



Alltronics Holdings Limited  
華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 833

# INTERIM REPORT 2021



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# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Revenue</b>	5	<b>860,382</b>	722,812
Cost of sales		<b>(718,772)</b>	(575,530)
Gross profit		<b>141,610</b>	147,282
Distribution costs		<b>(14,318)</b>	(13,653)
Administrative expenses		<b>(43,496)</b>	(42,733)
Other operating (expenses)/income, net		<b>(12,665)</b>	3,783
Operating profit		<b>71,131</b>	94,679
Impairment losses on financial assets, net		<b>(7)</b>	(19,717)
Written-off of long term receivables		<b>–</b>	(5,213)
Share of losses of associates		<b>(920)</b>	(2,052)
Finance income		<b>699</b>	1,690
Finance costs	7	<b>(5,725)</b>	(8,021)
<b>PROFIT BEFORE TAX</b>	6	<b>65,178</b>	61,366
Income tax expense	8	<b>(17,663)</b>	(17,273)
<b>PROFIT FOR THE PERIOD</b>		<b>47,515</b>	44,093
<b>Attributable to:</b>			
Owners of the Company		<b>48,072</b>	42,325
Non-controlling interests		<b>(557)</b>	1,768
		<b>47,515</b>	44,093
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	10		
Basic and diluted		<b>HK5.08 cents</b>	HK4.47 cents

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>47,515</b>	44,093
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	19,680	6,034
Share of other comprehensive income/(loss) of an associate	746	(682)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	20,426	5,352
Other comprehensive loss that will not be reclassified to profit or loss:		
Changes in fair value of financial asset at fair value through other comprehensive income ("FVOCI")	–	(655)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>20,426</b>	4,697
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>67,941</b>	48,790
<b>Attributable to:</b>		
Owners of the Company	68,676	46,895
Non-controlling interests	(735)	1,895
	<b>67,941</b>	48,790

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	209,299	214,023
Right-of-use assets		82,686	93,975
Investments in associates		32,473	32,647
Goodwill	12	11,672	11,672
Financial assets at fair value through profit or loss ("FVTPL")	13	21,352	6,021
Deferred tax assets		13,266	16,487
<b>Total non-current assets</b>		<b>370,748</b>	<b>374,825</b>
<b>Current assets</b>			
Inventories	14	335,026	337,739
Trade receivables	15	318,151	346,139
Prepayments, other receivables and other assets		81,932	103,524
Pledged deposits	16	4,810	4,805
Cash and cash equivalents	16	212,843	189,991
<b>Total current assets</b>		<b>952,762</b>	<b>982,198</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<b>Current liabilities</b>			
Trade and bills payables	17	290,913	305,445
Other payables and accruals		154,169	214,170
Interest-bearing bank and other borrowings	18	221,995	232,256
Lease liabilities		20,132	21,258
Tax payable		51,209	39,272
<b>Total current liabilities</b>		<b>738,418</b>	812,401
<b>Net current assets</b>		<b>214,344</b>	169,797
<b>Total assets less current liabilities</b>		<b>585,092</b>	544,622
<b>Non-current liabilities</b>			
Lease liabilities		65,329	74,253
Deferred tax liabilities		5,099	4,724
<b>Total non-current liabilities</b>		<b>70,428</b>	78,977
<b>Net assets</b>		<b>514,664</b>	465,645
<b>EQUITY</b>			
Share capital	19	9,461	9,461
Reserves		492,328	442,574
Equity attributable to owners of the Company		501,789	452,035
Non-controlling interests		12,875	13,610
<b>Total equity</b>		<b>514,664</b>	465,645

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

Attributable to owners of the Company

	Share capital (Unaudited) HK\$'000 (note 19)	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Proposed dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
<b>At 1 January 2021 (Audited)</b>	9,461	277,388	5,799	27,027	6,659	42	125,659	-	452,035	13,610	465,645
Release of statutory reserve due to deregistration of subsidiary	-	-	-	(615)	-	-	615	-	-	-	-
2020 final dividend paid	-	-	-	-	-	-	(18,922)	-	(18,922)	-	(18,922)
<b>Transactions with owners</b>	-	-	-	(615)	-	-	(18,307)	-	(18,922)	-	(18,922)
Profit for the period	-	-	-	-	-	-	48,072	-	48,072	(557)	47,515
Other comprehensive income/(loss) for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	19,858	-	-	-	19,858	(178)	19,680
Share of other comprehensive income of an associate	-	-	-	-	746	-	-	-	746	-	746
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	20,604	-	48,072	-	68,676	(735)	67,941
Proposed interim dividend for the period	-	-	-	-	-	-	(9,461)	9,461	-	-	-
<b>At 30 June 2021</b>	9,461	277,388	5,799	26,412	27,263	42	145,963	9,461	501,789	12,875	514,664

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

## For the six months ended 30 June 2020

	Attributable to owners of the Company											
	Share capital (Unaudited) HK\$'000 (note 19)	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Fair value reserve of financial assets at fair value through other comprehensive income (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Proposed dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
<b>At 1 January 2020 (Audited)</b>	9,461	277,388	5,799	(411)	25,622	(17,788)	42	21,022	-	321,135	8,010	329,145
Profit for the period	-	-	-	-	-	-	-	42,325	-	42,325	1,768	44,093
Other comprehensive income/(loss) for the period:												
Changes in fair value of financial asset at fair value through other comprehensive income, net of tax	-	-	-	(655)	-	-	-	-	-	(655)	-	(655)
Exchange differences on translation of foreign operations	-	-	-	-	-	5,907	-	-	-	5,907	127	6,034
Share of other comprehensive loss of an associate	-	-	-	-	-	(682)	-	-	-	(682)	-	(682)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	(655)	-	5,225	-	42,325	-	46,895	1,895	48,790
Proposed interim dividend for the period	-	-	-	-	-	-	-	(14,192)	14,192	-	-	-
<b>At 30 June 2020</b>	9,461	277,388	5,799	(1,066)	25,622	(12,563)	42	49,155	14,192	368,030	9,905	377,935



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		65,178	61,366
Adjustments for:			
Amortisation of prepayments	6	741	634
Depreciation of property, plant and equipment	6,11	10,322	10,208
Depreciation of right-of-use assets	6	11,832	11,271
Provision of warranty	6	8,631	–
Finance costs	7	5,725	8,021
Interest income	6	(699)	(1,690)
Share of losses of associates		920	2,052
Impairment loss of trade receivables	6	7	8,202
Changes in fair value of financial assets at FVTPL	6	3,579	–
Impairment of amounts due from associates	6	–	11,515
Written-off of long term receivables	6	–	5,213
Gain on disposal of property, plant and equipment	6	(335)	–
Written-back of inventories to net realisable value	6	(1,938)	(7,167)
Operating cash flows before working capital changes		103,963	109,625
Decrease in inventories		4,651	28,310
Decrease/(increase) in trade receivables		27,981	(101,665)
Decrease in long term receivables		–	768
Decrease/(increase) in prepayments, other receivables and other assets		20,851	(57,988)
Decrease in deferred revenue		–	(886)
(Decrease)/increase in trade and bills payables		(14,532)	74,873
(Decrease)/increase in other payables and accruals		(49,843)	85,320
Decrease in trust receipt loans		(949)	(147)
Cash generated from operations		92,122	138,210
Interest received		699	1,690
Interest paid		(3,611)	(8,021)
Tax paid		(2,123)	(11,070)
Net cash flows generated from operating activities		87,087	120,809

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Cash flows from investing activities</b>			
Purchases of items of property, plant and equipment	11	(4,914)	(3,314)
Proceeds from disposal of items of property, plant and equipment		430	–
Purchase of financial asset at FVTPL	13	(18,910)	–
Decrease in long term receivables		–	624
Net cash flows used in investing activities		(23,394)	(2,690)
<b>Cash flows from financing activities</b>			
Principal portion of lease payments		(12,713)	(11,294)
Proceeds from new bank loans		56,970	64,052
Repayment of bank and other borrowings		(65,470)	(38,829)
(Increase)/decrease in pledged deposits		(5)	465
Dividend paid		(18,922)	–
Net cash flows (used in)/generated from financing activities		(40,140)	14,394
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		189,045	37,317
Effect of foreign exchange rate changes, net		245	(393)
<b>Cash and cash equivalents at end of period</b>		<b>212,843</b>	<b>169,437</b>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and cash equivalents as stated in the statement of financial position	16	212,843	184,267
Bank overdrafts		–	(14,830)
<b>Cash and cash equivalents as stated in the consolidated statement of cash flows</b>		<b>212,843</b>	<b>169,437</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE AND GROUP INFORMATION

Alltronics Holdings Limited (the “Company”) 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 (together the “Group”) are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products, the trading of biodiesel products and provision of energy efficient gas stoves, and the provision of energy saving business solutions. The address of its 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 owned 46.48% of the Company’s issued shares as at 30 June 2021 (At 31 December 2020: 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 2021 were approved for issue by the Board on 30 August 2021.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2021 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 on the Stock Exchange (“Listing Rules”).

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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 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 2020, except for the adoption of new and amended standards and interpretations effective as of 1 January 2021 noted below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

### 3.1 New and amended standards adopted by the Group

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

The adoption of these new and amended standards had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial information.

### 3.2 Issued but not yet effective HKFRSs

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

### 3.2 Issued but not yet effective HKFRSs (Continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2022
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2023
- <sup>3</sup> Effective date not yet determined
- <sup>4</sup> Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022
- <sup>5</sup> Effective for annual periods beginning on or after 1 April 2021

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. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's interim condensed consolidated financial statements.

#### Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies may need to be revised to cope with the above changes, the Directors expect that the amendments have no other material impact on the interim condensed consolidated financial statements.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

#### 3.2 Issued but not yet effective HKFRSs (Continued)

##### Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as “monetary amounts in the financial statements that are subject to measurement uncertainty”.

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The Directors expect that the amendments have no material impact on the interim condensed consolidated financial statements.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. OPERATING SEGMENT INFORMATION

The Group identified the operating segments based on the reports reviewed by the executive directors ("Directors") of the Company for their strategic decisions and review of the performance of those components.

For management purposes, 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.

Revenue is allocated based on the places/countries in which the customers are located.

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 statements.

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 executive Directors is measured in a manner consistent with that in the interim condensed consolidated financial statements.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OPERATING SEGMENT INFORMATION (Continued) Six months ended 30 June 2021 (Unaudited)

	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
<b>Segment revenue (note 5)</b>				
– Sales to external customers	859,944	241	197	860,382
– Revenue from services	–	–	–	–
<b>Total revenue</b>	<b>859,944</b>	<b>241</b>	<b>197</b>	<b>860,382</b>
<b>Segment results</b>				
Operating profit/(loss) before interest and tax	75,268	(340)	(2,591)	72,337
Share of losses of associates	(920)	–	–	(920)
Finance costs (other than lease liabilities)	(3,611)	–	–	(3,611)
Finance income	672	–	27	699
Income tax expense	(17,663)	–	–	(17,663)
<b>Unallocated operating costs</b>	<b>53,746</b>	<b>(340)</b>	<b>(2,564)</b>	<b>50,842 (3,327)</b>
<b>Profit for the period</b>				<b>47,515</b>
<b>Segment assets</b>	<b>1,279,591</b>	<b>1,113</b>	<b>20,406</b>	<b>1,301,110</b>
Unallocated:				
Cash and cash equivalents				58
Prepayments and deposits				990
Financial assets at FVTPL				21,352
<b>Total assets</b>				<b>1,323,510</b>
<b>Segment liabilities</b>	<b>799,110</b>	<b>528</b>	<b>408</b>	<b>800,046</b>
Unallocated:				
Other payables and accruals				8,800
<b>Total liabilities</b>				<b>808,846</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OPERATING SEGMENT INFORMATION (Continued) Six months ended 30 June 2020 (Unaudited)

	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
<b>Segment revenue (note 5)</b>				
– Sales to external customers	720,999	993	–	721,992
– Revenue from services	–	–	820	820
<b>Total revenue</b>	<b>720,999</b>	<b>993</b>	<b>820</b>	<b>722,812</b>
<b>Segment results</b>				
Operating profit/(loss) before interest and tax	78,176	(21)	(6,885)	71,270
Share of losses of associates	(2,052)	–	–	(2,052)
Finance costs (other than lease liabilities)	(6,703)	–	–	(6,703)
Finance income	558	–	1,132	1,690
Income tax expense	(17,273)	–	–	(17,273)
	52,706	(21)	(5,753)	46,932
Unallocated operating costs				(2,839)
Profit for the period				44,093
<b>At 31 December 2020 (Audited)</b>				
<b>Segment assets</b>	1,308,978	1,024	39,374	1,349,376
Unallocated:				
Cash and cash equivalents				773
Prepayments and deposits				853
Financial asset at FVTPL				6,021
<b>Total assets</b>				<b>1,357,023</b>
<b>Segment liabilities</b>	882,501	625	477	883,603
Unallocated:				
Other payables and accruals				7,775
<b>Total liabilities</b>				<b>891,378</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OPERATING SEGMENT INFORMATION (Continued)

#### Geographical information

##### (a) Revenue from external customers

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
The United States	555,690	488,827
Hong Kong	63,987	87,213
Europe	127,517	80,874
The People's Republic of China (the "PRC")	79,488	49,725
Other countries	33,700	16,173
	<b>860,382</b>	<b>722,812</b>

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

##### (b) Non-current assets

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
	Hong Kong	220,445
The PRC	115,685	145,280
	<b>336,130</b>	<b>352,317</b>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OPERATING SEGMENT INFORMATION (Continued) Information about major customers

For the six months ended 30 June 2021, revenues from customers which individually contributed over 10% of the Group's revenue is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Customer A	295,423	256,713
Customer B	151,158	144,496

These revenues were attributable to the electronic products segment.

### 5. REVENUE Disaggregated revenue information for revenue from contracts with customers For the six months ended 30 June 2021 (Unaudited)

Segments	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
<b>Type of goods or services</b>				
Sale of industrial products	859,944	241	197	860,382
Maintenance services	–	–	–	–
Total revenue from contracts with customers	859,944	241	197	860,382
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	859,944	241	197	860,382
Services transferred over time	–	–	–	–
Total revenue from contracts with customers	859,944	241	197	860,382

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. REVENUE (Continued) Disaggregated revenue information for revenue from contracts with customers (Continued) For the six months ended 30 June 2020 (Unaudited)

Segments	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
<b>Type of goods or services</b>				
Sale of industrial products	720,999	993	–	721,992
Maintenance services	–	–	820	820
Total revenue from contracts with customers	720,999	993	820	722,812
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	720,999	993	–	721,992
Services transferred over time	–	–	820	820
Total revenue from contracts with customers	720,999	993	820	722,812

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of inventories sold and services provided		509,895	427,243
Auditors' remuneration		931	1,030
Depreciation of property, plant and equipment	11	10,322	10,208
Depreciation of right-of-use assets		11,832	11,271
Amortisation of prepayments		741	634
Provision of warranty		8,631	–
Changes in fair value of financial assets at FVTPL		3,579	–
Impairment of trade receivables, net	15	7	8,202
Impairment of amounts due from associates		–	11,515
Written-off of long term receivables		–	5,213
Written-back of inventories to net realisable value	14	(1,938)	(7,167)
Wages and salaries (including directors' emoluments)		127,566	111,306
Foreign exchange differences, net		10,409	(2,584)
Gain on disposal of property, plant and equipment		(335)	–
Interest income from long term receivables		–	(1,115)
Interest income from bank deposits		(158)	(67)
Other interest income		(541)	(508)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank loans and bank overdrafts	3,611	6,615
Interest on lease liabilities	2,114	1,318
Interest on other loans	–	88
Total finance costs	5,725	8,021

### 8. 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% (2020: 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 (2020: 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 2020.

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% (2020: 25%) on the taxable income.

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current – Hong Kong	7,830	7,847
Current – PRC	6,333	9,574
Over-provision in prior periods	(103)	(41)
Deferred	3,603	(107)
Total tax charge for the period	17,663	17,273

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. INTERIM DIVIDEND

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend, proposed, of HK\$0.01 (2020: HK\$0.015) per ordinary share	9,461	14,192

The Board recommends the payment of an interim dividend of HK\$0.01 per ordinary share for the six months ended 30 June 2021. 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 2021 has been approved by the Board on 30 August 2021.

### 10. 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\$48,072,000 (Six months ended 30 June 2020: HK\$42,325,000), and the weighted average number of ordinary shares of 946,116,360 (Six months ended 30 June 2020: 946,116,360) in issue during the six months ended 30 June 2021.

The Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2021 and 2020 and therefore, diluted earnings per share equals to basic earnings per share.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
As at the beginning of the period/year	214,023	224,026
Exchange realignment	779	2,691
Additions	4,914	8,521
Disposals	(95)	(483)
Depreciation provided during the period/year	(10,322)	(20,732)
As at the end of the period/year	<b>209,299</b>	214,023

At 30 June 2021, the Group's leasehold property with a carrying amount of approximately HK\$162,797,000 (At 31 December 2020: HK\$165,981,000) and plant and machinery with a carrying amount of HK\$11,871,000 (At 31 December 2020: HK\$11,152,000) were pledged as security for the Group's bank loans, as further detailed in note 18(b) to the financial statements.

### 12. GOODWILL

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
As at the beginning of the period/year	11,672	11,672
Impairment for the period/year	–	–
As at the end of the period/year	<b>11,672</b>	11,672



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 13. FINANCIAL ASSETS AT FVTPL

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Investments in life insurance plans (note a)	15,331	–
Unlisted convertible bond (note b)	6,021	6,021
	<b>21,352</b>	6,021

Note a:

The Company entered into life insurance plans with an insurance company for life insurance protection of certain Directors and senior management of the Group during the six months ended 30 June 2021. The total premium paid for these plans is approximately US\$2,424,000 (equivalent to approximately HK\$18,910,000). The Company is the policy holder and the beneficiary of these insurance policies. The Company can terminate these policies at any time and will receive a cash sum based on the cash value (the “Cash Value”) of these policies at the date of termination. The Cash Value is determined by premium paid plus accumulated interest earned minus the surrender charges and exit value adjustments.

Note b:

On 31 December 2020, the Company subscribed for a convertible bond with a principal of HK\$6,426,530 (equivalent to US\$824,000) with annual coupon of 7%, issued by P2 Mobile Technologies Limited (“P2MT”), the associate of the Company (the “Convertible Bond”). The Convertible Bond will mature on 31 December 2022.

The Convertible Bond will, at the discretion of the Company, be convertible at any time between the date of issue to the maturity date on 31 December 2022 into fully paid ordinary shares of P2MT. The entire Convertible Bond plus accrued but unpaid interest can be converted into ordinary shares of P2MT at the following conversion prices:

- (a) US\$800 per ordinary share from the date of issuance until 31 December 2021
- (b) US\$1,000 per ordinary share from the 1 January 2022 until 31 December 2022
- (c) US\$1,200 per ordinary share during the extended period, if applicable

If the Convertible Bond has not been converted, it will be redeemed on maturity date at par plus all accrued interest, if the Company does not redeem the Convertible Bond on the maturity date, the maturity date will be automatically extended by a period of 12 months.

The Directors of the Company considered that the fair value of the Convertible Bond as at 30 June 2021 approximates its fair value as at 31 December 2020.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. INVENTORIES

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Raw materials	221,588	190,210
Work in progress	48,894	52,271
Finished goods	80,716	113,368
	<b>351,198</b>	355,849
Provision against slow-moving and obsolete inventories	<b>(16,172)</b>	(18,110)
	<b>335,026</b>	337,739

Movements in the provision against slow-moving and obsolete inventories are as follows:

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
As at beginning of the period/year	18,110	24,494
Amount reversed during the period/year	<b>(1,938)</b>	(6,384)
As at the end of the period/year	<b>16,172</b>	18,110

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE RECEIVABLES

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Trade receivables	<b>337,831</b>	365,812
Less: ECL allowance	<b>(19,680)</b>	(19,673)
	<b>318,151</b>	346,139

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 2021, the Group's largest customer accounted for approximately 16.3% of total trade receivables (At 31 December 2020: 33.0%). 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 diverse 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 period, based on the invoice date, is as follows:

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Within 1 month	<b>135,782</b>	152,750
1 to 2 months	<b>93,986</b>	129,258
2 to 3 months	<b>56,423</b>	51,903
Over 3 months	<b>31,960</b>	12,228
Total	<b>318,151</b>	346,139

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Cash and bank balances	<b>212,843</b>	189,991
Time deposits	<b>4,810</b>	4,805
Less: Pledged time deposits for bank and other borrowings (note 18(b))	<b>(4,810)</b>	(4,805)
Cash and cash equivalents	<b>212,843</b>	189,991
Cash and bank balances denominated in		
– Renminbi (“RMB”)	<b>90,311</b>	105,107
– United States dollars (“US\$”)	<b>107,546</b>	77,568
– HK\$	<b>14,922</b>	7,252
– Other currencies	<b>64</b>	64
Cash and cash equivalents	<b>212,843</b>	189,991

The RMB is not freely convertible into other currencies. However, under PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of 3 to 6 months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. TRADE AND BILLS PAYABLES

An aging analysis of trade and bills payables as at the end of the period, based on the invoice date, is as follow:

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Within 1 month	127,212	110,644
1 to 2 months	107,538	110,300
2 to 3 months	39,468	73,717
Over 3 months	16,695	10,784
Total	<b>290,913</b>	305,445

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

### 18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Bank overdraft, secured	N/A	N/A	-	0.25% – 1 over prime	On demand	946
Trust receipt loans, secured	0.5 per annum over Prime rate	On demand	1,094	0.5 per annum over Prime rate	On demand	2,043
Bank loans, secured	1.55 over HIBOR	On demand	103,979	1.55 over HIBOR	On demand	113,400
Bank loans, unsecured	1.8 – 2.5 over HIBOR	On demand	116,922	1.8 – 2.5 over HIBOR	On demand	115,867
			<b>221,995</b>			<b>232,256</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

- (a) The Group's bank overdraft, trust receipt loans and bank loans were due for repayment as follows:

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Bank and other loans repayable:		
Within one year	172,246	231,188
In the second year	6,297	635
In the third to fifth years	43,452	433
	<b>221,995</b>	<b>232,256</b>

The amounts due set out above are based on the scheduled repayment dates set out in the loan agreements without considering repayment on demand clause.

Some of the banking facilities are subject to the fulfilment of covenants relating to certain financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the Group's bank loan arrangements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The total amount of HK\$49,749,000 (At 31 December 2020: HK\$1,068,000) as at period ended 30 June 2021 have been reclassified to current portion due to the repayment on demand clause.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the bank loans and does not consider it probable that the respective banks will exercise their discretion to demand repayment for so long as the Group continues to meet these requirements. During the period ended 30 June 2021, none of the lenders had exercised their rights to demand immediate repayment of the drawn down facilities, either at their sole discretion or due to any breach of covenants.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

- (a) The Group's bank overdraft, trust receipt loans and bank loans were due for repayment as follows: (Continued)

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Bank and other loans repayable denominated in:		
HK\$	<b>136,058</b>	134,498
RMB	<b>48,052</b>	57,808
US\$	<b>37,885</b>	39,950
	<b>221,995</b>	232,256

- (b) The bank and other borrowings were secured by the followings:
- (i) the pledge of the Group's fixed deposits denominated in HK\$ of approximately HK\$3,788,000 (At 31 December 2020: HK\$3,783,000) and bank deposits denominated in US\$ of approximately HK\$1,022,000 (At 31 December 2020: HK\$1,022,000);
  - (ii) the Group's leasehold property of HK\$162,797,000 (At 31 December 2020: HK\$165,981,000);
  - (iii) the Group's right-of-use assets in Shenzhen of HK\$1,444,000 (At 31 December 2020: HK\$1,469,000);
  - (iv) the Group's plant and machinery in Shenzhen of HK\$11,871,000 (At 31 December 2020: HK\$11,152,000); and
  - (v) the banking facilities granted to a subsidiary, Southchina Engineering and Manufacturing Limited, were also secured by personal guarantees given by its non-controlling shareholders.
- (c) As at 30 June 2021, the Group's total available banking facilities amounted to approximately HK\$499,099,000 (At 31 December 2020: HK\$517,836,000), of which approximately HK\$207,955,000 (At 31 December 2020: HK\$207,675,000) was unutilised.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19. SHARE CAPITAL

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
<b>Issued and fully paid:</b>		
946,116,360 (At 31 December 2020: 946,116,360) ordinary shares of HK\$0.01 each	<b>9,461</b>	9,461

### 20. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial information, the Group had the following material transactions with related parties during the period:

	Notes	<b>For the six months ended 30 June</b>	
		<b>2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
Interest expense on a loan from a director	(i)	–	88
Expenses paid to an associate, Yichun Yilian	(ii)	<b>335</b>	379
Interest income from associates:			
P2MT	(iii)	<b>225</b>	193
Yichun Yilian	(iv)	<b>241</b>	176



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	<b>As at 31 December 2020 (Audited) HK\$'000</b>
Convertible bond		
P2MT	<b>6,021</b>	6,021
Loans to/Amounts due from associates:		
Yichun Yilian (iv)	<b>20,238</b>	20,190
Good Smart (v)	<b>9,770</b>	9,770
Iotronics (vi)	<b>1,745</b>	1,745
	<b>37,774</b>	37,726
Less: Provision for impairment		
Good Smart	<b>(9,770)</b>	(9,770)
Iotronics	<b>(1,745)</b>	(1,745)
	<b>26,259</b>	26,211

- (i) Alltronics Tech. Mftg. Limited, a wholly-owned subsidiary of the Group, borrowed a loan from an executive director, Ms. Yeung Po Wah, with a principal amount of HK\$3,500,000 for a period of 5 months from 6 January 2020 to 5 June 2020, which bore interest of an amount of HK\$87,500. The loan and the interest were repaid during the period ended 30 June 2020.
- (ii) During the period, the expenses such as rental payment and utilities paid to an associate, Yichun Yilian Print Tech Co., Ltd. ("Yichun Yilian") by the Group's wholly-owned subsidiary, 宜春華訊電子製品有限公司, were HK\$335,000 (2020: HK\$379,000).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. RELATED PARTY TRANSACTIONS (Continued)

#### (a) (Continued)

- (iii) As at 31 December 2020, the loans of HK\$4,450,000 and HK\$1,000,000 granted to an associate, P2MT, which bore interest at 8% per annum and 3% per annum respectively, were settled by a convertible bond issued by P2MT. During the six months ended 30 June 2021, the interest income generated from the convertible bond was HK\$225,000. The interest income of HK\$193,000 for the six months ended 30 June 2020 was interest generated from the loans of HK\$4,450,000 and HK\$1,000,000 granted to P2MT respectively.
- (iv) Loans of RMB17,000,000 (At 31 December 2020: RMB17,000,000) granted to Yichun Yilian bear interest at 4.35% per annum and are repayable within one year. During the period, the interest income generated from the loans was HK\$241,000 (2020: HK\$176,000).
- (v) The amount of HK\$9,770,000 (At 31 December 2020: HK\$9,770,000) due from an associate, Good Smart Electronics Technology Limited ("Good Smart"), is non-interest-bearing and repayable on demand. Full impairment loss of HK\$9,770,000 was recognised during the year ended 31 December 2020.
- (vi) The amount of HK\$1,745,000 (At 31 December 2020: HK\$1,745,000) due from an associate, Iotronics Wireless Limited ("Iotronics"), is non-interest-bearing and repayable on demand. Full impairment loss of HK\$1,745,000 was recognised during the year ended 31 December 2020.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Directors' fees	825	688
Salaries and other short-term employee benefits	14,007	9,542
Pension scheme contribution	108	115
	<b>14,940</b>	10,345

- (c) The Group has a rental contract with Profit Home Investments Limited. Ms. Yeung Po Wah, Mr. Lam Chee Tai, Eric and Ms. Lam Oi Yan, Ivy are executive Directors of the Company, and have 60%, 20% and 20% equity interests in Profit Home Investments Limited respectively. The rental was determined according to negotiation with the counterparties. This related party transaction also constitute a connected transaction as defined in Chapter 14A of the Listing Rules. At the reporting date, the Group had total lease liabilities with Profit Home Investments Limited under a non-cancellable lease falling due as follows:

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Lease liabilities – current	1,820	477
Lease liabilities – non-current	1,415	–
	<b>3,235</b>	477

Under the rental contract, the minimum lease payment during the period was HK\$960,000 (2020: HK\$960,000). As at 30 June 2021, the Group's right-of-use assets relating to such rental contract amounted to HK\$3,220,000 (At 31 December 2020: HK\$448,000).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 21. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chairman of the Company. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly and not using significant unobservable inputs
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 21. FAIR VALUE MEASUREMENT (Continued)

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<b>Financial assets</b>				
Financial assets at FVTPL	21,352	6,021	21,352	6,021
	21,352	6,021	21,352	6,021
<b>Financial liabilities</b>				
Interest-bearing bank loans and other borrowings	221,995	232,256	221,995	232,256
	221,995	232,256	221,995	232,256

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and current portion of interest-bearing bank and other borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 21. FAIR VALUE MEASUREMENT (Continued)

The following methods and assumptions were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities and are categorised as Level 2 of the fair value hierarchy. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2021 and 31 December 2020 were assessed to be insignificant.

Market-based approach was used in determining the equity value of P2MT as input in the black-scholes partial differential equation model. The other significant unobservable inputs into the model were as follows:

	<b>Significant unobservable input</b>	<b>Range</b>	<b>Sensitivity of fair value to the input</b>
Unlisted convertible bond	Volatility	92.95%	Increase in volatility would result in increase in fair value of the convertible bond.

The fair value of the Convertible Bond depends on a number of factors that are determined using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the Convertible Bond. Expected volatility was determined by using the historical volatility of selected companies operated in similar industry.

The fair value of the investments in life insurance plans is determined by reference to the cash surrender value statement at the reporting date as provided by the insurance company.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 21. FAIR VALUE MEASUREMENT (Continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

#### As at 30 June 2021

	Level 1 HK\$'000	Level 2 HK\$'000	Level3 HK\$'000	Total HK\$'000
<b>Financial assets at FVTPL</b>				
Investments in life insurance plans	–	15,331	–	15,331
Unlisted convertible bond	–	–	6,021	6,021
	–	15,331	6,021	21,352

As at 31 December 2020

	Level 1 HK\$'000	Level 2 HK\$'000	Level3 HK\$'000	Total HK\$'000
<b>Financial asset at FVTPL</b>				
Unlisted convertible bond	–	–	6,021	6,021
	–	–	6,021	6,021

## INTERIM DIVIDEND

The Board declared an interim dividend of HK1.0 cent per ordinary share for the six months ended 30 June 2021, payable on or about 28 October 2021, to the shareholders whose names appear on the register of members of the Company on 30 September 2021.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 September 2021 to 30 September 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 27 September 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

#### Revenue

Total turnover for the six months ended 30 June 2021 (the “Period”) had increased by 19.0% to HK\$860 million, as compared to HK\$723 million for the same period in 2020. The increase in turnover was due to the increase in sales of electronic products during the Period.

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

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Revenue from sales of electronic products	859,944	720,999
Revenue from biodiesel products and energy efficient gas stoves	241	993
Revenue from energy saving business	197	820
	<b>860,382</b>	722,812

Sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. Although the global economy continued to be affected by the new coronavirus (the “COVID-19”), total sales revenue from electronic products during the Period had increased by 19.3% from HK\$721 million to HK\$860 million. The sales of the Group’s irrigation controller products had increased by approximately HK\$38 million to HK\$295 million, as compared to HK\$257 million for the same period in 2020. The sales of electrostatic disinfectant sprayers had remained stable at approximately HK\$150 million during the Period. Sales of walkie-talkie products had increased slightly by approximately HK\$4 million. On the other hand, sales of electronic component products had increased by approximately HK\$50 million.

The operation of the biodiesel products and energy efficient gas stoves business segment in Hong Kong continued to be affected by the COVID-19 and had remained at a low level during the Period, with total revenue of approximately HK\$0.2 million.

Regarding the energy saving business segment, as the installation work at the retail stores of Suning.com Co., Ltd. (“Suning”) had ceased since last year, total sales revenue for the Period were HK\$0.2 million.

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 64.6% of the total revenue for the Period (2020: 67.6%). Management expected that United States will continue to be the dominant market for the Group’s products during the second half of the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross profit

The overall gross profit margin had reduced from 20.4% for the six months period ended 30 June 2020 to 16.5% for the Period. The drop was mainly due to the increase in unit costs of certain raw materials including chips and plastic resins, and the increase in average labour costs and overheads as it is becoming more difficult to recruit sufficient number of skilled workers to cope with production needs.

### Expenses and finance costs

Distribution costs and administrative expenses were comparable to prior period with slight increases of HK\$0.7 million and HK\$0.8 million respectively. Total administrative staff costs for the Period, including directors' emoluments, had increased by approximately HK\$2.8 million when compared to prior period.

Finance costs had decreased by HK\$2.3 million which was mainly due to the decrease in interest rates and the reduction in overall bank borrowings when compared to prior period.

### Other operating income/expenses

During the Period, other operating losses amounted to approximately HK\$12.7 million which was mainly due to exchange losses and changes in fair value of financial asset at FVTPL.

### Profit attributable to owners of the Company

The profit for the Period attributable to owners of the Company was HK\$48.1 million, compared to HK\$42.3 million for the same period in 2020. The improvement in net profit was mainly due to the reduction in impairment losses on financial assets and there was no write-off of long term receivables 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\$4.9 million to acquire property, plant and equipment to enhance its production capacity.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 June 2021, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$212.8 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2021, total borrowings of the Group amounted to HK\$222.0 million, comprising bank loans of HK\$220.9 million and trust receipt loans of HK\$1.1 million, of which HK\$37.9 million were denominated in United States dollars, HK\$136.1 million were denominated in Hong Kong dollars and HK\$48.0 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 70 days, 85 days and 106 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 2021, the Group's total current assets were HK\$952.8 million compared to HK\$982.2 million as at 31 December 2020, and the Group's total current liabilities were HK\$738.4 million compared to HK\$812.4 million as at 31 December 2020. The current ratio (current assets/current liabilities) as at 30 June 2021 was 1.29 times, compared to 1.21 times as at 31 December 2020.

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 2021, the Company had in issue a total of 946,116,360 ordinary shares. A new 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 2021, the Company did not have any share options outstanding.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2021 was HK\$212.8 million, which had increased by HK\$23.8 million compared to the balance at 31 December 2020.

The net cash generated from operating activities for the Period was HK\$87.1 million. The net cash used in investing activities amounted to HK\$23.4 million, which was mainly due to HK\$4.9 million being paid for the acquisition of property, plant and equipment and HK\$18.9 million being paid for the acquisition of financial assets at fair value through profit or loss.

On the other hand, there was a net cash outflow of HK\$40.1 million from financing activities. During the Period, new borrowings of HK\$57.0 million were obtained, and HK\$78.2 million was used to repay borrowings and principal repayment of lease liabilities. Total dividend paid during the Period amounted to HK\$18.9 million.

### CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK\$4.9 million, mainly financed by internal resources of the Group.

### PLEDGE OF ASSETS

At 30 June 2021, the Group had total bank borrowings of HK\$222.0 million, out of which HK\$96.7 million were secured by the land and buildings and right-of-use assets of HK\$164.2 million in aggregate, HK\$2.4 million were secured by short-term bank deposits of HK\$4.8 million and HK\$6.0 million were secured by plant and machinery of HK\$11.9 million.

### DEBT POSITION AND GEARING

As at 30 June 2021, the Group has net debts (being total bank and other borrowings excluding trade debts and net of cash and cash equivalents) of approximately HK\$8.1 million (At 31 December 2020: HK\$40.2 million). The total equity was approximately HK\$514.7 million (At 31 December 2020: HK\$465.6 million). The gearing ratio as at 30 June 2021 was approximately 1.6% (At 31 December 2020: 8.6%).

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LITIGATIONS AND CONTINGENT LIABILITIES

During the Period and as at 30 June 2021 and 31 December 2020, the Group was not a defendant in any of the legal proceedings against the Group. The Group did not have any material contingent liabilities as at both 30 June 2021 and 31 December 2020.

During the fourth quarter of 2020, the Group was informed by the customer of its electrostatic disinfectant sprayer product 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 is well aware that the Group had no involvement 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 the Group does not have any significant potential liability on this issue. The Group has engaged a lawyer 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 has been 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 report, 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 Company) 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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. As at the date of this report, the Borrower and the Guarantor have not settled the first payment of RMB20,000,000 and the second payment of RMB80,000,000 in accordance with the repayment terms in the Settlement Agreement. The full amount of the Debt and the accrued interests thereon became due immediately. 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.

The Group is in discussion with its legal advisers in Beijing and Shenzhen to consider the further actions available against the Purchaser, the Borrower and the Guarantor to recover the overdue Consideration and the Debt and accrued interests thereon.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES

At 30 June 2021, the Group had 3,041 employees, of which 71 were employed in Hong Kong and 2,970 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 2021, 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 2021, 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OUTLOOK

#### Electronic products segment

Although most of the major economies worldwide have implemented COVID-19 vaccination programs since the beginning of this year, the impacts of the COVID-19 continue to pose threats to the global economy. The overall performance of the Group during the first half of the year has improved when compared to prior year. However, management will keep alert and has to remain cautious on the performance in the second half of the year. Besides the uncertainties of the COVID-19, the ongoing trade disputes between the United States and the PRC may further escalate geopolitical tensions and may lead to negative impact to the global economy. The effects of the various sanctions imposed or to be imposed on Hong Kong by the United States and other countries are still challenging. On the other hand, the risk of fluctuation in exchange rate of Renminbi against United States dollars and Hong Kong dollars and the risk of fluctuation in interest rate will also affect the performance of the Group's electronic products segment. The management of the Group is of the view that the difficult business environment may last for some time. The Group will continue its efforts to manage these factors and to tighten controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin.

In terms of products, the outbreak of COVID-19 in last year had led to significant increase in demand for the Group's electrostatic disinfectant sprayers during the second half of last year. However, the demand for these products seems to have lost the acute growth momentum since the beginning of this year. Management expected that the total sales revenue from electrostatic disinfectant sprayers for this year is unlikely to maintain at the same level of last year. Despite the expected drop in turnover for electrostatic disinfectant sprayers, management expected that the performance of the Group's irrigation controller products for this year will remain strong with steady growth. The demand for other electronic products will also remain stable. Management is also striving to launch new products in the fourth quarter of the year so as to provide new momentum for growth in revenue. However, in view of the uncertainties on COVID-19 pandemic and the pace of recovery of the global economy, it is yet difficult to predict the overall performance of the electronic products segment for the year 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of geographical market, the Group foresees that United States will continue to be the major market for its products in 2021, as the customers for irrigation controllers and electrostatic disinfectant sprayers are both located in the United States.

The COVID-19 pandemic has affected the business operations of the Group's associated companies and management expected that their business operations will remain stable during the second half of the year. The share of profits or losses from associated companies is not expected to be significant when compare to the results of the core electronic business of the Group.

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.

### **Biodiesel products and energy saving gas stoves segment**

The Group foresees that the revenue from biodiesel products and energy efficient gas stoves will remain at existing level during the second half of 2021.

### **Energy saving business**

The Group foresees that the revenue from the energy saving business will remain at a low level during the second half of 2021 as the Group has already ceased the installation work at Suning stores.

Looking forward, 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.

## SHARE OPTION SCHEME

At the annual general meeting of the Company held on 7 June 2016, a share option scheme (the "2016 Share Option Scheme") was approved by the shareholders. The purpose of the 2016 Share Option Scheme is to enable the Group to grant options to selected participants as incentive or rewards for their contributions or potential contributions to the Group. The 2016 Share Option Scheme shall be valid and effective for a period of 10 years commencing from 7 June 2016, being the date on which the Share Option Scheme was adopted.

During the six months ended 30 June 2021 and the year ended 31 December 2020, there were no share options granted, exercised, cancelled or lapsed under the 2016 Share Option Scheme. As at 30 June 2021 and 31 December 2020, there were no outstanding share options issued under the 2016 Share Option Scheme.

Further details of the 2016 Share Option Scheme are set out in the circular dated 9 May 2016 issued by the Company.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2021, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules were as follows:

#### (a) Ordinary shares of HK\$0.01 each of the Company as at 30 June 2021

Name of Director	Long position/ short position	Number of shares held			Total	% of the issued share capital of the Company
		Personal interests	Family interests	Corporate interests		
Mr. Lam Yin Kee	Long position	7,100,922	-	439,740,000 (Note 1)	446,840,922	47.23
Ms. Yeung Po Wah	Long position	-	446,840,922	-	446,840,922	47.23
Mr. Lam Chee Tai, Eric (Note 3)	Long position	3,018,708	-	-	3,018,708	0.32
Ms. Lam Oi Yan, Ivy (Note 4)	Long position	6,989,972	578,620	-	7,568,592	0.80

#### Notes:

- 439,740,000 shares are owned by Profit International Holdings Limited, a company incorporated in the British Virgin Islands and is owned as to 95% by Mr. Lam Yin Kee and 5% by Ms. Yeung Po Wah. Ms. Yeung Po Wah is an executive Director of the Company and the spouse of Mr. Lam Yin Kee.
- Mr. Lam Yin Kee and Ms. Yeung Po Wah are directors and beneficial owners of Profit International Holdings Limited.
- Mr. Lam Chee Tai, Eric is the son of Mr. Lam Yin Kee and Ms. Yeung Po Wah, and the brother of Ms. Lam Oi Yan, Ivy.
- Ms. Lam Oi Yan, Ivy is the daughter of Mr. Lam Yin Kee and Ms. Yeung Po Wah, and the sister of Mr. Lam Chee Tai, Eric.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

### (b) Share options of the Company as at 30 June 2021

None of the Directors and Chief Executives has held any share options as at 30 June 2021.

### (c) Interests in an associated corporation, Profit International Holdings Limited (ordinary shares of US\$1 each) as at 30 June 2021

Name of Director	Long position/ short position	Number of shares held				Total	% of the issued share capital of the associated corporation
		Personal interests	Family interests	Corporate interests			
Mr. Lam Yin Kee	Long position	950	-	-	950	95.0	
Ms. Yeung Po Wah	Long position	50	-	-	50	5.0	

Save as disclosed above, at no time during the Period, the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company, its specified undertakings and its associated corporations required to be disclosed pursuant to the SFO and the Hong Kong Companies Ordinance (Cap. 622).

Other than those interests and short positions disclosed above, the Directors and Chief Executives also hold shares of certain subsidiaries solely for the purpose of ensuring that the relevant subsidiary has more than one member.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 June 2021, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name	Nature of interest	Long position/ short position	Number of shares held	% of the issued share capital of the Company
Profit International Holdings Limited	Beneficially owned	Long position	439,740,000	46.48
Ms. Liu Jing	Beneficially owned	Long position	95,509,600	10.09
Lijiang Investment Holdings Limited (Note 1)	Beneficially owned	Long position Short position	93,591,636 93,591,636	9.89 9.89
Pure Virtue Enterprises Limited ("Pure Virtue") (Note 1)	Interest of a controlled corporation	Long position Short position	93,591,636 93,591,636	9.89 9.89
China Huarong Overseas Investment Holdings Co., Limited ("China Huarong Overseas") (Note 1)	Interest of a controlled corporation	Long position Short position	93,591,636 93,591,636	9.89 9.89
Huarong Huaqiao Asset Management Co., Limited ("Huarong Huaqiao") (Note 1)	Interest of a controlled corporation	Long position Short position	93,591,636 93,591,636	9.89 9.89
Huarong Zhiyuan Investment & Management Co., Limited ("Huarong Zhiyuan") (Note 1)	Interest of a controlled corporation	Long position Short position	93,591,636 93,591,636	9.89 9.89

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

Name	Nature of interest	Long position/ short position	Number of shares held	% of the issued share capital of the Company
China Huarong Asset Management Co., Ltd. ("China Huarong") (Note 1)	Interest of a controlled corporation	Long position	93,591,636	9.89
		Short position	93,591,636	9.89
The Ministry of Finance of the People's Republic of China (Note 1)	Interest of a controlled corporation	Long position	93,591,636	9.89
		Short position	93,591,636	9.89

Note:

- (1) 93,591,636 shares of the Company were beneficially owned by Lijiang Investment Holdings Limited which is wholly-owned by Pure Virtue. Pure Virtue is wholly-owned by China Huarong Overseas, which is a wholly-owned subsidiary of Huarong Huaqiao. Huarong Huaqiao is 91% owned by Huarong Zhiyuan, which is a wholly-owned subsidiary of China Huarong. The Ministry of Finance of the People's Republic of China has approximately 61.41% interests in the share capital of China Huarong. Therefore, Pure Virtue, China Huarong Overseas, Huarong Huaqiao, Huarong Zhiyuan, China Huarong and The Ministry of Finance of the People's Republic of China are deemed to be interested in 93,591,636 shares of the Company.

Save as disclosed above and so far as the Directors and Chief Executives of the Company are aware of, as at 30 June 2021, there were no other person, other than the Directors or Chief Executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## 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 report, in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of 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 maximise the interests of shareholders.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of 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 30 August 2021, 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.



## CORPORATE GOVERNANCE

### 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 2020 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.

## SUPPLEMENTARY INFORMATION

### **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**

The electronic version of this report will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.irasia.com/listco/hk/alltronics/index.htm>).

### **APPRECIATION**

The Board would like to thank the Company's shareholders and the Group's business partners for their continuous support and to extend its sincere appreciation to all of the Group's management and staff for their dedication and contribution throughout the Period.

\* *For identification purpose only*

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

Hong Kong, 30 August 2021

As at the date of this report, 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

#### *Non-executive Director*

Mr. Fan, William Chung Yue

#### *Independent Non-executive Directors*

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

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. LAM Yin Kee (*Chairman*)  
Mr. LAM Chee Tai, Eric (*Chief Executive*)  
Ms. YEUNG Po Wah  
Ms. LAM Oi Yan, Ivy  
Mr. SO Kin Hung

#### Non-executive Director

Mr. FAN, William Chung Yue

#### Independent Non-executive Directors

Mr. PANG Kwong Wah  
Mr. YAU Ming Kim, Robert  
Mr. YEN Yuen Ho, Tony  
Mr. LIN Kam Sui

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 408, 4/F, Citicorp Centre  
18 Whitfield Road  
Hong Kong

### COMPANY SECRETARY

Mr. LEUNG Fuk Cheung

### INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

### AUDIT COMMITTEE

Mr. PANG Kwong Wah (*Chairman*)  
Mr. YAU Ming Kim, Robert  
Mr. YEN Yuen Ho, Tony

### PRINCIPAL BANKERS

Hang Seng Bank Limited

### SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong  
Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

In Cayman Islands

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P. O. Box 1586, Gardenia Court,  
Camana Bay  
Grand Cayman KY1-1100  
Cayman Islands

### WEBSITE

<http://www.irasia.com/listco/hk/alltronics/index.htm>

### STOCK CODE

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