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## ALLAN INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 684)**

### INTERIM RESULTS 2021/2022

#### RESULTS

The board of directors of Allan International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2021 together with the comparative figures for the six months ended 30 September 2020, as follows:

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

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2021</b>	<b>2020</b>
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	3	<b>445,916</b>	438,760
Cost of sales		<b>(403,898)</b>	(367,476)
Gross profit		<b>42,018</b>	71,284
Other income	4	<b>19,541</b>	12,090
Other gains and losses		<b>(1,411)</b>	(1,596)
Selling and distribution expenses		<b>(12,978)</b>	(8,204)
Administrative expenses		<b>(47,965)</b>	(47,550)
Gain (loss) from changes in fair value of investment properties		<b>13,960</b>	(4,000)
(Impairment loss) reversal of impairment loss under expected credit model, net		<b>(190)</b>	392
Finance costs on bank loan		<b>(110)</b>	(232)
Profit before tax		<b>12,865</b>	22,184
Income tax expense	5	<b>(3,480)</b>	(2,914)
Profit for the period		<b>9,385</b>	19,270

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income (expense):</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising on translation of foreign operations	<b>5,304</b>	12,428
Net fair value (loss) gain on debt instruments measured at fair value through other comprehensive income	<b>(214)</b>	443
Reclassification of investment revaluation reserve upon disposal of debt instruments measured at fair value through other comprehensive income	<b>31</b>	–
	<u><b>5,121</b></u>	<u>12,871</u>
Other comprehensive income for the period	<u><b>5,121</b></u>	<u>12,871</u>
Total comprehensive income for the period	<u><b>14,506</b></u>	<u>32,141</u>
Earnings per share	<i>6</i>	
Basic	<u><b>HK2.80 cents</b></u>	<u>HK5.74 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2021**

		<b>30 September 2021</b>	31 March 2021
	<i>NOTES</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Investment properties	8	<b>526,680</b>	508,758
Property, plant and equipment	9	<b>38,567</b>	38,669
Right-of-use assets		<b>4,040</b>	4,131
Club debentures		<b>10,343</b>	10,343
Deposits paid for acquisition of property, plant and equipment		<b>5,103</b>	3,209
		<u><b>584,733</b></u>	<u>565,110</u>
<b>Current assets</b>			
Inventories		<b>127,729</b>	93,858
Trade receivables	10	<b>282,065</b>	240,597
Other receivables		<b>22,460</b>	17,832
Mould deposits paid		<b>6,977</b>	4,331
Financial assets at fair value through profit or loss (“FVTPL”)		<b>21,279</b>	21,046
Debt instruments at fair value through other comprehensive income (“FVTOCI”)		<b>22,098</b>	24,646
Tax recoverable		–	181
Short-term deposits		<b>74,688</b>	95,561
Bank balances and cash		<b>392,855</b>	520,762
		<u><b>950,151</b></u>	<u>1,018,814</u>
<b>Current liabilities</b>			
Trade payables	11	<b>153,866</b>	147,700
Other payables and accruals		<b>107,505</b>	101,887
Mould deposits received		<b>32,458</b>	27,450
Tax liabilities		<b>39,016</b>	38,136
Secured bank loan		<b>5,124</b>	5,124
		<u><b>337,969</b></u>	<u>320,297</u>
<b>Net current assets</b>		<u><b>612,182</b></u>	<u>698,517</u>
<b>Total assets less current liabilities</b>		<u><b>1,196,915</b></u>	<u>1,263,627</u>

	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<i>NOTE</i> <b>HK\$'000</b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>38,137</b>	37,720
Secured bank loan	<b>18,351</b>	20,913
	<u><b>56,488</b></u>	<u>58,633</u>
<b>Net assets</b>	<u><b>1,140,427</b></u>	<u>1,204,994</u>
<b>Capital and reserves</b>		
Share capital	<i>12</i> <b>33,435</b>	33,543
Reserves	<b>1,106,992</b>	1,171,451
	<u><b>1,140,427</b></u>	<u>1,204,994</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**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 amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

#### **Application of amendments to HKFRSs**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the 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 2021, all received purchase orders are expected to be completed within 1 year.

Information reported to the Company's executive directors, the chief operating decision maker ("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 2021, 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 2021

	Europe <i>HK\$'000</i> (Unaudited)	America <i>HK\$'000</i> (Unaudited)	Asia <i>HK\$'000</i> (Unaudited)	Other regions <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue ( <i>Note a</i> )	<u>206,381</u>	<u>186,511</u>	<u>33,955</u>	<u>19,069</u>	<u>445,916</u>
Segment loss	<u>(2,530)</u>	<u>(2,286)</u>	<u>(416)</u>	<u>(234)</u>	(5,466)
Other gains and losses (except net foreign exchange loss)					1,406
Depreciation (except moulds and right-of-use assets)					(5,680)
Gain on fair value changes of investment properties					13,960
Finance costs on secured bank loan					(110)
Unallocated income and expenses, net ( <i>Note b</i> )					<u>8,755</u>
Profit before tax					<u>12,865</u>

Six months ended 30 September 2020

	Europe <i>HK\$'000</i> (Unaudited)	America <i>HK\$'000</i> (Unaudited)	Asia <i>HK\$'000</i> (Unaudited)	Other regions <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue ( <i>Note a</i> )	<u>222,306</u>	<u>151,932</u>	<u>50,646</u>	<u>13,876</u>	<u>438,760</u>
Segment profit	<u>14,800</u>	<u>10,115</u>	<u>3,372</u>	<u>923</u>	29,210
Other gains and losses (except net foreign exchange loss)					2,436
Depreciation (except moulds and right-of-use assets)					(5,961)
Loss on fair value changes of investment properties					(4,000)
Finance costs on secured bank loan					(232)
Unallocated income and expenses, net ( <i>Note b</i> )					<u>731</u>
Profit before tax					<u>22,184</u>

*Notes:*

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

Segment (loss) profit represents the loss from/profit earned by each segment without allocation of certain other income, central administration costs and directors' salaries, other gains and losses (except net foreign exchange loss), depreciation (except moulds and right-of-use assets), gain (loss) on fair value changes of investment properties 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental income	10,381	4,890
Interest income	2,653	2,494
Building management fee income	3,378	1,809
Government grants ( <i>Note (i)</i> )	–	2,249
Others	3,129	648
	<u>19,541</u>	<u>12,090</u>

*Note:*

- (i) During the prior interim period, the Group recognised approximately HK\$2,249,000 Employment Support Scheme provided by the Hong Kong government in respect of Covid-19-related subsidies. There are no unfulfilled conditions or contingencies in relation to the grants. No government grant was recognised in the current interim period.

#### 5. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	980	635
PRC Enterprise Income Tax	2,083	2,013
	<u>3,063</u>	<u>2,648</u>
Deferred taxation	417	266
	<u>3,480</u>	<u>2,914</u>



## 6. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	<b>9,385</b>	19,270

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>335,208</b>	335,433

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

## 7. DIVIDENDS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Dividends recognised as distribution during the period:		
<b>Final dividend</b>		
2021: HK8 cents (2020: HK7 cents) per ordinary share	<b>26,814</b>	23,480
<b>Special dividend</b>		
2021: HK15 cents (2020: Nil) per ordinary share	<b>50,277</b>	–

Subsequent to 30 September 2021, the board of directors has declared that an interim dividend of HK2 cents per share (2020: HK2 cents per share) amounting to HK\$6,687,000 in aggregate (2020: HK\$6,709,000) will be paid on 17 January 2022 to the shareholders of the Company whose names appear on the Register of Members on 17 December 2021.

## 8. 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 similar properties in the same location 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 having regard to the current passing rental income from existing tenancy and the potential reversionary rental income at market level. The resulting increase in fair value of investment properties of HK\$13,960,000 (six months ended 30 September 2020: decrease by HK\$4,000,000) has been recognised directly in profit or loss for the six months ended 30 September 2021.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group's additions on property, plant and equipment were approximately HK\$5,801,000 (six months ended 30 September 2020: HK\$5,249,000). The additions mainly comprised HK\$4,235,000 on plant and machinery (six months ended 30 September 2020: HK\$355,000), HK\$370,000 on motor vehicles (six months ended 30 September 2020: nil), HK\$981,000 on furniture, fixtures and equipment (six months ended 30 September 2020: HK\$3,654,000), HK\$215,000 on moulds and tools (six months ended 30 September 2020: HK\$1,240,000). No material disposal of property, plant and equipment was made during both periods.

## 10. TRADE RECEIVABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Trade receivables		
– sales of goods	<b>283,396</b>	241,738
Less: Allowance for credit loss	<b>(1,331)</b>	(1,141)
	<b><u>282,065</u></b>	<u>240,597</u>

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:

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
0 – 90 days	<b>192,560</b>	159,074
91 – 120 days	<b>24,991</b>	28,638
> 120 days	<b>64,514</b>	52,885
	<b><u>282,065</u></b>	<u>240,597</u>

## 11. TRADE PAYABLES

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

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
0 – 90 days	<b>134,397</b>	140,534
91 – 120 days	<b>17,557</b>	4,704
> 120 days	<b>1,912</b>	2,462
	<b><u>153,866</u></b>	<u>147,700</u>

## 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2020, 30 September 2020, 1 April 2021 and 30 September 2021	<b><u>600,000,000</u></b>	<b><u>60,000</u></b>
Issued and fully paid:		
At 1 April 2020, 30 September 2020, 1 April 2021	335,432,520	33,543
Shares repurchased and cancelled	<u>(1,084,000)</u>	<u>(108)</u>
At 30 September 2021	<b><u>334,348,520</u></b>	<b><u>33,435</u></b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the six months ended 30 September 2021, the Group's sales turnover increased by 2% to HK\$445,916,000 (2020: HK\$438,760,000) and the consolidated net profit decreased to HK\$9,385,000 (2020: HK\$19,270,000). Basic earnings per share of the Group for the six months ended 30 September 2021 was HK2.80 cents (2020: HK5.74 cents). The Board of Directors has resolved that an interim dividend of HK2 cents (2020: HK2 cents) per share would be paid on 17 January 2022 to shareholders registered on 17 December 2021.

### **BUSINESS REVIEW**

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

The COVID-19 pandemic continues into year 2021. Although the situation seems to have alleviated with the rollout of vaccines, the new variants continues to pose new threats and danger to the whole world. Business environment remained difficult and challenging. During the period under review, various unfavorable conditions affected our operations adversely:

- Rising raw material costs
- Shortage in electronic components giving rise to increased costs and the need to stock up
- Appreciation in RMB currency
- Shortage in electricity supply
- Shortage in containers and disruptions in freight schedules

During the six months under review, sales turnover increased by 2% to HK\$445,916,000. Sales turnover to Europe decreased by 7% to HK\$206,381,000 representing 46% of the Group's sales turnover. Sales turnover to America increased by 23% to HK\$186,511,000 representing 42% of the Group's sales turnover. Sales turnover to Asia decreased by 33% to HK\$33,955,000 representing 8% of the Group's sales turnover. Sales turnover to other markets increased by 37% to HK\$19,069,000 representing 4% of the Group's sales turnover.

Gross profit for the six months ended 30 September 2021 decreased by 41% to HK\$42,018,000 (2020: HK\$71,284,000). Gross profit margin decreased from 16% to 9%. The decrease in gross profit margin was mainly due to rise in raw material costs, shortage in electronic components, appreciation in RMB currency and absence in COVID-19 related expense reductions received in the previous year.

The Group continued to apply stringent control on all costs and expenses. Selling and distribution expenses increased by 58% to HK\$12,978,000 (2020: HK\$8,204,000). The increase was mainly attributed to increased transportation costs and increased advertising and promotional expenses for WARRAN brand items. As a percentage to sales turnover, selling and distribution expenses increase from 1.9% to 2.9% as compared to corresponding period last year. Administration expenses increased slightly to HK\$47,965,000 (2020: HK\$47,550,000). As a percentage to sales turnover, administration expenses maintained at 10.8% as compared to corresponding period last year.

At 30 September 2021, the site including the three factory blocks located at Hui Nan Hi-Tech Industrial Park in mainland China was revaluated at RMB201,400,000 (HK\$241,680,000) (31 March 2021: RMB198,100,000 (HK\$233,758,000)) resulting in an increase in fair value of HK\$3,960,000 and a translation gain of HK\$3,962,000 for the six months ended 30 September 2021. Currently, all three factory blocks have been leased out to two independent third parties.

The investment property located in Wan Chai, Hong Kong was revaluated at HK\$285,000,000 at 30 September 2021 (31 March 2021: HK\$275,000,000) resulting in an increase in fair value of HK\$10,000,000 in the income statement for the six months ended 30 September 2021.

Net profit for the six months was HK\$9,385,000 (2020: HK\$19,270,000). Net profit margin decreased from 4.4% to 2.1% as compared to corresponding period last year.

## **BUSINESS OUTLOOK**

It is exceedingly difficult to predict the business outlook as there are still a lot of uncertainties lying ahead. We expect the various unfavorable factors such as rising material costs, material supply, logistics and electricity supply issues to continue. As such, profit margins would inevitably be affected and anticipated to be lower on a year-on-year basis.

We will continue to stay vigilant, versatile and responsive to challenges and changes in business environment. We will 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 30 September 2021, the Group had total assets of HK\$1,534,884,000 (31 March 2021: HK\$1,583,924,000) which was financed by current liabilities of HK\$337,969,000 (31 March 2021: HK\$320,297,000), long-term liabilities and taxation of HK\$56,488,000 (31 March 2021: HK\$58,633,000) and shareholders' equity of HK\$1,140,427,000 (31 March 2021: HK\$1,204,994,000).

The Group continued to maintain a strong balance sheet and a healthy liquidity position. As at 30 September 2021, the Group held HK\$467,543,000 (31 March 2021: HK\$616,323,000) 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 six months ended 30 September 2021, the Group generated net cash outflow from operating activities of HK\$66,706,000 (2020: inflow HK\$44,628,000). As at the same date, total borrowings were HK\$23,475,000 (31 March 2021: HK\$26,037,000) and the gearing ratio (ratio of total borrowings to shareholders' equity) was 2.1% (31 March 2021: 2.2%).

We continue to apply stringent control over the working capital cycle. The inventory balance as at 30 September 2021 was HK\$127,729,000 (31 March 2021: HK\$93,858,000). Inventory turnover days increased from 36 days to 50 days. The reason for the high level of inventory was two-fold. Firstly, the shortage of certain raw material, especially electronic components, led to the need to build up on the stock level. Secondly, the shortage in containers and disruption in freight schedules resulted in shipment delays and hence stock being kept at our warehouse. The trade receivables balance as at 30 September 2021 was HK\$282,065,000 (31 March 2021: HK\$240,597,000). Trade receivables turnover days increased from 97 days to 115 days. The trade payables balance as at 30 September 2021 was HK\$153,866,000 (31 March 2021: HK\$147,700,000). Trade payables turnover days decreased from 71 days to 70 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 six months ended 30 September 2021, the group invested approximately HK\$5,801,000 (2020: HK\$5,249,000) in plant and machinery, moulds and tools, motor vehicles, 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. 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 2021, the Group did not have any significant contingent liabilities.

#### **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 September 2021, the Group employed approximately 2,180 employees (2020: 2,370). 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.

#### **CLOSURE OF REGISTER**

The Register of Shareholders will be closed from 15 December 2021 to 17 December 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:00 p.m. on 14 December 2021 in order to qualify for the interim dividend above mentioned.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 September 2021, the Company repurchased an aggregate of 1,084,000 ordinary shares for a total consideration of approximately HK\$1,973,860. All of the 1,084,000 ordinary shares were purchased on the Stock Exchange as follows:

Date of Repurchase	No. of Shares Repurchased	Consideration per share		Total
		Highest HK\$	Lowest HK\$	Paid HK\$
27 July 2021	100,000	1.82	1.82	182,000
28 July 2021	6,000	1.78	1.78	10,680
29 July 2021	52,000	1.80	1.80	93,600
30 July 2021	22,000	1.80	1.80	39,600
04 August 2021	6,000	1.81	1.81	10,860
13 August 2021	78,000	1.93	1.93	150,540
25 August 2021	320,000	1.80	1.70	565,740
26 August 2021	110,000	1.80	1.80	198,000
27 August 2021	50,000	1.81	1.81	90,500
30 August 2021	38,000	1.82	1.81	69,120
31 August 2021	50,000	1.85	1.85	92,500
02 September 2021	100,000	1.86	1.85	185,480
03 September 2021	100,000	1.89	1.87	188,000
09 September 2021	52,000	1.87	1.87	97,240
Total	<u>1,084,000</u>			<u>1,973,860</u>

The Board believes that the share repurchases are in the best interests of the Company and its shareholders and would lead to an enhancement of the net assets value per share and/or earnings per share of the Company. As at the date of this announcement, all of the above repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly and the balance of consideration was charged against the share premium account.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2021.



## **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 2021, except for the deviations herein below mentioned:

### **The CG 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 non-executive directors is appointed for a specific term. However, all non-executive directors 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.

### **The CG 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 the CG 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.

### **The CG Code Provision A.5.1**

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

Currently, the Company does not have a nomination committee. The Board will identify individuals suitably qualified to become board members when necessary. The Board will give due consideration to the suitability of a candidate for directorship after taking into account of his/her experience, qualification and other relevant factors. All candidates must also meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules.

### **The CG Code Provision A.6.7**

Under this code provision, independent 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 18 August 2021 due to other business engagements.

## **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 and the external auditor have reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021. The Committee now comprises three independent non-executive directors of the Company.

## **PUBLICATION OF FINANCIAL INFORMATION**

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 interim 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.

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

Hong Kong, 26 November 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.*