



Alltronics Holdings Limited
華訊股份有限公司

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

INTERIM REPORT
2022



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INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	5	857,505	860,382
Cost of sales		(726,544)	(718,772)
Gross profit		130,961	141,610
Distribution costs		(10,960)	(14,318)
Administrative expenses		(39,927)	(43,496)
Other operating income/(expenses), net		799	(12,665)
Operating profit		80,873	71,131
Impairment losses on financial assets, net		(14,266)	(7)
Share of losses of associates		(5,829)	(920)
Finance income		1,112	699
Finance costs	7	(6,928)	(5,725)
Profit before tax	6	54,962	65,178
Income tax expense	8	(10,754)	(17,663)
Profit for the period		44,208	47,515
Attributable to:			
Owners of the Company		40,442	48,072
Non-controlling interests		3,766	(557)
		44,208	47,515
Earnings per share attributable to ordinary equity holders of the Company	10		
Basic and diluted (HK cents)		4.27	5.08

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Profit for the period	44,208	47,515
Other comprehensive income		
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	974	19,680
Share of other comprehensive (loss)/income of an associate	(82)	746
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	892	20,426
Other comprehensive income for the period, net of tax	892	20,426
Total comprehensive income for the period	45,100	67,941
Attributable to:		
Owners of the Company	41,854	68,676
Non-controlling interests	3,246	(735)
	45,100	67,941

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	195,086	203,025
Right-of-use assets		72,887	86,277
Investments in associates		197	6,108
Goodwill	12	11,672	11,672
Financial assets at fair value through profit or loss ("FVTPL")	13	22,099	21,780
Deferred tax assets		18,704	14,245
Total non-current assets		320,645	343,107
Current assets			
Inventories	14	443,342	452,679
Trade receivables	15	318,995	342,856
Prepayments, other receivables and other assets		86,995	64,450
Pledged deposits	16	3,763	3,759
Restricted deposits	16	12,657	13,246
Cash and cash equivalents	16	152,871	138,422
Total current assets		1,018,623	1,015,412

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Current liabilities			
Trade and bills payables	17	310,497	318,246
Other payables and accruals		107,267	131,887
Interest-bearing bank loans and other borrowings	18	241,491	265,619
Lease liabilities		28,080	27,780
Tax payable		33,331	27,948
Total current liabilities		720,666	771,480
Net current assets		297,957	243,932
Total assets less current liabilities		618,602	587,039
Non-current liabilities			
Lease liabilities		49,094	62,767
Deferred tax liabilities		6,070	5,934
Total non-current liabilities		55,164	68,701
Net assets		563,438	518,338
EQUITY			
Share capital	19	9,461	9,461
Reserves		539,879	498,025
Equity attributable to owners of the Company		549,340	507,486
Non-controlling interests		14,098	10,852
Total equity		563,438	518,338

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

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
At 1 January 2022 (Audited)	9,461	277,388	5,799	26,531	21,146	42	167,119	-	507,486	10,852	518,338
Profit for the period	-	-	-	-	-	-	40,442	-	40,442	3,766	44,208
Other comprehensive income/(loss) for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	1,494	-	-	-	1,494	(520)	974
Share of other comprehensive loss of an associate	-	-	-	-	(82)	-	-	-	(82)	-	(82)
Total comprehensive income for the period	-	-	-	-	1,412	-	40,442	-	41,854	3,246	45,100
Proposed interim dividend for the period	-	-	-	-	-	-	(9,461)	9,461	-	-	-
At 30 June 2022	9,461	277,388	5,799	26,531	22,558	42	198,100	9,461	549,340	14,098	563,438

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

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
At 1 January 2021 (Audited)	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)
Transactions with owners	-	-	-	(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
Total comprehensive income/(loss) for the period	-	-	-	-	20,604	-	48,072	-	68,676	(735)	67,941
Proposed interim dividend for the period	-	-	-	-	-	-	(9,461)	9,461	-	-	-
At 30 June 2021	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 CASH FLOWS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cash flows from operating activities			
Profit before tax		54,962	65,178
Adjustments for:			
Amortisation of prepayments	6	–	741
Depreciation of property, plant and equipment	6,11	9,675	10,322
Depreciation of right-of-use assets	6	14,301	11,832
Provision of warranty	6	–	8,631
Finance costs	7	6,928	5,725
Interest income	6	(1,112)	(699)
Share of losses of associates		5,829	920
Impairment of trade receivables	6	14,266	7
Changes in fair value of financial assets at FVTPL	6	(319)	3,579
Loss/(Gain) on disposal of property, plant and equipment	6,11	59	(335)
Provision/(Reversal) of slow-moving and obsolete inventories	6,14	24,201	(1,938)
Operating cash flows before working capital changes		128,790	103,963
(Increase)/Decrease in inventories		(14,864)	4,651
Decrease in trade receivables		9,595	27,981
(Increase)/Decrease in prepayments, other receivables and other assets		(22,545)	20,851
Decrease in trade and bills payables		(7,749)	(14,532)
Decrease in other payables and accruals		(26,240)	(49,843)
Increase/(Decrease) in trust receipt loans		128	(949)
Cash generated from operations		67,115	92,122
Interest received		1,112	699
Interest paid		(4,965)	(3,611)
Tax paid		(6,289)	(2,123)
Net cash flows from operating activities		56,973	87,087

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cash flows from investing activities			
Purchases of items of property, plant and equipment	11	(2,237)	(4,914)
Proceeds from disposal of items of property, plant and equipment		–	430
Purchase of financial asset at FVTPL	13	–	(18,910)
Net cash flows used in investing activities		(2,237)	(23,394)
Cash flows from financing activities			
Principal portion of lease payments		(15,336)	(12,713)
Proceeds from new bank loans		44,223	56,970
Repayment of bank and other borrowings		(64,534)	(65,470)
Increase in pledged deposits		(4)	(5)
Dividend paid		–	(18,922)
Net cash flows used in financing activities		(35,651)	(40,140)
Net increase in cash and cash equivalents		19,085	23,553
Cash and cash equivalents at beginning of period		132,926	189,045
Effect of foreign exchange rate changes, net		(2,481)	245
Cash and cash equivalents at end of period		149,530	212,843
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated statement of financial position	16	152,871	212,843
Bank overdrafts	18	(3,341)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		149,530	212,843

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 2022 (At 31 December 2021: 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 2022 were approved for issue by the board of directors (the “Board”) on 30 August 2022.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2021, except for the adoption of new and amended standards and interpretations effective as of 1 January 2022 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 New and amended standards adopted by the Group

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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 17	Insurance Contracts and related amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

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.

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 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 other payables and accruals 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 2022 (Unaudited)

	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
Segment revenue (note 5)				
Sales to external customers	857,351	154	–	857,505
Segment results				
Operating profit/(loss) before interest and tax	69,951	(42)	(936)	68,973
Share of losses of associates	(5,829)	–	–	(5,829)
Finance costs (other than interests on lease liabilities)	(4,965)	–	–	(4,965)
Finance income	1,086	–	26	1,112
Income tax expense	(10,754)	–	–	(10,754)
	49,489	(42)	(910)	48,537
Unallocated operating costs				(4,329)
Profit for the period				44,208
Segment assets	1,297,488	866	17,024	1,315,378
Unallocated:				
Cash and cash equivalents				310
Prepayments and deposits				1,481
Financial assets at FVTPL				22,099
Total assets				1,339,268
Segment liabilities	768,268	264	240	768,772
Unallocated:				
Other payables and accruals				7,058
Total liabilities				775,830

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
Segment revenue (note 5)				
Sales to external customers	859,944	241	197	860,382
Segment results				
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 interests on lease liabilities)	(3,611)	–	–	(3,611)
Finance income	672	–	27	699
Income tax expense	(17,663)	–	–	(17,663)
	53,746	(340)	(2,564)	50,842
Unallocated operating costs				(3,327)
Profit for the period				47,515
At 31 December 2021 (Audited)				
Segment assets	1,310,077	900	24,192	1,335,169
Unallocated:				
Cash and cash equivalents				224
Prepayments and deposits				1,346
Financial assets at FVTPL				21,780
Total assets				1,358,519
Segment liabilities	831,992	268	240	832,500
Unallocated:				
Other payables and accruals				7,681
Total liabilities				840,181

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
The United States	550,445	555,690
Hong Kong	83,077	63,987
Europe	129,462	127,517
The People's Republic of China (the "PRC")	69,352	79,488
Other overseas countries	25,169	33,700
	857,505	860,382

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

(b) Non-current assets

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Hong Kong	174,175	191,089
The PRC	105,667	115,993
	279,842	307,082

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 2022, revenues from customers which individually contributed over 10% of the Group's revenue is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Customer A	362,036	295,423
Customer B (note a)	N/A	151,158
Customer C (note b)	89,572	N/A

These revenues were attributable to the electronic products segment.

Notes:

- The Group did not have transaction with this customer for the period ended 30 June 2022.
- The Group had transactions with this customer but the amount of transactions was less than 10% of the Group's revenue for the period ended 30 June 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022 (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	857,351	154	–	857,505
Timing of revenue recognition				
Goods transferred at a point in time	857,351	154	–	857,505

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
Type of goods or services				
Sale of industrial products	859,944	241	197	860,382
Timing of revenue recognition				
Goods transferred at a point in time	859,944	241	197	860,382

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	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cost of inventories sold and services provided		527,981	509,895
Auditors' remuneration		970	931
Depreciation of property, plant and equipment	11	9,675	10,322
Depreciation of right-of-use assets		14,301	11,832
Amortisation of prepayments		–	741
Provision of warranty		–	8,631
Fair value (gain)/loss on financial assets at FVTPL		(319)	3,579
Impairment of trade receivables		14,266	7
Provision/(Reversal) of slow-moving and obsolete inventories	14	24,201	(1,938)
Wages and salaries (including directors' emoluments)		140,427	127,566
Foreign exchange differences, net		(371)	10,409
Loss/(Gain) on disposal of property, plant and equipment	11	59	(335)
Interest income from bank deposits		(128)	(158)
Other interest income		(984)	(541)

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank loans and bank overdrafts	4,965	3,611
Interest on lease liabilities	1,963	2,114
Total finance costs	6,928	5,725

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% (2021: 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 (2021: 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 2021.

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% (2021: 25%) on the taxable income.

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current – Hong Kong	11,500	7,830
Current – PRC	3,930	6,333
Over-provision in prior periods	–	(103)
Deferred	(4,676)	3,603
Total tax charge for the period	10,754	17,663

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. INTERIM DIVIDEND

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend, proposed, of HK\$0.01 (2021: HK\$0.01) per ordinary share	9,461	9,461

The Board recommends the payment of an interim dividend of HK\$0.01 per ordinary share for the six months ended 30 June 2022. 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 2022 has been approved by the Board on 30 August 2022.

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\$40,442,000 (Six months ended 30 June 2021: HK\$48,072,000), and the weighted average number of ordinary shares of 946,116,360 (Six months ended 30 June 2021: 946,116,360) in issue during the six months ended 30 June 2022.

The Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2022 and 2021 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

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
As at the beginning of the period/year	203,025	214,023
Additions	2,237	8,436
Disposals	(59)	(221)
Depreciation provided during the period/year	(9,675)	(20,528)
Exchange realignment	(442)	1,315
As at the end of the period/year	195,086	203,025

At 30 June 2022, the Group's leasehold property with a carrying amount of approximately HK\$156,428,000 (At 31 December 2021: HK\$159,613,000) and plant and machinery with a carrying amount of HK\$9,774,000 (At 31 December 2021: HK\$11,137,000) were pledged as security for the Group's bank loans, as further detailed in note 18(b) to the interim condensed consolidated financial statements.

12. GOODWILL

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (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	11,672	11,672

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Investments in life insurance plans (note a)	15,926	15,607
Unlisted convertible bond (note b)	6,173	6,173
	22,099	21,780

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. The total premium paid for these plans was 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:

The Company subscribed for a convertible bond (the "Convertible Bond") with a principal of HK\$6,427,000 (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 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 2022 approximates its fair value as at 31 December 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. INVENTORIES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Raw materials	335,728	311,472
Work in progress	54,615	64,024
Finished goods	92,502	92,485
	482,845	467,981
Provision against slow-moving and obsolete inventories	(39,503)	(15,302)
	443,342	452,679

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

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
As at beginning of the period/year	15,302	18,110
Provision/(Reversal) during the period/year	24,201	(4,108)
Write-down of inventories to net realisable value	–	1,300
As at the end of the period/year	39,503	15,302

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE RECEIVABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade receivables	354,946	364,541
Less: Expected credit loss allowance	(35,951)	(21,685)
	318,995	342,856

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 2022, the Group's largest customer accounted for approximately 20.5% of total trade receivables (At 31 December 2021: 27.6%). 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 period, based on the invoice date, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 1 month	185,762	174,552
1 to 2 months	70,841	107,204
2 to 3 months	43,171	30,317
Over 3 months	19,221	30,783
Total	318,995	342,856

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED DEPOSITS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Cash and bank balances	152,871	138,422
Time deposits	3,763	3,759
Restricted deposits	12,657	13,246
	169,291	155,427
Less: Pledged time deposits for bank loans and other borrowings (note 18(b))	(3,763)	(3,759)
Less: Restricted deposits under court freezing order (note a)	(12,657)	(13,246)
	152,871	138,422
Cash and cash equivalents	152,871	138,422
Cash and bank balances denominated in		
– Renminbi (“RMB”)	45,124	85,066
– United States dollars (“US\$”)	90,118	29,209
– HK\$	17,565	23,999
– Other currencies	64	148
	152,871	138,422

Note:

- (a) During the year ended 31 December 2021, Shenzhen Allcomm Electronic Co. Ltd (“Shenzhen Allcomm”), a subsidiary of the Group, received a court order to freeze a deposit balance of Shenzhen Allcomm at a bank amounted to RMB10,802,000 (equivalent to HK\$12,657,000 as at 30 June 2022 and HK\$13,246,000 as at 31 December 2021). As at 30 June 2022, the court order was still being executed by the bank.

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, pledged deposits and restricted 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:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 1 month	143,004	143,238
1 to 2 months	94,668	125,070
2 to 3 months	49,528	37,762
Over 3 months	23,297	12,176
Total	310,497	318,246

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

18. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank overdraft, secured	0.25 over prime rate & 3 over HIBOR	On demand	3,341	1.5 minus prime rate & 2.35 over HIBOR	On demand	5,496
Trust receipt loans, secured	0.5 over prime rate	On demand	1,146	0.5 over prime rate	On demand	1,018
Bank loans, secured	1.75 over HIBOR to 5.1	On demand	93,819	1.75 over HIBOR to 5.1	On demand	114,187
Bank loans, unsecured	1.8 – 2.5 over HIBOR	On demand	143,185	1.8 – 2.5 over HIBOR	On demand	144,918
			241,491			265,619

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Bank and other loans repayable:		
Within one year	198,039	219,449
In the second year	5,762	11,307
In the third to fifth years	37,690	34,863
	241,491	265,619

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\$43,452,000 as at 30 June 2022 (At 31 December 2021: HK\$46,170,000) has 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 2022, none (At 31 December 2021: nil) 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 LOANS AND OTHER BORROWINGS (Continued)

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

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Bank and other loans repayable denominated in:		
HK\$	158,223	148,388
RMB	44,061	61,292
US\$	39,207	55,939
	241,491	265,619

- (b) The bank and other borrowings were secured by the following:
- (i) the pledge of the Group's fixed deposits denominated in HK\$ of approximately HK\$2,741,000 (At 31 December 2021: HK\$2,737,000) and bank deposits denominated in US\$ of approximately HK\$1,022,000 (At 31 December 2021: HK\$1,022,000);
 - (ii) the Group's leasehold property of HK\$156,428,000 (At 31 December 2021: HK\$159,613,000);
 - (iii) the Group's right-of-use assets in Shenzhen of HK\$1,394,000 (At 31 December 2021: HK\$1,420,000);
 - (iv) the Group's plant and machinery in Yichun of HK\$9,774,000 (At 31 December 2021: HK\$11,137,000); 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 2022, the Group's total available banking facilities amounted to approximately HK\$475,576,000 (At 31 December 2021: HK\$513,858,000), of which approximately HK\$162,916,000 (At 31 December 2021: HK\$172,058,000) was unutilised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Issued and fully paid:		
946,116,360 (At 31 December 2021: 946,116,360) ordinary shares of HK\$0.01 each	9,461	9,461

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Notes	For the six months ended 30 June 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Expenses paid to an associate, Yichun Yilian Print Tech Co., Ltd, ("Yichun Yilian")	(i)	336	335
Interest income from associates: P2MT		225	225
Yichun Yilian	(ii)	181	241

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) (Continued)

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Convertible bond P2MT		6,173	6,173
Loans to/Amounts due from associates:			
Yichun Yilian	(ii)	8,333	8,584
		14,506	14,757
Less: Provision for impairment Yichun Yilian	(ii)	(1,680)	(1,731)
		12,826	13,026

- (i) During the period, the expenses such as rental payment and utilities paid to Yichun Yilian by the Group's wholly-owned subsidiary, 宜春華訊電子製品有限公司, were HK\$336,000 (2021: HK\$335,000).
- (ii) A loan of HK\$6,653,000 net of the impairment HK\$1,680,000 (At December 2021: HK\$6,853,000 net of the impairment HK\$1,731,000) granted to Yichun Yilian bears interest at 4.35% per annum and is repayable within one year. For the six months ended 30 June 2022, the interest income generated from the loan was HK\$181,000 (Six months ended 30 June 2021: HK\$241,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS AND BALANCES (Continued) (b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Directors' fees	825	825
Salaries and other short-term employee benefits	14,007	14,007
Pension scheme contribution	108	108
	14,940	14,940

- (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 continuing 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 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Lease liabilities – current	1,426	1,886
Lease liabilities – non-current	–	478
	1,426	2,364

Under the rental contract, the minimum lease payment during the period was HK\$960,000 (2021: HK\$960,000). As at 30 June 2022, the Group's right-of-use assets relating to such rental contract amounted to HK\$1,408,000 (At 31 December 2021: HK\$2,338,000).

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 interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the observability and significance of the lowest level input 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 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Financial assets				
Investments in life insurance plans	15,926	15,607	15,926	15,607
Unlisted convertible bond	6,173	6,173	6,173	6,173
	22,099	21,780	22,099	21,780
Financial liabilities				
Interest-bearing bank loans and other borrowings	241,491	265,619	241,491	265,619
	241,491	265,619	241,491	265,619

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, restricted deposits, trade 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 loans and other borrowings approximate to their respective carrying amounts are 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 loans 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 loans and other borrowings as at 30 June 2022 and 31 December 2021 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:

	Significant unobservable input	31 December 2021 %	Sensitivity of fair value to the input
Unlisted convertible bond	Volatility	98.02%	Increase in volatility would result in increase in fair value of the convertible bond.

The fair value of the unlisted 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 unlisted convertible bond. Expected volatility was determined by using the historical volatility as at 31 December 2021 of selected companies operated in similar industry. The directors considered there are no material change of the volatility as at 30 June 2022.

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/Liabilities measured at fair value:

As at 30 June 2022 (Unaudited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at FVTPL				
Investments in life insurance plans	–	15,926	–	15,926
Unlisted convertible bond	–	–	6,173	6,173
	–	15,926	6,173	22,099
Financial liabilities				
Interest-bearing bank loans and other borrowings	–	241,491	–	241,491
	–	241,491	–	241,491

As at 31 December 2021 (Audited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial asset at FVTPL				
Investments in life insurance plans	–	15,607	–	15,607
Unlisted convertible bond	–	–	6,173	6,173
	–	15,607	6,173	21,780
Financial liabilities				
Interest-bearing bank loans and other borrowings	–	265,619	–	265,619
	–	265,619	–	265,619

INTERIM DIVIDEND

The Board declared an interim dividend of HK1.0 cent per ordinary share for the six months ended 30 June 2022, payable on or about 28 October 2022, to the shareholders whose names appear on the register of members of the Company on 30 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 28 September 2022 to 30 September 2022, 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 27 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

Total turnover for the six months ended 30 June 2022 (the “Period”) had decreased slightly by 0.3% to HK\$857.5 million, as compared to HK\$860.4 million for the same period in 2021. The drop in turnover was due to the decrease 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	
	2022	2021
	HK\$'000	HK\$'000
Revenue from sales of electronic products	857,351	859,944
Revenue from biodiesel products and energy efficient gas stoves	154	241
Revenue from energy saving business	–	197
	857,505	860,382

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 remained stable. The sales of the Group’s irrigation controller products had increased by approximately HK\$66.6 million to HK\$362.0 million, as compared to HK\$295.4 million for the same period in 2021. Sales of walkie-talkie products had increased by approximately HK\$12.9 million to HK\$81.5 million. On the other hand, sales of electronic component products had increased by approximately HK\$65.3 million to HK\$183.7 million. During the Period, there were no sales of electrostatic disinfectant sprayers.

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, there were no sales revenue from this business segment for 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 64.2% of the total revenue for the Period (2021: 64.6%). 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 16.5% for the six months period ended 30 June 2021 to 15.3% for the Period. The drop was mainly due to the increase in unit costs of certain raw materials including chips and plastic resins, the provision of slow-moving and obsolete inventories and the increase in average labour costs due to annual adjustment in wages level in the PRC. Production overheads had also increased as a result of general inflationary increase.

Expenses and finance costs

Distribution costs had decreased by HK\$3.4 million mainly due to the reduction in commission on sales of electrostatic disinfectant sprayers. Total administrative expenses were comparable to prior period and had decreased by HK\$3.6 million. The total administrative staff costs for the Period, including directors' emoluments, had decreased by approximately HK\$1.2 million mainly due to the reduction in headcount of administrative staff during the Period.

Finance costs had increased by HK\$1.2 million which was mainly due to the increase in interests on bank loans and overdraft as a result of increase in interest rates when compared to prior period.

Other operating income/expenses

During the Period, there was a net other operating income of approximately HK\$0.8 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\$40.4 million, compared to HK\$48.1 million for the same period in 2021. The drop in net profit was mainly due to the reduction in gross profit margin and the impairment losses on trade receivables of HK\$14.3 million incurred 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\$2.2 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 2022, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$149.5 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2022, total borrowings of the Group amounted to HK\$241.5 million, comprising bank loans of HK\$237.0 million, trust receipt loans of HK\$1.2 million and bank overdraft of HK\$3.3 million, of which HK\$39.2 million were denominated in United States dollars, HK\$158.2 million were denominated in Hong Kong dollars and HK\$44.1 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 70 days, 112 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 2022, the Group's total current assets were HK\$1,018.6 million compared to HK\$1,015.4 million as at 31 December 2021, and the Group's total current liabilities were HK\$720.7 million compared to HK\$771.5 million as at 31 December 2021. The current ratio (current assets/current liabilities) as at 30 June 2022 was 1.41 times, compared to 1.32 times as at 31 December 2021.

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 2022, the Company had in issue a total of 946,116,360 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 2022, 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 2022 was HK\$149.5 million, which had increased by HK\$16.6 million compared to the balance at 31 December 2021.

The net cash generated from operating activities for the Period was HK\$57.0 million. The net cash used in investing activities amounted to HK\$2.2 million, which was mainly due to HK\$2.2 million being paid for the acquisition of property, plant and equipment.

On the other hand, there was a net cash outflow of HK\$35.7 million from financing activities. During the Period, new borrowings of HK\$44.2 million were obtained, and HK\$79.9 million was used to repay borrowings and principal repayment of lease liabilities. There was no dividend paid during the Period.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK\$2.2 million, mainly financed by internal resources of the Group.

PLEDGE OF ASSETS

At 30 June 2022, the Group had total bank borrowings of HK\$241.5 million, out of which HK\$87.1 million were secured by the land and buildings and right-of-use assets of HK\$157.8 million in aggregate, HK\$5.2 million were secured by short-term bank deposits of HK\$3.8 million and HK\$6.0 million were secured by plant and machinery of HK\$9.8 million.

DEBT POSITION AND GEARING

As at 30 June 2022, the Group has net debts (being total bank loans and other borrowings and lease liabilities excluding trade debts and net of cash and cash equivalents) of approximately HK\$164.6 million (At 31 December 2021: HK\$216.7 million). The total equity was approximately HK\$563.4 million (At 31 December 2021: HK\$518.3 million). The gearing percentage as at 30 June 2022 was approximately 29.2% (At 31 December 2021: 41.8%).

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

CONTINGENT LIABILITIES

(a) 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 the Group does not have any responsibility or 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

(b) Litigation related to alleged non-payment of four purchase orders

Shenzhen Allcomm Electronic Co., Ltd. (“Shenzhen Allcomm”), being a wholly-owned subsidiary established by the Group in the PRC, received a “Writ of Summons” (傳票) attaching a “Civil Complaint” (民事起訴狀) (the “Litigation”) from the Dongguan No. 3 People’s Court* (東莞市第三人民法院) (the “Court”) in relation to the claims made by Dongguan Hongjun Packaging Products Co., Ltd.* (東莞市宏俊包裝制品有限公司) (the “Plaintiff”), a supplier of Shenzhen Allcomm, against Shenzhen Allcomm as the defendant for the alleged non-payment of four purchase orders (the “Purchase Orders”) for purchase of components for the Group’s electrostatic disinfectant sprayer products. The Plaintiff seeks for court order for payment of the purchase costs under the Purchase Orders and other related costs and costs incurred in connection with the Litigation amounting to approximately RMB10.8 million in aggregate. The Plaintiff has also obtained a property preservation order (the “Court Order”) from the Court to freeze deposit balances of Shenzhen Allcomm at a bank, amounting to approximately RMB10.8 million. As at the date of this report, the Court Order is still being executed by the bank.

The Plaintiff is a designated supplier chosen and introduced to the Group by the Customer and the Purchase Orders were placed with the Plaintiff under the instructions of the Customer. The Customer subsequently requested the Group to terminate the Purchase Orders with the Plaintiff. The Plaintiff also failed to deliver the ordered goods within the delivery dates as specified in the Purchase Orders. The first court hearing of the Litigation was held on 24 February 2022. Shenzhen Allcomm has engaged a law office in Shenzhen (the “Legal Advisor”) to handle the Litigation and the Legal Advisor has attended the first hearing held on 24 February 2022. The second court hearing of the Litigation was held on 29 April 2022 and the Legal Advisor has also attended the second hearing. As at the date of this report, the Court has not rendered any judgement on the Litigation. The Company believes that the Litigation and the Court Order will not have any material adverse effect on the Group and the business and operations of the Group remain normal. The Company will keep the shareholders and potential investors of the Company informed of any further material development by way of announcement as and when appropriate.

Save for the Litigation as disclosed above, the Group was not a defendant in any other legal proceedings against the Group during the Period and as at 30 June 2022 and 31 December 2021.

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 30 June 2022 and 31 December 2021.

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 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 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 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.

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. However, the Borrower and the Guarantor have not settled the Debt 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. As at the date of this report, 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.

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.

As at the date of this report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

At 30 June 2022, the Group had 3,362 employees, of which 67 were employed in Hong Kong and 3,295 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 2022, 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 2022, 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

The overall performance of the Group's electronic products segment during the first half of the year 2022 has remained stable when compared to prior year. The total revenue has decreased slightly by HK\$2.5 million to HK\$857.4 million, compared to HK\$859.9 million for the same period in 2021. However, the impacts of the COVID-19 continue to pose threats to the global economy as a result of the emergence of new variants. Management will keep alert and has to remain cautious on the performance in the second half of the year. It is anticipated that the shortage of raw materials and components for electronic products will remain unabated within this year, and the global economy may take longer-than-expected before returning to full speed. Besides the uncertainties on the impacts 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 high inflation and 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 to maximise the gross profit margin.

In terms of products, irrigation controllers have remained as the Group's core electronic products during the first half of the year 2022 and management expects that irrigation controllers will continue to be the core products of the Group's electronic products segment in the near future. Management also expects that the performance of the Group's irrigation controller products will remain strong with steady growth. On the other hand, management is striving to launch new products to provide new momentum for growth in revenue.

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 during the second half of 2022.

The COVID-19 pandemic has affected the business operations of the Group's associated companies and management expects that their business operations will continue to incur losses during the second half of the year.

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 and will not be significant during the second half of 2022.

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 2022 as the Group has already ceased all installation work at Suning stores since 2021.

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.

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 2022 and the year ended 31 December 2021, there were no share options granted, exercised, cancelled or lapsed under the 2016 Share Option Scheme. As at 30 June 2022 and 31 December 2021, 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 EXECUTIVE'S INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, 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 2022

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	8,396,922	-	439,740,000 (Note 1)	448,136,922	47.37
Ms. Yeung Po Wah	Long position	-	448,136,922	-	448,136,922	47.37
Mr. Lam Chee Tai, Eric (Note 2)	Long position	3,018,708	-	-	3,018,708	0.32
Ms. Lam Oi Yan, Ivy (Note 3)	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 EXECUTIVE'S INTERESTS

(b) Share options of the Company as at 30 June 2022

None of the Directors and Chief Executive has held any share options as at 30 June 2022.

(c) Interests in an associated corporation, Profit International Holdings Limited (ordinary shares of US\$1 each) as at 30 June 2022

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 Executive (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 Executive 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 2022, 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	93,591,636	9.89
		Short position	93,591,636	9.89
Pure Virtue Enterprises Limited ("Pure Virtue") (Note 1)	Interest of a controlled corporation	Long position	93,591,636	9.89
		Short position	93,591,636	9.89
China Huarong Overseas Investment Holdings Co., Limited ("China Huarong Overseas") (Note 1)	Interest of a controlled corporation	Long position	93,591,636	9.89
		Short position	93,591,636	9.89
Huarong Huaqiao Asset Management Co., Limited ("Huarong Huaqiao") (Note 1)	Interest of a controlled corporation	Long position	93,591,636	9.89
		Short position	93,591,636	9.89
Huarong Zhiyuan Investment & Management Co., Limited ("Huarong Zhiyuan") (Note 1)	Interest of a controlled corporation	Long position	93,591,636	9.89
		Short position	93,591,636	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 27.76% 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 Executive of the Company are aware of, as at 30 June 2022, there were no other person, other than the Directors or Chief Executive 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 2022, 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 2021 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 2022

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
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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
Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited

SHARE REGISTRARS AND TRANSFER OFFICE

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