51.2 million). As compared with the corresponding period last year, trade payables increased by HK\$45.3 million and trade payables turnover increased from 36 days to 65 days.

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 period ended 30 September 2023, there had not been significant investment in plant and machinery, moulds and tools, equipment, computer systems and other tangible assets. 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.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed approximately 1,640 employees (2022: 1,680). The majority of our employees work in the PRC. The Group remunerated our employees based on their performance, experiences and prevailing market rates while performance bonuses are granted on a discretionary basis.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2023, the interests and short positions of the directors and the chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (“Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions

Ordinary Shares of HK\$0.10 each of the Company

Name	Capacity	Number of ordinary shares held		Total	Approximate % of the issued share capital of the Company
		Personal interest	Other interest		
Mr. Cheung Shu Wan	Beneficial Owner	46,779,335			
	Beneficiary of trust		154,349,960 <i>(Note)</i>	201,129,295	60.39%
Ms. Cheung Lai Chun, Maggie	Beneficial Owner	600,000			
	Beneficiary of trust		154,349,960 <i>(Note)</i>	154,949,960	46.52%
Ms. Cheung Lai See, Sophie	Beneficial Owner	1,258,000			
	Beneficiary of trust		154,349,960 <i>(Note)</i>	155,607,960	46.72%
Dr. Cheung Shu Sang, William	Beneficial Owner	900,000			
	Beneficiary of trust		154,349,960 <i>(Note)</i>	155,249,960	46.61%

Note:

The references to 154,349,960 shares relate to the same block of shares in the Company, of which 134,821,960 shares are held by Allan Investment Company Limited (“**AICL**”), 12,958,000 shares are held by Commence Investment Limited (“**CIL**”) and 6,570,000 shares are held by Unison Associates Limited (“**UAL**”), AICL and CIL are owned as to 89% and 100% respectively by UAL. Credit Suisse Trust Limited as trustee of The Cheung Lun Family Trust (“**Trust**”) holds 100% of the shareholding of UAL and the discretionary beneficiaries of the Trust are, among others, Mr. Cheung Shu Wan, Ms. Cheung Lai Chun, Maggie, Ms. Cheung Lai See, Sophie and Dr. Cheung Shu Sang, William.

Save as disclosed above, none of the directors or chief executives, nor their associates, of the Company had, as at 30 September 2023, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 30 September 2023, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Approximate % of Shareholding
Credit Suisse Trust Limited	Trustee	154,349,960	46.34%
Unison Associates Limited	Held by controlled corporation	147,779,960	44.37%
	Beneficial Owner	6,570,000	1.97%
Allan Investment Company Limited	Beneficial Owner	134,821,960	40.48%
Webb, David Michael	Beneficial Owner	16,447,000	4.94%
	Held by controlled corporation	23,613,000 (Note)	7.09%
Preferable Situation Assets Limited	Beneficial Owner	23,613,000	7.09%

Note:

The reference to 23,613,000 shares above are held by Preferable Situation Assets Limited, a company 100% controlled by Mr. Webb, David Michael.

Save as disclosed above, as at 30 September 2023, the Company has not been notified by any persons (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CLOSURE OF REGISTER

The Register of Shareholders will be closed from 13 December 2023 to 15 December 2023, 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, Tricor Standard Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on 12 December 2023 in order to qualify for the interim dividend and interim special dividend above mentioned.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2023, there was no purchase, sale or redemption of the shares by the Company or any of its subsidiaries.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) for the six months ended 30 September 2023.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its Code of Conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standards set out in the Model Code as provided in Appendix 10 of the Listing Rules.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed and discussed with the management of the Company on the unaudited condensed consolidated interim results of the Group for the Reporting Period including the report of the Company and the accounting principles and practices adopted by the Group and is of the view that the financial information and report have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made. During the Reporting Period, the Audit Committee comprises three independent non-executive directors, namely, Ms. Choy Wai Shuen, Susan, Mr. Lai Ah Ming, Leon, and Mr. Lo Chor Cheong, Colin.

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.

By Order of the Board
Allan International Holdings Limited
Cheung Lai Chun, Maggie
Chairman

Hong Kong, 29 November 2023

This interim report can also be accessed through the internet at the Company's Website <http://www.allan.com.hk>.