ALLAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 684)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019 together with the comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Revenue	*2*	**1,209,200**	1,305,166
Cost of sales		**(1,114,118)**	(1,176,304)
Gross profit		**95,082**	128,865
Other income		**30,513**	29,512
Other gains and losses	*3*	**8,160**	735
Selling and distribution expenses		**(23,850)**	(24,574)
Administrative expenses		**(102,571)**	(108,670)
Provision for factory relocation expenses		**(18,594)**	—
Gain from changes in fair value of investment properties		**46,400**	30,200
Loss allowance on financial assets		**(294)**	—
Finance costs on bank loan		**(994)**	(612)
Profit before tax		**33,852**	55,453
Income tax expense	*4*	**(5,733)**	(8,673)
Profit for the year attributable to owners of the Company	*5*	**28,119**	46,780

	Notes	2019 HK$'000	2018 HK$'000
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(8,113)**	14,398
Net fair value gain on:			
available-for-sale investments		**—**	257
debt instruments at fair value through other comprehensive income		**365**	—
Reclassified to profit or loss upon:			
redemption of available-for-sale investments		**—**	317
disposal of debt instruments at fair value through other comprehensive income		**(16)**	—
Other comprehensive (expense) income for the year		**(7,764)**	14,972
Total comprehensive income for the year attributable to owners of the Company		**20,355**	61,752
Earnings per share	*7*		
Basic		**HK8.4 cents**	HK13.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**327,400**	281,000
Property, plant and equipment		**154,654**	179,485
Prepaid lease payments		**19,221**	24,287
Club debentures		**13,176**	13,176
Available-for-sale investments		**—**	61,417
Deferred tax assets		**—**	552
Deposits paid for acquisition of property, plant and equipment		**1,174**	481
		515,625	560,398
Current assets			
Inventories		**76,180**	98,854
Trade receivables	*8*	**250,535**	288,967
Other receivables	*8*	**16,967**	35,158
Mould deposits paid		**11,179**	4,115
Prepaid lease payments		**608**	678
Financial assets at fair value through profit or loss ("FVTPL")		**35,156**	—
Debt instruments at fair value through other comprehensive income ("FVTOCI")		**31,108**	—
Tax recoverable		**810**	2,276
Short-term deposits		**160,641**	127,403
Bank balances and cash		**397,949**	469,572
		981,133	1,027,023
Current liabilities			
Trade payables	*9*	**140,835**	193,194
Other payables and accruals		**110,627**	127,594
Deferred income		**—**	17,649
Mould deposits received		**31,148**	25,560
Tax liabilities		**36,740**	36,244
Secured bank loan		**5,124**	5,124
		324,474	405,365
Net current assets		**656,659**	621,658
Total assets less current liabilities		**1,172,284**	1,182,056

	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred tax liabilities	**7,253**	7,757
Secured bank loan	**31,161**	36,285
	38,414	44,042
Net assets	**1,133,870**	1,138,014
Capital and reserves		
Share capital	**33,543**	33,543
Reserves	**1,100,327**	1,104,471
	1,133,870	1,138,014

Notes:

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with Insurance Contracts HKFRS 4
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has early applied Amendments to HKFRS 9 *Prepayment Features with Negative Compensation* which will be mandatorily effective for the Group for the financial year beginning on 1 April 2019.

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18. At the date of initial application, there is no difference recognised in the opening retained profits and no comparative information has been restated.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Manufacturing and trading of household electrical appliance

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 2.

Based on management assessment, no material impact is noted in the application of HKFRS 15.

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 *Financial Instruments*, Amendments to HKFRS 9 *Prepayment features with Negative Compensation* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement.*

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Notes	Amortised cost (previously classified as loans and receivables)	Financial assets at FVTPL	Available-for-sale investments	Debt instruments measured at FVTOCI	Investment revaluation reserve	Retained profits
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 March 2018							
— HKAS 39		887,005	—	61,417	—	631	961,755
Effect arising from initial application of HKFRS 9							
Reclassification							
From available-for-sale investments	*(a)*	—	33,689	(61,417)	27,728	(981)	981
Remeasurement							
Impairment under ECL model	*(b)*	(1,019)	—	—	—	—	(1,019)
Opening balance at 1 April 2018		885,986	33,689	—	27,728	(350)	961,717

Notes:

(a) Available-for-sale investments

From available-for-sale investments to FVTPL

At the date of initial application of HKFRS 9, the Group's investment in unit-linked funds of HK$22,673,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value gain of HK$1,173,000 relating to those investments previously carried at fair value were transferred from investment revaluation reserve to retained profits as at 1 April 2018.

Listed debt instruments with a fair value of HK$11,016,000 were reclassified from available-for-sale investments to debt instruments at FVTPL. This is because even though the Group's business model is to hold financial assets in order to collect contractual cash flows and selling of the assets, the cash flows of these investments do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. The fair value loss of HK$192,000 relating to those investments previously carried at fair value were transferred from investment revaluation reserve to retained profits as at 1 April 2018.

From available-for-sale debt investments to FVTOCI

Listed debt instruments with a fair value of HK$27,728,000 were reclassified from available-for-sale investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value losses of HK$350,000 continued to accumulate in investment revaluation reserve as at 1 April 2018.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been assessed individually.

ECL for other financial assets at amortised cost, including other receivables, bank balances and short-term deposits, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

All of the Group debt instruments at FVTOCI are listed bonds that are graded top credit rating among rating agencies. Therefore, these investments are considered to be low credit risk investments and the loss allowance is assessed on 12m ECL basis.

As at 1 April 2018, an additional credit loss allowance of trade receivables of HK$1,019,000 has been recognised against retained profits. The ECL of other financial assets at amortised cost and debt instruments at FVTOCI were assessed to be immaterial.

New and amendments to HKFRSs and Interpretations in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendment to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirement of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to sublease and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group. Upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under HKAS 17, the Group has already recognised an asset for prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$2,906,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$2,550,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group have elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4. *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application.

Furthermore, the Group have elected the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comprehensive information.

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 2019, 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 2019

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Other regions *HK$'000* *(Note a)*	Consolidated *HK$'000*
Segment revenue *(Note a)*	557,386	277,752	328,282	45,780	1,209,200
Segment profit	5,905	2,942	3,478	485	12,810
Other gains and losses (except net foreign exchange gain)					4,415
Depreciation (except moulds)					(24,367)
Gain from changes in fair value of investment properties					46,400
Provision for factory relocation expenses					(18,594)
Finance costs on bank loan					(994)
Loss allowance on financial assets					(294)
Unallocated income and expenses, net *(Note b)*					14,476
Profit before tax					33,852

Year ended 31 March 2018

	Europe *HK$'000*	Asia *HK$'000*	America *HK$'000*	Other regions *HK$'000* *(Note a)*	Consolidated *HK$'000*
Segment revenue *(Note a)*	646,673	327,049	293,587	37,857	1,305,166
Segment profit	28,135	14,229	12,773	1,648	56,785
Other gains and losses (except net foreign exchange gain)					(323)
Depreciation (except moulds)					(44,197)
Gain from changes in fair value of investment properties					30,200
Finance costs on bank loan					(612)
Unallocated income and expenses, net *(Note b)*					13,600
Profit before tax					55,453

Note a: The allocation of segment revenue is determined based on destinations of shipment of products.

Note b: Unallocated income and expenses represented other income, central administration costs and directors' salaries.

Segment profit represents the profit earned by each segment without allocation of other income, central administration cost and directors' salaries, other gains and losses (except net foreign exchange gain/loss), depreciation (except moulds), gain (loss) from changes in fair value of investment properties, finance costs on bank loan, provision for factory relocation expenses and loss allowance of financial assets. 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' assets and liabilities by reportable and operating segment:

Segment Assets

	2019	2018
	HK$'000	*HK$'000*
Europe	**160,053**	200,215
Asia	**80,757**	105,150
America	**85,814**	78,031
Other regions	**13,470**	12,283
Segment assets	**340,094**	395,679
Unallocated assets		
Available-for-sale investments	**—**	61,417
Financial assets as FVTPL	**35,156**	—
Debt instruments at FVTOCI	**31,108**	—
Short-term deposits	**160,041**	127,403
Bank balances and cash	**397,949**	469,572
Investment properties	**327,400**	281,000
Plant, equipment and machinery (except moulds)	**154,654**	175,742
Club debentures	**13,176**	13,176
Other receivables	**16,967**	35,158
Tax recoverable	**810**	2,276
Other unallocated assets *(Note)*	**19,403**	25,998
Consolidated assets	**1,496,758**	1,587,421

Note: Other unallocated assets comprised prepaid lease payments, deposits paid for acquisition of property, plant and equipment and deferred tax assets.

Segment Liabilities

	2019	2018
	HK$'000	*HK$'000*
Europe	**12,517**	11,415
Asia	**5,348**	4,694
America	**12,450**	8,947
Other regions	**833**	504
Segment liabilities *(Note)*	**31,148**	25,560
Unallocated liabilities		
Trade payables	**140,835**	193,194
Other payables and accruals	**110,627**	127,594
Deferred income	**—**	17,649
Secured bank loan	**36,285**	41,409
Tax liabilities	**36,740**	36,244
Deferred tax liabilities	**7,253**	7,757
Consolidated liabilities	**362,888**	449,407

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:

	2019	2018
	HK$'000	*HK$'000*
Customer A (Europe, Asia, America and Other regions)	**304,001**	398,960
Customer B (Europe, Asia, America and Other regions)	**398,621**	373,167
Customer C (Europe, Asia, America and Other regions)	**228,438**	197,815

Geographical Information

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

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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**350,390**	297,379
PRC	**165,235**	201,050
	515,625	498,429

Note: Non-current assets excluded financial instruments and deferred tax assets.

Other Segment Information

Year ended 31 March 2019

	Europe	**Asia**	**America**	**Other regions**	**Total segment**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	**486**	**179**	**658**	**26**	**1,349**	**22,694**	**24,043**
Depreciation	**940**	**390**	**1,005**	**60**	**2,395**	**24,367**	**26,762**
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	**—**	**—**	**—**	**—**	**—**	**2,968**	**2,968**
Interest income on debt instruments	**—**	**—**	**—**	**—**	**—**	**895**	**895**
Rental income	**—**	**—**	**—**	**—**	**—**	**6,642**	**6,642**

Year ended 31 March 2018

	Europe	Asia	America	Other regions	Total segment	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or loss or segment assets:							
Additions to non-current assets	1,057	460	715	52	2,284	29,258	31,542
Depreciation	1,414	605	1,003	67	3,089	44,197	47,286
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	—	—	—	—	—	1,813	1,813
Interest income on available-for-sale investments	—	—	—	—	—	1,348	1,348
Rental income	—	—	—	—	—	5,730	5,730

3. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Net foreign exchange gain	**3,745**	1,058
Gain on disposal of property, plant and equipment and land use rights located in the PRC	**5,242**	—
Loss on disposal of property, plant and equipment	**—**	(37)
Write-off of property, plant and equipment	**(1,553)**	(9)
Cumulative gain (loss) reclassified from other comprehensive income to profit or loss on:		
— redemption of available-for-sale investments	**—**	(317)
— disposal of debt instruments at FVTOCI	**16**	—
Net gain on fair value changes in financial assets at FVTPL	**725**	—
Net gain on fair value changes in financial assets designated at FVTPL	**—**	58
Others	**(15)**	(18)
	8,160	735

4. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**797**	2,496
PRC Enterprise Income Tax	**4,991**	5,019
PRC withholding tax on dividends distributed by subsidiaries	**—**	6,535
	5,788	14,050
(Over)underprovision in prior years:		
Hong Kong	**(210)**	(136)
PRC Enterprise Income Tax	**107**	623
	(103)	487
Deferred taxation	**48**	(5,864)
	5,733	8,673

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China 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 before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	HK$'000	*HK$'000*
Profit before tax	**33,852**	55,453
Tax at the Hong Kong Profits Tax rate of 16.5%	**5,586**	9,150
Tax effect of expenses not deductible for tax purpose	**5,354**	5,220
Tax effect of income not taxable for tax purpose	**(10,879)**	(9,678)
Effect of different tax rates in the PRC	**1,151**	1,467
(Over)underprovision in respect of prior years	**(103)**	487
Tax effect of tax losses not recognised	**4,115**	1,693
Utilisation of tax losses previously not recognised	**(133)**	(54)
Withholding tax on distributable profit of subsidiaries in the PRC	**740**	774
Others	**(98)**	(386)
Tax charge for the year	**5,733**	8,673

5. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Staff salaries and allowances	**267,811**	253,163
Contributions to retirement benefits schemes	**21,735**	22,170
Total staff costs, including directors' emoluments	**289,546**	275,333
Depreciation for property, plant and equipment	**26,762**	47,286
Direct outgoings in relation to rental income	**849**	830
Release of prepaid lease payments	**608**	678
Auditor's remuneration	**2,274**	2,204
Cost of inventories recognised as expenses	**1,114,118**	1,176,304

6. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year		
2019 interim dividend of HK1.0 cents (2018: 2018 interim dividend of HK2.0 cents) per share	**3,354**	6,709
2018 final dividend of HK6.0 cents (2018: 2017 final dividend of HK10.5 cents) per share	**20,126**	35,220
	23,480	41,929

Subsequent to the end of the reporting period, a final dividend of HK3.0 cents per share in respect of the year ended 31 March 2019 (2018: final dividend of HK6.0 cents per share), in aggregate amount of HK$10,063,000 (2018: HK$20,126,000) 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 expects to be paid on 25 September 2019 to shareholders whose names appear on the Register of Members of the Company on 6 September 2019.

7. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**28,119**	46,780

	Number of shares	
	2019	2018
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**335,433**	335,433

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

8. TRADE RECEIVABLES/OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables		
— sales of goods	**251,848**	288,967
Less: Allowance for credit loss	**(1,313)**	—
	250,535	288,967
Other receivables *(Note)*	**16,967**	35,158
Total trade and other receivables	**267,502**	324,125

Note: As at 31 March 2019, the Group's other receivables mainly include value added tax recoverable of HK$10,355,000 (2018: HK$19,390,000), which will be recovered within one year.

Under the application of HKFRS 15, the amount of trade receivables as at 1 April 2018 is HK$287,948,000.

The following is an aged analysis of trade receivables, presented based on the invoice date which approximated the respective revenue recognition dates.

	2019	2018
	HK$'000	*HK$'000*
0 − 90 days	**198,339**	254,204
91 − 120 days	**51,909**	32,611
> 120 days	**1,600**	2,152
	251,848	288,967

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregated carrying amount of approximately HK$56,321,000 (2018: HK$37,161,000) which are past due at the reporting date. The Group does not hold any collateral over these balances.

As at 31 March 2018, 87% of the trade receivables that are neither past due nor impaired have the best quality scoring attributable under the internal crediting scoring system used by the Group. The Group does not hold any collateral over these balances.

Age of trade receivables which are past due but not impaired:

	2018
	HK$'000
Overdue by:	
1 – 90 days	37,148
91 – 120 days	7
> 120 days	6
	37,161

As at 31 March 2018, included in the Group's trade receivables are debtors with aggregated carrying amount of approximately HK$37,161,000 which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balance.

9. TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
0 – 90 days	**130,535**	175,891
91 – 120 days	**8,505**	14,860
> 120 days	**1,795**	2,443
	140,835	193,194

The credit period on purchase of goods is 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 26 August 2019 to 28 August 2019 (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 28 August 2019, 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 2019.

(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 25 September 2019 whose names appear on the Register of Members of the Company on 6 September 2019. The Register of Members of the Company will be closed from 4 September 2019 to 6 September 2019. 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 3 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2019, the Group's sales turnover decreased by 7% to HK$1,209.2 million (2018: HK$1,305.2 million) and the consolidated net profit decreased by 40% to HK$28.1 million (2018: HK$46.8 million). Basic earnings per share of the Group for the year ended 31 March 2019 was HK8.4 cents (2018: HK13.9 cents). The Board of Directors has resolved to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK3.0 cents (2018: HK6.0 cents) per share for the year ended 31 March 2019. Together with the interim dividend of HK1 cent per share paid in January this year, the total dividend for the year ended 31 March 2019 will be HK4.0 cents per share (2018: HK8.0 cents).

BUSINESS REVIEW

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

Business environment for the year ended 31 March 2019 continued to be difficult and competitive. Political and economic uncertainties due to Sino-US trade war and BREXIT has resulted in weakened customer demands and deteriorated business environment. In general all customers had been extremely cautious in their order placements resulting in small lot orders and frequent shipment deferrals and changes.

During the year under review, sales turnover decreased by 7% to HK$1,209.2 million. Sales turnover to Europe decreased by 14% to HK$557.4 million representing 46% of the Group's sales turnover. Sales turnover to Asia decreased by 15% to HK$277.8 million representing 23% of the Group's sales turnover. Sales turnover to America increased by 12% to HK$328.3 million representing 27% of the Group's sales turnover. Sales turnover to other markets increased by 21% to HK$45.8 million representing 4% of the Group's sales turnover.

Gross profit for the year ended 31 March 2019 decreased by 26% to HK$95.1 million. Gross profit margin decreased from 10% to 8%. The deterioration in gross profit margin was mainly due to increase in raw material costs, shortage of skilled labour and increase in manufacturing costs in the PRC. In July 2018, the statutory minimum wages in Huizhou, PRC, where our factories are located, was raised by 15%, thereby further affecting the Group's margins adversely. Customers had been extremely sensitive to product pricing thus it was difficult for us to pass on the increase in cost impacts.

The Group continued to apply stringent control on all costs and expenses. Selling and distribution expenses decreased by 2.9% to HK$23.9 million. As a percentage to sales turnover, selling and distribution expenses increased from 1.9% to 2.0% compared to last year. Administration expenses decreased by 5.6% to HK$102.6 million. As a percentage to sales turnover, administration expenses increased from 8.3% to 8.5% compared to last year.

During the year the Group decided to optimise and consolidate the existing manufacturing facilities. Our factories are located in two separate locations in Huizhou, at Lilin and Hui Nan Hi-Tech Industrial Park. It was decided that the operation of 2 factories located in Hui Nan Hi-Tech Industrial Park would be relocated to Lilin. The reason for the move is to better utilize resources and cut down cost. The relocation procedures commenced in early April 2019. As such a one-time provision of HK$18.6 million was made as at 31 March 2019. The provision was mainly for severance payment to employees not willing to follow the relocation.

The sale and leaseback arrangement of the Group's main office at 12/F, Zung Fu Industrial Building, 1067 King's Road, Hong Kong resulted in an amortization of deferred income HK$17.6 million (2018: HK$19.3 million) for the year ended 31 March 2019. The lease was early terminated at end of September 2018. In September 2018, the Group moved into a new office in Chai Wan at a rental of HK$123,800 per month.

The investment property located in Wanchai, Hong Kong was revaluated at HK$327.4 million at 31 March 2019 (2018: HK$281 million) giving rise to an increase in fair value of HK$46.4 million in the income statement.

Net Profit for the year decreased by 40% to HK$28.1 million (2018: HK$46.8 million). Net profit margin decreased from 3.6% to 2.3% compared to last year.

PROSPECTS

Going forward, business environment is expected to be highly difficult and volatile. The BREXIT situation remains uncertain. The Sino-US trade war is intensifying and the outcome is unclear. During the year under review, only approximately 5% of our sales turnover is affected by the Sino-US trade war and subject to tariffs going into the US. Negotiations are currently underway regarding the trade arrangements between the two countries. However if it cannot be resolved, the remaining US$300 billion of Chinese goods could be affected. In the event of this happening, it would definitely impact the Group adversely as approximately 22% of the Group's sales turnover is from the US market during the year under review. We would closely monitor the situation and take necessary actions in a timely manner.

We expect the adverse conditions of rising raw material costs, shortage in skilled labour, rising manufacturing costs and currency fluctuations would continue. To fulfil customer orders, we have resolved to utilize contract labour to alleviate the ongoing labour shortage. However contract labour is at a higher cost and thus would be less cost effective with lower production efficiency.

All in all, we will stay vigilant and versatile in our manufacturing capacity and resources planning in response to fluctuations in market demands. We would strive to stay slim and efficient through automation, manpower streamlining and process improvements. We would invest in our engineering and R&D capabilities to offer total project management with unique and innovative product platforms to our customers. Stringent cost and expense control, productivity efficiency improvements, persistence in quality products and engineering and R&D capabilities would continue to be our focus and top priorities. We continue to seek growth opportunities through new customers and new product categories. We will also look for business opportunities to create higher value to our shareholders.

The factory relocation commenced smoothly in early April 2019. Production lines have been set up in Lilin, Huizhou and are already in operation. All relocation procedures of the two factory blocks is expected to be completed by September 2019. The third factory block which is vacant had been leased out for a term of 5 years to an independent third party in early April 2019. The lease is fixed at approximately RMB558,000 per month for the first three years with an option to increase 8% for the remaining two years. We would closely monitor the market condition and development policy in Huizhou so as to realise the value of the land and building situated in Hui Nan Hi-Tech Industrial Park.

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 2019, the Group had total assets of HK$1,496.8 million (2018: HK$1,587.4 million) which was financed by current liabilities of HK$324.5 million (2018: HK$405.4 million), long-term liabilities and deferred income and taxation of HK$38.4 million (2018: HK$44.0 million) and shareholders' equity of HK$1,133.9 million (2018: HK$1,138.0 million).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 31 March 2019, the Group held HK$558.6 million (2018: HK$597.0 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 2019, the Group generated net cash outflow from operating activities of HKD0.6 million (2018: HKD32.4 million). As at the same date, total borrowings were HK$36.3 million (2018: HK$41.4 million) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 3.2% (2018: 3.6%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 31 March 2019 decreased from HK$98.9 million to HK$76.2 million. Inventory turnover maintained at 29 days for both years. The trade receivables balance as at 31 March 2019 decreased from HK$289.0 million to HK$250.5 million. Trade receivables turnover decreased from 81 days to 76 days compared to last year. The trade payables balance as at 31 March 2019 decreased from HK$193.2 million to HK$140.8 million. Trade payables turnover decreased from 60 days to 46 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 year ended 31 March 2019, the group invested HK$24 million (2018: HK$32 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 2019, the Group employed approximately 3,200 employees (2018: 3,440). During the factory relocation in early April 2019, 591 employees decided not to follow to the new location. Currently the Group is employing 2,730 employees. 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 2019 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, neither the non-executive director nor 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 2019, 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.

Certain independent non-executive directors and non-executive director did not attend the annual general meeting of the Company held on 15 August 2018 due to other business engagements.

Code Provision E.1.2

Under this code provision, the chairman of the audit committee should attend the annual general meeting.

The Chairman of the Audit Committee had not attended the annual general meeting of the Company held on 15 August 2018. The Chairman will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent them from doing so.

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 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2019, 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 2019. The Audit Committee currently comprises three independent non-executive directors, namely Dr. Chan How Chun, Rita, 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 2019 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.

TRIBUTE

Mr. Cheung Pui, an executive director of the Company, passed away during the year under review. The Board deeply regrets his passing and sincerely appreciates and treasures his invaluable contributions to the Group over the past 55 years.

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, 27 June 2019

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 Non-Executive Director is Mr. Cheung Lun (Honorary Chairman). The Independent Non-Executive Directors are Dr. Chan How Chun, Rita, Mr. Lai Ah Ming, Leon and Professor Lo Chung Mau.