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ALLTRONICS HOLDINGS LIMITED

華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 833)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Alltronics Holdings Limited (the “**Company**”) is pleased to present the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June	
	<i>Notes</i>	2024	2023
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	4	527,492	729,248
Cost of sales		(428,406)	(593,007)
Gross profit		99,086	136,241
Distribution costs		(4,215)	(7,233)
Administrative expenses		(46,853)	(39,706)
Other operating income, net		5,552	5,831
Operating profit		53,570	95,133
Reversal of/(impairment losses) on trade receivables, net		1,245	(4,426)
Impairment losses on other receivables, net		–	(5,412)
Finance income		2,450	659
Finance costs	6	(7,699)	(9,164)

		For the six months ended	
		30 June	
	<i>Notes</i>	2024	2023
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Profit before tax	5	49,566	76,790
Income tax expense	7	(9,064)	(21,551)
PROFIT FOR THE PERIOD		<u>40,502</u>	<u>55,239</u>
Attributable to:			
Owners of the Company		36,131	52,219
Non-controlling interests		4,371	3,020
		<u>40,502</u>	<u>55,239</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8	HK cents	HK cents
Basic and diluted		<u>7.6</u>	<u>11.0</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	40,502	55,239
Other comprehensive income		
<i>Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	3,892	(11,268)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	3,892	(11,268)
Other comprehensive income/(loss) for the period, net of tax	3,892	(11,268)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	44,394	43,971
Attributable to:		
Owners of the Company	39,784	40,872
Non-controlling interests	4,610	3,099
	44,394	43,971

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024	31 December 2023
		(Unaudited)	(Audited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		167,050	172,944
Right-of-use assets		26,618	34,466
Investment in associates		1,634	–
Goodwill		11,672	11,672
Financial assets at fair value through profit or loss ("FVTPL")		44,287	43,982
Other receivables		2,325	3,148
Deferred tax assets		14,381	14,414
		<hr/>	<hr/>
Total non-current assets		267,967	280,626
CURRENT ASSETS			
Inventories		232,805	258,661
Trade receivables	<i>10</i>	189,474	163,971
Prepayments, other receivables and other assets		64,187	45,712
Tax recoverable		–	57
Pledged deposits		4,901	4,852
Cash and cash equivalents		453,857	426,043
		<hr/>	<hr/>
Total current assets		945,224	899,296

	<i>Notes</i>	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	141,182	134,156
Other payables and accruals		91,117	103,625
Interest-bearing bank and other borrowings		212,228	197,860
Lease liabilities		21,725	27,722
Tax payable		8,584	9,252
Total current liabilities		474,836	472,615
NET CURRENT ASSETS		470,388	426,681
TOTAL ASSETS LESS CURRENT LIABILITIES		738,355	707,307
NON-CURRENT LIABILITIES			
Lease liabilities		6,509	10,030
LSP obligations		466	466
Deferred tax liabilities		7,706	8,070
Total non-current liabilities		14,681	18,566
NET ASSETS		723,674	688,741
EQUITY			
Share capital		9,461	9,461
Reserves		663,027	632,704
Equity attributable to owners of the Company		672,488	642,165
Non-controlling interests		51,186	46,576
TOTAL EQUITY		723,674	688,741

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

Alltronics Holdings Limited was incorporated in the Cayman Islands on 24 July 2003 as an exempted company with limited liability under the Companies Law. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 July 2005.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries are the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products. The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Hong Kong.

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 46.48% of the Company's issued shares as at 30 June 2024 (At 31 December 2023: 46.48%). In the opinion of the Directors, the Company's ultimate holding company is Profit International Holdings Limited and the ultimate controlling party is Mr. Lam Yin Kee.

The interim condensed consolidated financial information for the six months ended 30 June 2024 were approved for issue by the Board on 29 August 2024.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of amended standards and interpretations effective as of 1 January 2024 noted below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Amended HKFRSs that are effective for annual period beginning on 1 January 2024

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5</i>
Amendments to HKAS 1	<i>Non-current Liabilities and Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of these amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these interim condensed consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKAS 21	<i>Lack of Exchangeability¹</i>

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's interim condensed consolidated financial statements.

4 OPERATING SEGMENT INFORMATION

For management purposes for the six months ended 30 June 2023, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (i) the electronic products segment - the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products;
- (ii) the biodiesel products segment - the trading of biodiesel products and provision of energy efficient gas stoves in Hong Kong; and
- (iii) the energy saving business segment - the provision of energy saving business solutions to customers.

For the six months ended 30 June 2024, the Group only has one reportable segment, which is the electronic products segment. The biodiesel products segment and energy saving business segment have been combined and disclosed in an “all other segments” category.

Management assesses the performance of the operating segments based on a measure of operating profit/loss (before interest and tax and unallocated operating costs). Other information provided is measured in a manner consistent with that in the interim condensed consolidated financial information.

All sales between segments are eliminated on consolidation. All segment revenue reported is derived from external parties. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

Segment assets exclude cash and cash equivalents, prepayments and deposits and financial assets at FVTPL as these assets are managed on a group basis.

Segment liabilities exclude other payables and accruals as these liabilities are managed on a group basis.

Period ended 30 June 2024 (Unaudited)	Electronic products HK\$'000	All other HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	<u>527,492</u>	<u>–</u>	<u>527,492</u>
Segment results			
Operating profit/(loss) before interest and tax	57,628	(139)	57,489
Finance costs (other than interests on lease liabilities)	(6,936)	–	(6,936)
Finance income	2,430	20	2,450
Income tax expense	<u>(9,063)</u>	<u>(1)</u>	<u>(9,064)</u>
	44,059	(120)	43,939
Unallocated operating costs			<u>(3,437)</u>
Profit for the period			<u>40,502</u>
Segment assets	1,161,679	13,369	1,175,048
Unallocated:			
Cash and cash equivalents			895
Prepayments and deposits			804
Financial asset at FVTPL			<u>36,444</u>
Total assets			<u>1,213,191</u>
Segment liabilities	482,551	423	482,974
Unallocated:			
Other payables and accruals			<u>6,543</u>
Total liabilities			<u>489,517</u>

Period ended 30 June 2023 (Unaudited)

	Electronic products <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Sales to external customers	729,092	154	2	729,248
Segment results				
Operating profit/(loss) before interest and tax	88,141	(29)	(546)	87,566
Finance costs (other than interests on lease liabilities)	(7,743)	–	–	(7,743)
Finance income	637	–	22	659
Income tax expense	(21,551)	–	–	(21,551)
Unallocated operating costs	59,484	(29)	(524)	(3,692)
Profit for the period				55,239

At 31 December 2023 (Audited)

	Electronic products <i>HK\$'000</i>	All other <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets			
Unallocated:	1,119,559	14,870	1,134,429
Cash and cash equivalents			650
Prepayments and deposits			861
Financial asset at FVTPL			43,982
Total assets			1,179,922
Segment liabilities			
Unallocated:	482,944	404	483,348
Other payables and accruals			7,833
Total liabilities			491,181

Geographical information

(a) *Revenue from external customers*

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The United States	322,730	479,294
Hong Kong	48,611	101,248
Europe	86,075	54,495
The Peoples' Republic of China (the "PRC")	55,424	65,859
Other overseas countries	14,652	28,352
	<u>527,492</u>	<u>729,248</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Hong Kong	165,340	168,990
The PRC	41,634	50,092
	<u>206,974</u>	<u>219,082</u>

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets, other receivables and financial assets at FVTPL.

Information about major customers

For the six months ended 30 June 2024, revenues from customers which individually contributed over 10% of the Group's revenue were as follows:

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Customer A	227,172	373,058
Customer B (<i>note a</i>)	57,090	N/A

These revenues were attributable to the electronic products segment.

Note a: For the six months ended 30 June 2023, the revenue from this customer contributed less than 10% of the Group's revenue.

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024 (Unaudited)

Segments	Electronic products HK\$'000	All other HK\$'000	Total HK\$'000
Type of goods or services			
Sale of industrial products	527,492	–	527,492
Timing of revenue recognition			
Goods transferred at a point in time	527,492	–	527,492

For the six months ended 30 June 2023 (Unaudited)

Segments	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
Type of goods or services				
Sale of industrial products	729,092	154	2	729,248
Timing of revenue recognition				
Goods transferred at a point in time	729,092	154	2	729,248

5 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold and services provided	293,837	449,686
Auditors' remuneration	1,066	992
Depreciation of property, plant and equipment	7,655	8,697
Depreciation of right-of-use assets	13,255	13,619
Fair value gain on financial assets at fair value through profit or loss	(305)	(289)
(Write back)/write-down of inventories to net realisable value	(2,581)	14,614
Wages and salaries (including directors' emoluments)	99,628	109,617
Foreign exchange differences, net	(4,653)	(4,013)
Loss on disposal of property, plant and equipment	190	–
Interest income from bank deposits	(2,075)	(434)
Other interest income	(375)	(225)
	<u> </u>	<u> </u>

6 FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and bank overdrafts	6,936	7,743
Interest on lease liabilities	763	1,421
	<u> </u>	<u> </u>
Total finance costs	<u>7,699</u>	<u>9,164</u>

7 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of qualifying entity is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2023.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in the PRC are subject to Corporate Income Tax at a rate of 25% (2023: 25%) on the taxable income.

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong	4,940	8,881
Current – PRC	4,051	12,748
Under-provision in prior year	718	–
Deferred	(645)	(78)
	<u>9,064</u>	<u>21,551</u>
Total tax charge for the period	9,064	21,551

8 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the Company of HK\$36,131,000 (Six months ended 30 June 2023: HK\$52,219,000), and the weighted average number of ordinary shares of 473,058,180 (Six months ended 30 June 2023: 473,058,180) in issue during the six months ended 30 June 2024.

The Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2024 and 2023 and therefore, diluted earnings per share equals to basic earnings per share.

9 INTERIM DIVIDEND

	For the six months ended 30 June	
	2024 (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Interim dividend, proposed, of HK\$0.03 (2023: HK\$0.02) per ordinary share	<u>14,192</u>	<u>9,461</u>

The Board recommends the payment of an interim dividend of HK\$0.03 per ordinary share for the six months ended 30 June 2024. The interim condensed consolidated financial information does not reflect the above proposed dividend as dividend payable but account for it as proposed dividend from the reserves. The declaration of the interim dividend for the six months ended 30 June 2024 has been approved by the Board on 29 August 2024.

10 TRADE RECEIVABLES

	30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
Trade receivables	218,563	194,305
Less: ECL allowances	<u>(29,089)</u>	<u>(30,334)</u>
	<u>189,474</u>	<u>163,971</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. As at 30 June 2024, the Group's largest customer accounted for approximately 18.4% of total trade receivables (At 31 December 2023: 18.0%). This customer has long term trading relationship with the Group with no defaults in the past and hence the Group does not consider there is any significant credit risk in this regard. The Group's other trade receivables related to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	76,296	74,622
1 to 2 months	46,296	47,499
2 to 3 months	32,612	26,174
Over 3 months	34,270	15,676
	<hr/>	<hr/>
Total	189,474	163,971
	<hr/>	<hr/>

11 TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	64,113	53,602
1 to 2 months	51,209	59,921
2 to 3 months	18,703	17,007
Over 3 months	7,157	3,626
	<hr/>	<hr/>
Total	141,182	134,156
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The trade payables are non-interest bearing and are normally settled on terms of 30 to 90 days.

INTERIM DIVIDEND

The Board declared an interim dividend of HK3.0 cents per ordinary share for the six months ended 30 June 2024, payable on or about 24 October 2024, to the shareholders whose names appear on the register of members of the Company on 26 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 September 2024 to 26 September 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 23 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

Total turnover for the six months ended 30 June 2024 (the "Period") had decreased by 27.7% to HK\$527.5 million, as compared to HK\$729.2 million for the same period in 2023. The drop in turnover was due to the decrease in demand from customers during the Period.

The turnover analysis by business segments for the two periods is as follows:

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Revenue from sales of electronic products	527,492	729,092
Revenue from other segment	—	156
	<u>527,492</u>	<u>729,248</u>

Sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. The sales of the Group's irrigation controller products had dropped by approximately HK\$145.9 million to HK\$227.2 million, as compared to HK\$373.1 million for the same period in 2023. Sales of walkie-talkie products had decreased by approximately HK\$14.0 million to HK\$55.7 million. On the other hand, sales of electronic component products had increased by approximately HK\$14.8 million to HK\$105.5 million due to increase in demand. Sales of plastic and moulds decreased slightly by HK\$6.7 million to approximately HK\$28.2 million, compared to HK\$34.9 million for the same period in 2023.

There was no revenue from the other segments during the period.

In terms of geographical market, customers in the United States continued to be the major market for the Group's products which accounted for approximately 61.2% of the total revenue for the Period (2023: 65.7%). Management expected that United States will continue to be the dominant market for the Group's products during the second half of the year.

Gross profit

The overall gross profit margin had improved slightly from 18.7% for the six months period ended 30 June 2023 to 18.8% for the Period. The increase was mainly due to the reduction in unit costs of certain raw materials including chips and plastic resins; and the decrease in labour costs due to the reduction in number of workers.

Expenses and finance costs

Distribution costs had decreased by HK\$3.0 million mainly due to the drop in sales revenue and the reduction in sales commission and transportation costs. Total administrative expenses increased by approximately HK\$7.1 million mainly due to the increase in administrative salary costs and consultancy service fees during the Period. The total administrative staff costs for the Period, including directors' emoluments, had increased by approximately HK\$2.0 million.

Finance costs had decreased by HK\$1.5 million which was mainly due to the drop in interest on lease liabilities by approximately HK\$0.7 million during the Period.

Other operating income/expenses

During the Period, there was a net other operating income of approximately HK\$5.6 million which was mainly due to exchange gain and changes in fair value of financial assets at FVTPL and rental income.

Profit attributable to owners of the Company

The profit for the Period attributable to owners of the Company was HK\$36.1 million, compared to HK\$52.2 million for the same period in 2023. The decrease in net profit was mainly due to the drop in sales revenue during the Period.

PRODUCTION FACILITIES

The Group currently has three production facilities in the PRC for the manufacturing of electronic products and components, two of which are located in Shenzhen, and one in Yichun. During the Period, the Group spent approximately HK\$1.8 million to acquire property, plant and equipment to enhance its production capacity.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 June 2024, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$458.8 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2024, total borrowings of the Group amounted to HK\$212.2 million, comprising bank loans of HK\$211.8 million and trust receipt loans of HK\$0.4 million, of which HK\$15.6 million were denominated in United States dollars, HK\$159.0 million were denominated in Hong Kong dollars and HK\$37.6 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 61 days, 105 days and 73 days respectively for the Period. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

As at 30 June 2024, the Group's total current assets were HK\$945.2 million compared to HK\$899.3 million as at 31 December 2023, and the Group's total current liabilities were HK\$474.8 million compared to HK\$472.6 million as at 31 December 2023. The current ratio (current assets/current liabilities) as at 30 June 2024 was 1.99 times, compared to 1.90 times as at 31 December 2023.

During the Period, the Company had not issued any new shares and had not repurchased any of its own shares on the Stock Exchange.

At 30 June 2024, the Company had in issue a total of 473,058,180 ordinary shares. A share option scheme (the “**2016 Share Option Scheme**”) has been adopted by the shareholders of the Company at the annual general meeting of the Company held on 7 June 2016. There were no share options granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 30 June 2024, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2024 was HK\$458.8 million, which had increased by HK\$27.9 million compared to the balance at 31 December 2023.

The net cash generated from operating activities for the Period was HK\$53.0 million. The net cash used in investing activities amounted to HK\$11.0 million, which was mainly due to HK\$1.8 million being paid for the acquisition of property, plant and equipment, HK\$1.6 million being paid for the investment in associates and the increase in loan receivables of HK\$7.6 million.

On the other hand, there was a net cash outflow of HK\$10.5 million from financing activities. During the Period, new borrowings of HK\$88.6 million were obtained, and HK\$89.7 million was used to repay borrowings and principal repayment of lease liabilities. During the Period, the Company paid a dividend of HK\$9.5 million to its shareholders.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK\$1.8 million, mainly financed by internal resources of the Group.

PLEDGE OF ASSETS

At 30 June 2024, the Group had total bank borrowings of HK\$212.2 million, out of which HK\$75.3 million were secured by the land and buildings and right-of-use assets of HK\$145.0 million in aggregate, HK\$0.4 million were secured by short-term bank deposits of HK\$4.9 million.

DEBT POSITION AND GEARING

As at 30 June 2024 and 31 December 2023, the Group was not in a net debts (being total bank loans and other borrowings and lease liabilities excluding trade debts and net of cash and cash equivalents) position. The total equity was approximately HK\$723.7 million (At 31 December 2023: HK\$688.7 million). There was no gearing percentage as at 30 June 2024 and 31 December 2023.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the maintaining appropriate debt and equity balance. The directors of the Company review the capital structure of the Group on a regular basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through various alternatives including the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

CONTINGENT LIABILITIES

Potential litigation related to a fire incidence in the United States

During the fourth quarter of 2020, the Group was informed by a customer (the “**Customer**”) that a fire was occurred at a school in the United States involving an electrostatic disinfectant sprayer manufactured by the Group. Based on preliminary investigations subsequently conducted by the insurance company, the Customer and some experts, and other information available, the Group believes that the root cause of the fire is most likely the defective design and manufacturing of the lithium-ion battery pack which powers the sprayer. The battery pack was designed and manufactured by a supplier designated by the Customer. However, not all the electrostatic disinfectant sprayers sold by the Customer were embedded with the subject lithium-ion battery pack. The Customer also informed the Group that there were some other reports of property damage but no reports of injury involving the subject lithium-ion battery pack. In February 2021, in view of the potential risk that the battery pack can overheat and melt and potentially causing a fire or an explosion, the Customer decided to recall voluntarily in the market four models of electrostatic sprayers embedded with the subject lithium-ion battery pack.

Management currently is of the view that the issue is the direct result of the defective design and manufacturing of the lithium-ion battery pack and the Customer understands that the Group was not involved with the design and manufacturing of the subject battery pack. The supplier of the subject battery pack was chosen and introduced to the Group by the Customer and the Group cannot change the supplier of the subject battery pack unless written consent from the Customer is obtained. Management believes that should the root cause of the fire be concluded to be due to the failure of the battery pack, the battery supplier and the battery pack manufacturer will have the significant responsibilities for the fire. Management also believes that the Group does not have any responsibility or significant potential liability on this issue. The Group has engaged a law firm and a cause and origin expert in the United States to handle the issue. The Company will closely monitor the situation and announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development as and when appropriate. As at the date of this announcement, the Group had not received any writ of summons on this matter.

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 30 June 2024 and 31 December 2023.

UPDATE ON SETTLEMENT OF OVERDUE CONSIDERATION AND DEBT

On 15 April 2019, the Group has completed a very substantial disposal transaction (the “**VSD Transaction**”) in relation to the disposal of the Group’s investment properties business segment. On 15 July 2020, the Group has engaged a solicitor firm at Beijing to commence arbitration proceedings against the purchaser (the “**Purchaser**”) and the guarantor (the “**Guarantor**”) for collection of the overdue consideration of RMB100 million (the “**Consideration**”) and accrued interests in relation to the VSD Transaction. On 12 March 2021, the arbitration hearing was conducted at the Beijing Arbitration Commission (the “**BAC**”) and the arbitral award has been issued by the BAC on 5 August 2021. Under the arbitral award, it was decided by the BAC that, amongst other things, (i) the Purchaser and the Guarantor pay the overdue Consideration and accrued interests thereon to the Group, (ii) the Purchaser and the Guarantor bear the arbitration fees and the legal and other costs related to the arbitration, and (iii) the Purchaser and the Guarantor should settle all the amounts due to the Group within fifteen days from the date the arbitral award is delivered to the Purchaser and the Guarantor. As at the date of this announcement, the Group has not received the overdue Consideration and accrued interests thereon from the Purchaser and the Guarantor.

Alltronics Energy Saving (Shenzhen) Limited (“**Alltronics Energy Saving**”, being an indirect wholly-owned subsidiary of the Group) has filed an official civil complaint* (民事起訴狀) (the “**Complaint**”) at the Shenzhen Intermediate People’s Court* (深圳市中級人民法院, the “**Shenzhen court**”) on 2 January 2020. Under the Complaint, Alltronics Energy Saving requested for immediate settlement of the debt of approximately RMB212 million (the “**Debt**”) and accrued interests thereon from the borrower (the “**Borrower**”) and the Guarantor in relation to the VSD Transaction.

On 28 April 2021, Alltronics Energy Saving has entered into a settlement agreement (the “**Settlement Agreement**”) with the Borrower and the Guarantor. Pursuant to the Settlement Agreement, the Borrower and the Guarantor have agreed to settle the Debt in accordance with the following schedule:

- (a) RMB20,000,000 on or before 31 May 2021;
- (b) RMB80,000,000 on or before 30 June 2021; and
- (c) the remaining balance on or before 31 December 2021.

Alltronics Energy Saving has submitted the Settlement Agreement to the Shenzhen Court for judicial recognition and confirmation. On 28 May 2021, the Shenzhen Court has delivered its judgement on the Settlement Agreement and it has become effective and legally binding on all parties. The Borrower and the Guarantor have not settled the Debt in accordance with the repayment terms in the Settlement Agreement. On 15 July 2021, Alltronics Energy Saving has applied to the Shenzhen Court for execution of the Settlement Agreement and the Shenzhen Court has accepted the application for execution of the Settlement Agreement.

The Group's legal advisers in Beijing and Shenzhen advised that Henan Luohe Intermediate People's Court * (河南省漯河市中级人民法院) (the "**Henan Court**") has accepted an application for bankruptcy liquidation against the Guarantor and a bankruptcy administrator of the Guarantor has been appointed by the Henan Court on 5 July 2021. The Group's legal advisers in Beijing and Shenzhen have already filed the relevant documents for the declaration of creditor's right to the bankruptcy administrator of the Guarantor to declare and to register all the amounts due from the Guarantor to the Group so as to protect the interests of the Group. As at the date of this announcement, the bankruptcy administrator of the Guarantor is still analysing and assessing the assets and liabilities of the Guarantor and the bankruptcy liquidation against the Guarantor is still in progress.

As at the date of this announcement, the Group has not received the overdue Consideration and the Debt from the Guarantor and the Borrower. Full impairment losses on the Consideration and the Debt have been made in the Group's audited consolidated financial statements for the year ended 31 December 2019. The Company will closely monitor the situation and further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development as and when appropriate.

EMPLOYEES

At 30 June 2024, the Group had 2,196 employees, of which 65 were employed in Hong Kong and 2,131 were employed in the PRC. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund retirement benefits scheme for all its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations in the PRC. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group.

No share options had been granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 30 June 2024, there were no share options remained outstanding.

The Group did not experience any significant labour disputes or substantial changes in the number of its employees that led to any disruption of its normal business operations. The Board believes that the Group's management and employees are the most valuable asset of the Group and they have contributed to the success of the Group.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's sales are denominated in United States dollars and Renminbi, and most of the purchases of raw materials are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Management will consider various actions to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. These were for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. As at 30 June 2024, the Group did not have any outstanding forward foreign exchange contracts. Management will continue to evaluate the Group's foreign currency exposure and take further actions as appropriate to minimise the Group's exposure whenever necessary.

OUTLOOK

Electronic products segment

During the first half of the year 2024, the demand for the Group's electronic products has dropped and has resulted in a decrease in revenue when compared to the prior year. Management expects the operating environment to remain challenging in the second half of the year and will keep alert and remain cautious.

Factors including the uncertainties surrounding the coming United States presidential election and the ongoing trade disputes between the United States and the PRC may further escalate geopolitical tensions and have a negative impact on the global economy. The effects of the various sanctions imposed or to be imposed on Hong Kong by the United States and other countries will continue to pose challenges to the Group's business. On the other hand, the risk of fluctuation in the exchange rate of Renminbi against United States dollars and Hong Kong dollars and the risk of high inflation and fluctuation in the interest rate will also affect the performance of the Group's electronic products segment. The Group will pay close attention to these factors and will continue to tighten controls over production costs and overheads and improve production efficiency to maximise the gross profit margin.

In terms of geographical market, the Group foresees that the United States will continue to be the major market for its products during the second half of 2024.

To combat a possible increase in tariffs by the United States for goods manufactured in the PRC, the Group is considering setting up production facilities in Vietnam and Malaysia through joint ventures.

In August 2023, the Group acquired a 4% equity interest in a research and development company established in the PRC, which is specialized in residential and outdoor energy storage products. Although the demand for these energy storage products in the first half of the year was less than management's expectation, new products are expected to be launched in the second half of the year to provide new momentum for growth in revenue.

In January 2024, the Group has acquired a 30% equity interest in an associated company, 雲鏈新能源(廣東)有限公司 (“Yunlian”). Yunlian is principally engaged in the development of new energy projects in the PRC, including wind power and solar power projects. The investment will provide an opportunity for the Group to diversify its business into the high-growth potential new energy industry in the PRC. As of the date of this announcement, Yunlian is in negotiation of a wind power project in the PRC with independent third parties. However, the negotiation is still in the preliminary stage, and no formal agreement has been signed.

The Group will continue to explore opportunities for new electronic products with other potential customers so as to broaden its revenue base and to maintain its growth momentum.

Going forward, we see both challenges and opportunities. The Group will focus on its core electronic products segment and will continue to explore opportunities for new products and projects with existing and potential customers in Hong Kong, in the PRC and overseas to provide a better return to all shareholders.

CORPORATE GOVERNANCE

The Board believes that corporate governance is essential to the success of the Group. The Group keeps abreast of the best practices in the corporate governance areas and strives to implement such practices as appropriate. None of the Directors of the Company is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not at any time during the Period and up to the date of this announcement, in compliance with the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules. The Board will review and update the current practices regularly to ensure compliance with the latest practices in corporate governance so as to protect and maximize the interests of shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors of the Company, the Company confirms that all Directors of the Company have complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with the Listing Rules. The Audit Committee shall meet at least twice every year and currently comprises three members being the independent non-executive Directors of the Company, namely Mr. Pang Kwong Wah (Chairman), Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony.

The interim condensed consolidated financial statements have been reviewed by the Audit Committee at a meeting held on 29 August 2024, which is of the opinion that the interim condensed consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) was established with written terms of reference in compliance with the Listing Rules. The Remuneration Committee shall meet at least once every year and shall have a minimum of five members, comprising a majority of independent non-executive directors. The Chairman of the Remuneration Committee is Mr. Pang Kwong Wah and other current members include Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) was established with written terms of reference in compliance with the Listing Rules. The Nomination Committee shall meet at least once every year and shall have a minimum of five members, comprising a majority of independent non-executive directors. The Chairman of the Nomination Committee is Mr. Lam Yin Kee and other current members include Ms. Yeung Po Wah, Mr. Pang Kwong Wah, Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony.

CHANGES IN INFORMATION OF DIRECTORS

There were no changes in directors’ information since publication of the 2023 annual report of the Company and there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the Period.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and our Company's website (<http://www.irasia.com/listco/hk/alltronics/index.htm>). The interim report of the Company for the six months ended 30 June 2024 containing the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

* *For identification purpose only.*

By order of the Board
Alltronics Holdings Limited
Lam Yin Kee
Chairman

Hong Kong, 29 August 2024

As at the date of this announcement, the Board of the Company comprises:

Executive Directors

Mr. Lam Yin Kee, Mr. Lam Chee Tai, Eric, Ms. Yeung Po Wah, Mr. So Kin Hung and Ms. Lam Oi Yan, Ivy

Independent Non-executive Directors

Mr. Pang Kwong Wah, Mr. Yau Ming Kim, Robert, Mr. Yen Yuen Ho, Tony and Mr. Lin Kam Sui