Alltronics Holdings Limited
華訊股份有限公司

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

2024

ANNUAL REPORT

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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

Independent Non-executive Directors

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

REGISTERED OFFICE

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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

STOCK CODE

833

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
Dah Sing Bank Limited

SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong
Tricor Investor Services 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

On behalf of the board (the "Board") of directors of Alltronics Holdings Limited (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present to you the annual report for the year ended 31 December 2024.

BUSINESS REVIEW

During the financial year under review, the Group reported a total sales revenue of HK$1,067 million (2023: HK$1,347 million), representing a 20.8% decrease compared to the previous year. Orders from most of the customers have decreased, including orders for the Group's irrigation controller products. The total sales revenue for the year from irrigation controller products sold to a major customer in the United States was HK$456 million, which has decreased by about 34% from the prior year. However, sales revenue from component products had increased by HK$70 million, or 42.1%, when compared to the year 2023. As a whole, the total turnover for the year has decreased by approximately HK$280 million. Raw material prices and shipping costs fluctuated less than last year, while the Group continued its efforts to tighten controls over production costs and overhead. The overall gross profit margin had reduced slightly by approximately 1.1%. The net profit attributable to the owners of the Company had decreased by 42% year-over-year to HK$63 million (2023: HK$108 million).

PROSPECTS

The Group will continue focusing its resources in the core electronic products business in the year ahead. Benefiting from the general trend of new energy transformation and the potential growth in demand for new energy products, the Group is expecting an increase in sales revenue from the new energy business in China. Furthermore, the demand for the irrigation controller products is encouraging. I am confident that the Group will overcome all difficulties and challenges and will continue to look for new opportunities to provide a better return to all shareholders.

DIVIDEND

The Board recommends a final dividend of HK3.0 cents per ordinary share. Together with the interim dividend of HK3.0 cents per ordinary share paid in October 2024, the total dividend for the year will be HK6.0 cents per ordinary share. The Board believes that after the payment of the proposed final dividend, the financial position of the Group will remain strong, and the Group will still have sufficient liquid funds to finance its operations and prepare for future growth. The Board will consider future dividend distribution in due course according to dividend policy.

APPRECIATION

On behalf of the Board, I would like to thank the management team and all our staff for their hard work and contributions in the past year.

Lastly, I wish to extend my sincere gratitude to all our shareholders, customers and business partners for their continuing support.

Lam Yin Kee
Chairman

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products. Other businesses mainly include the provision of energy saving business solutions. The revenue from the sales of electronic products is the major source of income of the Group.

Revenue

Total turnover for the year ended 31 December 2024 had decreased by 20.8% to HK$1,066.9 million, as compared to HK$1,347.4 million for the year 2023. The decrease in turnover was mainly due to the decrease in sales of electronic products.

The turnover analysis by business segments for the two years ended 31 December 2024 and 2023 respectively is as follows:

	2024 **HK$'000**	2023 HK$'000
Revenue from sales of electronic products	**1,066,911**	1,347,261
Revenue from other segment	**34**	155
	1,066,945	1,347,416

Sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. The reduction in sales of electronic products was mainly due to the drop in the sales of finished electronic products. The sales of the Group's irrigation controller products to a major customer had decreased by approximately HK$234.7 million to HK$455.8 million, as compared to HK$690.5 million for the year 2023. Sales of walkie-talkie products had decreased by approximately HK$14.7 million to HK$105.0 million. Sales of plastic and moulds for the year were approximately HK$55.8 million, compared to HK$67.5 million for the year 2023. On the other hand, the sales of electronic component products had increased from approximately HK$166.8 million in 2023 to approximately HK$237.0 million in 2024 as a result of the increase in demand from customers.

Revenue from other segment remained at a low level and is less than 1% of the total revenue for the year.

In terms of geographical market, customers in the United States continued to be the major market for the Group's products and services which accounted for approximately 72.8% of the total revenue for the year (2023: 72.6%). On the other hand, sales to customers in Hong Kong and in the PRC accounted for approximately 6.9% (2023: 11.0%) and 11.2% (2023: 9.2%) of the total revenue for the year respectively.

Gross profit

The total gross profit for the year had decreased by HK$71.0 million mainly due to the drop in the total turnover for the year. The overall gross profit margin had dropped slightly from 20.9% for the year 2023 to 19.8% for the year 2024. The decrease was mainly due to the increase in unit costs of certain raw materials including chips and plastic resins; and the increase in labour costs due to the general increase in wages level in China.

Expenses and finance costs

Distribution costs had decreased by HK$3.2 million mainly due to the drop in the sales revenue and the reduction in sales commission and transportation costs. Total administrative expenses had decreased by approximately HK$9.8 million which was mainly due to the decrease in staff costs. The total staff costs for the year, including directors' emoluments, had decreased by approximately HK$17.1 million. The decrease was mainly due to the decrease in discretionary bonus paid to executive Directors by HK$6.3 million during the year.

Finance costs had decreased by HK$7.5 million which was mainly due to the drop in interests on bank loans, overdrafts and other loans by approximately HK$6.2 million and the drop in interest on lease liabilities by approximately HK$1.2 million during the year.

Other operating income/expenses

During the year, there was a net other operating income of approximately HK$2.1 million which was mainly due to exchange gain and changes in fair value of financial assets at FVTPL and rental income.

Share of losses of associates

There was no share of losses of associates for the year.

Profit attributable to owners of the Company

The profit for the year attributable to owners of the Company was HK$63.1 million, compared to a profit of HK$108.4 million for the year 2023. The decrease in the net profit was mainly due to the reduction in total turnover during the year. On the other hand, the losses on changes in fair value of financial assets at FVTPL have increased by HK$5.7 million during the year.

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 year, the Group spent approximately HK$6.0 million to acquire property, plant and equipment to enhance its production capacity.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2024, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$450.0 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2024, total borrowings of the Group amounted to HK$191.4 million, comprising bank loans of HK$190.3 million and trust receipt loans of HK$1.1 million, of which HK$16.2 million were denominated in United States dollars, HK$153.9 million were denominated in Hong Kong dollars and HK$21.3 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover for the year were approximately 60 days, 100 days and 71 days respectively. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

As at 31 December 2024, the Group's total current assets were HK$928.8 million compared to HK$899.3 million as at 31 December 2023, and the Group's total current liabilities were HK$437.2 million compared to HK$472.6 million as at 31 December 2023. The current ratio (current assets/current liabilities) as at 31 December 2024 was 2.1 times, compared to 1.9 times as at 31 December 2023.

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

At 31 December 2024, the Company had in issue a total of 473,058,180 ordinary shares. A share option scheme (the "2016 Share Option Scheme") has been adopted by the shareholders of the Company at the annual general meeting of the Company held on 7 June 2016. There were no share options granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 31 December 2024, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2024 was HK$450.0 million, which had increased by HK$19.1 million compared to the balance at 31 December 2023.

The net cash generated from operating activities for the year was HK$128.4 million. The net cash used in investing activities amounted to HK$42.7 million, which was mainly due to HK$6.0 million being paid for the acquisition of property, plant and equipment; HK$10.6 million being paid for the acquisition of financial asset at FVTPL; HK$15.6 million being paid as refundable deposit for a potential acquisition; and the increase in loan receivables of HK$8.6 million.

On the other hand, there was a net cash outflow of HK$60.1 million from financing activities. During the year, new borrowings of HK$234.6 million were obtained, and HK$270.0 million was used to repay borrowings and principal repayment of lease liabilities. During the year, the Company paid dividend of HK$23.7 million to its shareholders.

CAPITAL EXPENDITURE

During the year, the Group acquired property, plant and equipment at a total cost of HK$6.0 million, mainly financed by internal resources of the Group.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year, the Group did not have any significant investment nor any material acquisition or disposal of subsidiaries.

PLEDGE OF ASSETS

At 31 December 2024, the Group had total bank borrowings of HK$191.4 million, out of which HK$56.1 million were secured by the land and buildings and right-of-use assets of HK$141.8 million in aggregate and HK$1.1 million were secured by short-term bank deposits of HK$5.0 million.

DEBT POSITION AND GEARING

As at 31 December 2024 and 31 December 2023, the Group was not in a net debts (being total bank loans and other borrowings and lease liabilities excluding trade debts and net of cash and cash equivalents) position. The total equity was approximately HK$729.9 million (At 31 December 2023: HK$688.7 million). There was no gearing percentage as at 31 December 2024 and 31 December 2023.

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

CONTINGENT LIABILITIES

Potential litigation related to a fire incidence in the United States

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

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

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

UPDATE ON SETTLEMENT OF OVERDUE CONSIDERATION AND DEBT

On 15 April 2019, the Group has completed a very substantial disposal transaction (the "VSD Transaction") in relation to the disposal of the Group's investment properties business segment. On 15 July 2020, the Group has engaged a solicitor firm at Beijing to commence arbitration proceedings against the purchaser (the "Purchaser") and the guarantor (the "Guarantor") for collection of the overdue consideration of RMB100 million (the "Consideration") and accrued interests in relation to the VSD Transaction. On 12 March 2021, the arbitration hearing was conducted at the Beijing Arbitration Commission (the "BAC") and the arbitral award has been issued by the BAC on 5 August 2021. Under the arbitral award, it was decided by the BAC that, amongst other things, (i) the Purchaser and the Guarantor pay the overdue Consideration and accrued interests thereon to the Group, (ii) the Purchaser and the Guarantor bear the arbitration fees and the legal and other costs related to the arbitration, and (iii) the Purchaser and the Guarantor should settle all the amounts due to the Group within fifteen days from the date the arbitral award is delivered to the Purchaser and the Guarantor. As at the date of this 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.

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

In August 2021, the Group's legal advisers in Beijing and Shenzhen advised that Henan Luohe Intermediate People's Court (河南省漯河市中級人民法院) (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 liquidation against the Guarantor is still in progress.

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.

EMPLOYEES

At 31 December 2024, the Group had 2,149 employees, of which 65 were employed in Hong Kong and 2,084 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 31 December 2024, there were no share options remained outstanding.

The Group did not experience any significant labour disputes or substantial changes in the number of its employees that led to any disruption of its normal business operations. The Board believes that the Group's management and employees are the most valuable assets 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 31 December 2024, the Group did not have any outstanding forward foreign exchange contracts. Management will continue to evaluate the Group's foreign currency exposure and take further actions as appropriate to minimise the Group's exposure whenever necessary.

OUTLOOK

Electronic products segment

During the year, the demand for the Group's electronic products has dropped and has resulted in a decrease in revenue when compared to the prior year. Management expects the operating environment to remain challenging in the year 2025 and will keep alert and remain cautious.

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

To combat the effect of the increases in tariffs by the United States, the Group is actively seeking business opportunities in setting up production facilities in Vietnam. 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.

In terms of geographical market, the Group foresees that the United States will continue to be the major market for its products in the year ahead.

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

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

PROPOSED DIVIDEND

The Board proposes the payment of a final dividend of HK3.0 cents per share. Together with the interim dividend of HK3.0 cents per share paid in October 2024, the total dividends paid or payable for the year 2024 will be HK6.0 cents per share. All dividends are paid in cash from funds generated from the Group's operations. The Group will have sufficient funds for its future expansion after the payment of dividends.

The proposed final dividend of HK3.0 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 13 June 2025. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or about 27 June 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 May 2025 to 29 May 2025 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 23 May 2025.

The register of members of the Company will also be closed from 11 June 2025 to 13 June 2025 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the AGM), all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 10 June 2025.

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lam Yin Kee (林賢奇), aged 78, is an executive Director and the Chairman of the Company. Mr. Lam was also the Chief Executive of the Company until 12 June 2020. Being the founder of the Group, Mr. Lam has over 50 years of marketing experience in the electronic industry and he is responsible for the Groups' overall strategic planning and business development. He is also responsible for overseeing the overall operation in the sales and marketing and administration management of the Group. Prior to establishing the Group in 1997, Mr. Lam was the vice chairman of a listed group in Hong Kong engaging in the manufacture and sale of electronic products for over 20 years. Mr. Lam is the spouse of Ms. Yeung Po Wah and the father of Mr. Lam Chee Tai, Eric and Ms. Lam Oi Yan, Ivy.

Ms. Yeung Po Wah (楊寶華), aged 75, is an executive Director of the Company. Ms. Yeung is a co-founder of the Group and is responsible for the overall administrative functions and strategic planning of the Group. From 1967 to 1984, Ms. Yeung worked at the Bank of Tokyo with the last position being assistant manager of the remittance department. Ms. Yeung is the spouse of Mr. Lam Yin Kee and the mother of Mr. Lam Chee Tai, Eric and Ms. Lam Oi Yan, Ivy.

Mr. Lam Chee Tai, Eric (林子泰), aged 45, was appointed as an executive Director of the Company on 30 March 2012. On 12 June 2020, Mr. Lam was appointed as the Chief Executive of the Company. Mr. Lam holds a Bachelor Degree in Commerce (Marketing) and a Master Degree in Business Systems from Monash University, Australia. Mr. Lam joined the Group as an assistant Marketing Manager in June 2004 and is currently the General Manager of a major subsidiary of the Group. Mr. Lam has extensive experience in production and customer management and is mainly responsible for the overall supervision of the Group's manufacturing operations in China and for business development in China and overseas markets. Mr. Lam is the son of Mr. Lam Yin Kee and Ms. Yeung Po Wah. Mr. Lam is also the brother of Ms. Lam Oi Yan, Ivy.

Mr. So Kin Hung (蘇健鴻), aged 68, was appointed as an executive Director of the Company on 1 August 2008. Mr. So graduated from the University of East London (previously known as "North East London Polytechnic") in the United Kingdom in 1982, with a degree of Bachelor of Science (Electrical and Electronic Engineering). Mr. So joined the Group since 1997 and is also the general manager of two of the Group's subsidiaries, namely Alltronics Tech. Mftg. Limited and Shenzhen Allcomm Electronic Co. Ltd. He has over 40 years of experience in the electronic industry and is responsible for the marketing and engineering operations of the Group. Prior to joining the Group in 1997, Mr. So worked for a Hong Kong listed company as the assistant general manager.

Ms. Lam Oi Yan, Ivy (林藹欣), aged 47, was appointed as an executive Director of the Company on 12 June 2020. Ms. Lam joined the Group as an assistant Marketing Manager in March 2003 and has extensive experience in marketing, administrative management and investor relations. Ms. Lam is mainly responsible for the administrative management and investor relations of the Group. Ms. Lam holds a Bachelor Degree in Business (Marketing) from Central Queensland University, Australia. Ms. Lam has been a member of the YIC Youth of the Hong Kong Young Industrialists Council since 2003 and is also a director of the Lifeline Express Hong Kong Foundation since 2013. Ms. Lam is the daughter of Mr. Lam Yin Kee and Ms. Yeung Po Wah. Ms. Lam is also the sister of Mr. Lam Chee Tai, Eric.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Pang Kwong Wah (彭廣華), aged 79, is an independent non-executive Director appointed by the Group in June 2013. Mr. Pang graduated from the University of Southern California in the United States of America with a Master of Business Administration and has extensive experience in finance and administration, business and general management. Mr. Pang was a principal of the corporate services division of an international audit firm from 1985 to 1988 and had held senior positions including the chief operating officer and chief executive officer of a listed company in Hong Kong from 1988 to 2002. Mr. Pang was also a non-executive director of a listed company in Hong Kong from 2004 to 2005.

Mr. Yau Ming Kim, Robert (丘銘劍), aged 86, is an independent non-executive Director appointed by the Group in September 2009. Mr. Yau graduated from Wah Yan College and has extensive experience in the textile and clothing industry and worldwide trade affairs. He served as a trade officer in the Hong Kong Government from 1964 to 1971. In 1970, he was seconded to the General Agreement on Tariffs and Trade ("GATT") Secretariat (now known as "World Trade Organisation") in Geneva, Switzerland and was awarded GATT Fellowship. Mr. Yau had held senior positions including chief executive and managing director of various major international and local apparel companies since 1971. In addition, from 1998 to 2004, he was appointed as the vice chairman of the Hong Kong Exporters' Association, member of the Executive Committee of The Hong Kong Shippers' Council and member of the Garment Advisory Committee of the Hong Kong Trade Development Council.

Mr. Yau is currently an independent non-executive director of Parkson Retail Group Limited (stock code: 3368) since 1 January 2007. Mr. Yau also served as an independent non-executive director of Tungtex (Holdings) Company Limited (stock code: 518) from 18 September 2006 to 26 August 2024. The shares of these two companies are listed on the Main Board of the Stock Exchange.

Mr. Yen Yuen Ho, Tony (嚴元浩), aged 77, is an independent non-executive Director appointed by the Group in August 2016. Mr. Yen is a solicitor of Hong Kong and the United Kingdom. He is also a barrister and solicitor of Australia. From August 1994 to March 2007, he was the Law Draftsman of the Department of Justice of Hong Kong. He was also a member of the Hong Kong Government's Law Reform Commission. Mr. Yen was conferred the Silver Bauhinia Star Medal by the Hong Kong Government in 2000. Currently, he is an adjunct professor at the Hong Kong Shue Yan University and the Beijing Normal University. Mr. Yen is an Honorary Court Member of the Hong Kong University of Science and Technology and an Honorary Fellow of the Faculty of Education, University of Hong Kong. He is the director of two secondary schools, the chairman of the Neighbourhood Advice Action Council and a member of Heep Hong Society's Executive Council. He is an honorary adviser to the Pok Oi Hospital and the Hong Kong Academy of Nursing. From April 2009 to April 2015, Mr. Yen was the vice chairman of the Hong Kong Government's Social Welfare Department Lump Sum Grant Independent Complaints Handling Committee. From January 2013 to January 2019, Mr. Yen was a member of the Hong Kong Government's Panel of Review Board on School Complaints.

Mr. Yen is an independent non-executive director of Jinchuan Group International Resources Company Limited (stock code: 2362), whose shares are listed on the Main Board of the Stock Exchange, and also an independent director of China Minsheng Jiaye Investment Co., Limited. Mr. Yen also served as an independent non-executive director of Beijing Energy International Holding Co., Ltd. (stock code: 686) from 6 April 2011 to 18 June 2021, whose shares are listed on the Main Board of the Stock Exchange. Mr. Yen also served as an independent non-executive director of Link Holdings Limited (stock code: 8237) from 20 June 2014 to 16 October 2014 and WWPKG Holdings Company Limited (stock code: 8069) from 16 December 2016 to 2 August 2022, whose shares are listed on GEM of the Stock Exchange.

Mr. Lin Kam Sui (連金水), aged 75, is an independent non-executive Director appointed by the Group in June 2017. Mr. Lin was graduated from Hong Kong Technical College (now known as Hong Kong Polytechnic University) in 1970 and was awarded the Higher Diploma in Mechanical Engineering. He is also a holder of the Full Technological Certificate in Electrical Engineering Practice of the City and Guilds of London Institute, the Diploma in Management for Executive Development of the Chinese University of Hong Kong, and has completed the General Management Programme of Ashridge Management College in the United Kingdom and the Graduate Certificate in Management by Monash University in Australia.

Mr. Lin has over 50 years of experience in the field of electrical and mechanical engineering. He joined Jardine Engineering Corporation, Limited upon graduation from Hong Kong Technical College in 1970 and held various senior positions until he retired from the company in 2015, after 45 years of services. Mr. Lin currently is the Business Development Director of Midea Electric (HK) Limited.

Mr. Lin is a Chartered Engineer of the Engineering Council UK, a Fellow Member of The Chartered Institution of Building Services Engineers (UK), a Fellow Member of The Hong Kong Institution of Engineers, and a Life Member of American Society of Heating, Refrigerating and Air Conditioning Engineers. Mr. Lin is also the Honorary Life President of The Hong Kong Air Conditioning and Refrigeration Association Limited.

Mr. Lin has served the Hong Kong Government in various capacities, including as a member of the Electrical and Mechanical Services Industry Training Advisory Committee, a member of the Contractors' Registration Committee, a member of the Appeal Board Panel (under the Construction Workers Registration Ordinance), a member of the Registered Contractors' Disciplinary Board Panel, a Sector/Subject Specialist of the Hong Kong Council for Academic and Vocational Qualification and a member of the Employees Retraining Board.

SENIOR MANAGEMENT

Mr. Ieong Kin San, Sunny (楊建燊), aged 74, is a co-founder of a major subsidiary, Southchina Engineering and Manufacturing Limited ("Southchina"), and currently is the marketing director and general manager of Southchina. He is responsible for overseeing the sales and marketing activities of Southchina and has over 45 years of management experience in manufacturing field.

Mr. Leung Hon Kwong, Jackson (梁漢光), aged 72, is a co-founder of Southchina and is currently the financial and purchasing director of Southchina. He is responsible for overseeing the purchasing and financial functions of Southchina and has over 45 years of management experience in manufacturing field.

Mr. Leung Fuk Cheung (梁福祥), aged 61, is the company secretary and qualified accountant of the Group. Mr. Leung is responsible for the Group's overall financial administration. He has extensive experience in finance, accounting, auditing and company secretarial practice and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of the Chartered Certified Accountants. Mr. Leung has worked for international accounting firms for over 12 years. Prior to joining the Group in August 2002, Mr. Leung worked as the financial controller for a jewelry manufacturing company.

1. ABOUT THIS REPORT

1.1 Introduction of the Report

This Environmental, Social and Governance Report (the "Report") discloses environmental, social and governance performance of Alltronics Holdings Limited (the "Company", its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange), with stock code 833) and its subsidiaries (the "Group", or "We") for the period of 1 January 2024 to 31 December 2024 (the "Reporting Period"). The Report is prepared in accordance with mandatory and the comply or explain provisions requirements stipulated in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

1.2 Scope of Reporting

The environmental, social and governance ("ESG") policies and management measures contained in the Report are applicable to the Group and all of its wholly-owned subsidiaries. The information set out in the Report covers the Group's two facilities in the PRC for the production of electronic products and components, one of which is located in Shenzhen (the "Shenzhen Factory") and the other one is located in Yichun (the "Yichun Factory"). The above two facilities are the core source of revenue for the Group. Unless otherwise stated, all key performance indicators in the Report include the data of the Shenzhen Factory and the Yichun Factory only.

1.3 Reporting Principles

The Report adhered to the ESG Reporting Guide and applied the following principles:

Materiality: In order to identify and assess material matters that have an impact on business-related parties, we also conduct substantive assessment surveys through various communication activities with business-related parties to determine the factors that have a significant impact on the sustainable development of the Group. For more information, please refer to the Section 3.2 headed "Stakeholder Engagement and Materiality Assessment".

Quantitative: In order to ensure the accuracy of key performance indicators, the Group quantifies and estimates data in accordance with national or international standards to facilitate comparison of ESG performance.

Balance: The information and cases in this Report are mainly from the Group's 2024 annual statistical report, related documents and internal communication documents. The Group undertakes that there are no false records or misleading representations in the Report, and make fair disclosures on the progress and ongoing challenges of the most critical aspects of the Group's ESG performance.

Consistency: We follow the ESG Reporting Guide for reporting. If there are any changes in the future that may affect the comparison with previous reports, the Group will add notes to the corresponding content of the report.

2. BOARD STATEMENT ON ESG

The Board of the Group firmly believes that ESG management plays a major role in current business environment, which is conducive to the achievement of the Company in sustainable development and obtainment of multiple benefits. With the effective ESG management, the Company can promote the sustainability for the business, which not only helps increase revenue but also enhances the brand image of the Company. Meanwhile, reducing ESG risks is a key strength, which contributes to the mitigation of potential risks of the Company and the avoidance of negative impacts.

In addition, ESG management can improve the competitiveness of the Company, such as increasing market share and improving financing capabilities, thereby reducing borrowing costs. At the same time, protecting the environment, developing a corporate image of Green, promoting community development and giving back to the society are all added values brought by ESG management. Also, strengthening the ability of the Company to comply with relevant laws and regulations is also one of the important benefits of ESG management, which helps the Company in ensuring the compliance and the expansion of its business scope.

The Group responds to the ten principles on human rights, labor, the environment and anti-corruption stated in the UN Global Compact, and is committed to integrating the principles into a part of our business strategy, corporate culture and daily operations.

UN Global Compact	Current Situation of the Group
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	The Group strictly abides by the laws, regulations and rules of the nations and the countries where it operates. We support human rights in the workplace and in the community, and strive to improve and respect globally recognized protection of human rights and effectively safeguard the legitimate rights and interests of employees.
Principle 2: Make sure that businesses are not complicit in human rights abuses	The Group promises that the Group will not be involved in any human rights violations.
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	The Group understands the importance of employees' opinion. Employees are entitled to the freedom of association and collective bargaining power.
Principle 4: Businesses should eliminate all forms of forced and compulsory labor	The Group respects human rights in the workplace and will never tolerate any form of forced labor.
Principle 5: Businesses should promote the abolition of child labor	The Group strictly prohibits hiring of any form of child labor. It verifies the original copy of the identity documents and academic certificates of new employee as a dual-verification approach to prevent child labor.
Principle 6: Businesses should eliminate any discrimination in respect of employment and occupation	The Group upholds the concept of diversity and non-discrimination. By taking the stand of "respect, adaptation, tolerance and integration", we eliminate discrimination in race, nationality, religion, disability, gender, education, etc. We provide equal opportunities and prohibit both tangible and intangible sexual harassment, bullying and discrimination in the workplace.

UN Global Compact	Current Situation of the Group
Principle 7: Businesses should adopt a precautionary approach to environmental challenges	The Group is prepared to cope with climate change and environmental challenges. We have incorporated issues such as climate change into the Group's risk management system to reduce environmental risks and seize opportunities.
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	The Group aims to refine its business operations to be more environmentally sustainable. We are taking steps to mitigate the impacts on the environment brought about by our processes.
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	The Group is actively seeking opportunities for using environmentally-friendly technologies in our business operations.
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	The Group emphasizes the importance of anti-corruption in the supply chain. We are committed to complying with relevant laws and regulations, such as competition laws, anti-bribery laws and personal privacy protection laws. In addition, trainings are organized to enhance employees' awareness of compliance.

We continue to support the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals. In response to the universal call by the United Nations Member States, the Group aligns its sustainability strategy with the United Nations Sustainable Development Goals ("SDGs"). It actively promotes the realization of the global sustainable development goals, and is committed to eradicating poverty by 2030, protecting the earth and ensuring a peaceful and prosperous world for all. For more details on the SDGs, please visit https://sdgs.un.org/goals.

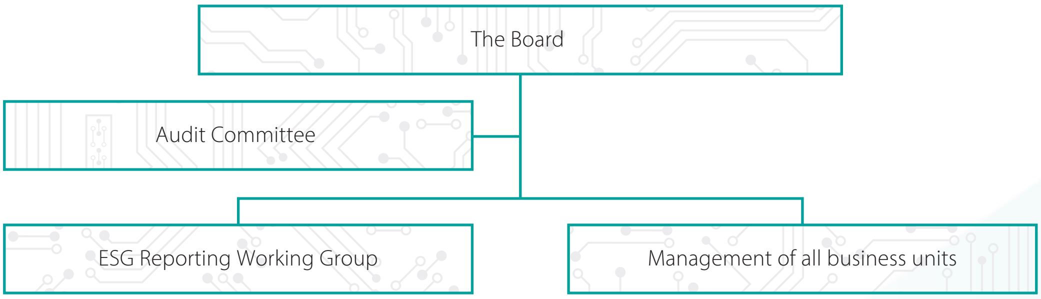
ESG Aspect	ESG issues	Relevance to business operations	Related UN's SDGs
Environment	A1: Emissions A2: Use of resources A3: Environment and natural resources	The Company is committed to improving resource efficiency, addressing climate change and applying innovative technologies. We strictly comply with environment-related regulations, and actively improve the environmental performance of our operations. The Group aims to contribute to building sustainable cities and communities.	Clean Water and Sanitation Responsible Consumption and Production Affordable Clean Energy Climate Action

ESG Aspect	ESG issues	Relevance to business operations	Related UN's SDGs
Employment and labor practices	B1: Employment	The Group is committed to creating a people-oriented working environment. We promote multiculturalism and value health and safety. We actively cultivate employees, provide appropriate support and equal opportunities, and support the positive development of our team.	Gender Equality Reduced Inequality Decent Work and Economic Growth
	B2: Health and safety		Good Health and Well-being
	B3: Development and training		
	B4: Labor standards		Gender Equality Reduced Inequality Decent Work and Economic Growth
Operating Practices	B5: Supply chain management	The Group is committed to building a sustainable supply chain that strikes a balance in terms of environment, society and governance. We take the initiative to establish long-term and mutually beneficial partnerships with suppliers and contractors, strengthen communication and implement management.	Partnerships for the Goals

ESG Aspect	ESG issues	Relevance to business operations	Related UN's SDGs
	B6: Product responsibility	The Group has always adhered to the concept of putting customers first, and is committed to providing quality products and services that exceed customer expectations. We always keep ourselves updated to understand customer needs, safeguard customer rights and protect their health and safety through innovative technology.	Good Health and Well-being; Responsible Consumption and Production; Industry, Innovation and Infrastructure
	B7: Anti-corruption	The Group advocates integrity and ethical operations, we adopt a zero-tolerance approach towards any form of corruption, and are committed to complying with all relevant anti-bribery regulations in different jurisdictions.	Peace, Justice and Strong Institution
Community	B8: Community investment	The Group is attentive to the needs of the communities in which we operate. We invest in encouraging sports for charity, supporting the underprivileged, promoting education and holistic development, to create a positive impact on the society.	No Poverty; Sustainable Cities and Community; Good Health and Well-being

Governance Structure

The Group's sustainability governance structure



As the supreme governing body of the Company, the Board has a crucial role to play in the management of ESG (environmental, social, and governance). The Board is responsible for overseeing the Company's ESG performance to ensure that it meets the expected standards and objectives in these key areas. The roles the Board performs in the management of ESG include:

1. Overseeing ESG performance: The Board should oversee the company's ESG performance regularly to ensure the compliance of the Company with ESG policies and objectives, as well as the sustained improvement in its ESG performance.
2. Regular review of effectiveness of ESG plans: The Board is responsible for regularly reviewing the Company's ESG plans, evaluating its effectiveness and making recommendations to improve the ESG strategy.
3. Annual review of ESG goals and progress: The Board should review and approve the Company's ESG goals and progress annually to ensure the substantial progress of the Company in ESG.
4. Provision of advice on ESG strategy: The Board should provide advice and guidance on ESG strategy to ensure the Company's ESG strategy being in line with the Company's goals and values.

The Environmental, Social and Governance Reporting Working Group (the "ESG Working Group") plays significant roles in the Group that monitor and review sustainable development performance and targets. The Working Group is composed of members from the Environmental Protection Group, Human Resources and Administration Department, Safety Office, Procurement Department, System Section, Maintenance Section and workshop. It is responsible for coordinating relevant departments, supervising the achievement of ESG goals, and preparing the annual report of environmental, social and governance to the Board. The following is a summary of the responsibilities and functions of the ESG Working Group:

1. **Monitoring the progress of ESG goals:** Ensure the successful implementation of ESG objectives, monitor and review the progress under the guidance of the Board.
2. **Developing ESG framework and work flows:** Its responsible for developing the relevant framework and work flows, and reporting to the Board for review to ensure the ESG work being in line with the Group's objectives and values.
3. **Coordinating the implementation of ESG objectives:** Coordinate various functional departments to implement ESG-related objectives, and monitor the completion of objectives in real time to ensure the achievement of the objectives.
4. **Preparing ESG report:** Take the lead in the preparation of the annual environmental, social and governance report, and report to the Board, to demonstrate the performance and progress of the Group in ESG.
5. **Paying attention to ESG risks:** Monitor ESG risks related to the Group's business, report to the Board in a timely manner, and assist in formulating corresponding strategies.
6. **Developing communication mechanism:** Develop a communication mechanism with the stakeholders of the Group, regularly collect relevant opinions and suggestions, and ensure the opinions of the stakeholders being introduced to the ESG strategy.
7. **Regular report to the Board:** Report the progress of ESG work to the Board regularly to demonstrate the Group's efforts and achievements in sustainability development.

On 28 March 2025, the Report was approved by the Board after being confirmed by the management, which demonstrates the Board's recognition of the importance of the ESG issues raised in the Report and its support for the Group's efforts in terms of sustainable development.

Internal Controls and Risk Management

The Group has always attached importance to the establishment and improvement of risk management and internal control systems. The Board reviews the effectiveness of the system and control measures through the audit committee which oversees finance, operations, compliance controls and sustainable development operations, every year. In order to make the identification and assessment of risks more effective, the Board engaged external independent specialists to conduct interviews to ensure the effectiveness and adequacy of the risk management system.

The Group firmly believes in the importance of internal control and risk management systems. The Board is in overall charge of developing the Group's ESG strategies and reports, as well as monitoring and managing related risks. Since its establishment, the Group has been upholding the mission of "Green", incorporating the environmental protection ideas into each part of the operations, which include production, procurement, marketing and consumption, and introducing green culture into entire Group.

In the coming year, the Group's ESG strategies and objectives will be influenced by a variety of factors and trends. Global economic uncertainty, climate change, social expectations and technological development will pose challenges to the ESG management of the companies. Macroeconomic fluctuations and geopolitical risks may affect the business conditions, that evoking the companies to adjust its strategies to cope with it. In terms of the environment, climate change will drive the companies to enhance carbon emission control and sustainable use of resource. In terms of the society, the public expects the companies to pay more attention to the well-being of their employee, community contribution and diversity, so the companies need to promote their sense of social responsibility. For technological development, the companies are necessary to address challenges such as digital transformation and data privacy.

The Group will continue to operate and develop its business by upholding the principles of sustainability. The Group is committed to strengthening internal control and risk management measures to ensure compliance with regulations and standards and to continuously mitigate environmental and social impacts. The Group will establish a transparent and responsible corporate culture and work with stakeholders to jointly achieve sustainable development target. All these endeavors would be helpful as to the achievement of positive results of the Group in sustainable development and contributing to the ESG. The Group will continue to work with its stakeholders together to make long-term value and joint prosperity, to ensure the success of the business in an ever-changing business conditions, and to deliver positive impacts to the society and the environment.

3. STAKEHOLDER ENGAGEMENT

3.1 Communication with Stakeholders

The Group strives to collect opinions from stakeholders through different means of communication, including shareholders, customers, employees, suppliers, contractors, investors, governmental agencies, non-government agencies, media, regulatory agencies and the public. We protect their interests to maintain the long-term development direction of the Group and a close relationship with them. The Group's operating data and overall performance will be summarized in the Company's interim report and annual report every six months, and reported to stakeholders via the company's website http://www.irasia.com/listco/hk/alltronics/index.htm.

The table below outlines the activities and channels we organized to communicate with major stakeholders and understand their concerns:

Major stakeholders	Communication channel
Investors	Meetings with investors, annual general meetings, emails, investor relation hotline, investor mailboxes and announcements, etc.
Customers	Customer service hotline, company website, email, meeting and social media, etc.
Employees	Emails, meetings, staff meetings, employee performance appraisal and intranet, etc.
Suppliers	Emails, meetings, supplier performance evaluations and meetings with suppliers, etc.
Community	Emails, meetings, company websites, etc.

3.2 Stakeholder Engagement and Materiality Assessment

In order to disclose sustainability issues that are closely relevant to major stakeholders, in the year 2024 and during the time of preparing the Report, the Group has updated the materiality assessment through questionnaires of the Board and stakeholders to identify the sustainability issues that are most important to the Group and its stakeholders. The list of materiality issues and the results of the assessment have been submitted to the Board of the Company for confirmation and approval.

We take four steps to prepare materiality assessments:

1. Identification

- To identify major ESG issues that are considered relevant and important to our businesses and stakeholders based on the ESG Reporting Guide issued by the Stock Exchange, company policies and management strategies, characteristics of the industry, and business risks and opportunities.

2. Collecting Opinions

- To conduct a questionnaire survey and invite stakeholders including the board, employees, suppliers and customers to evaluate the importance of each issue from their own perspectives.

3. Prioritisation

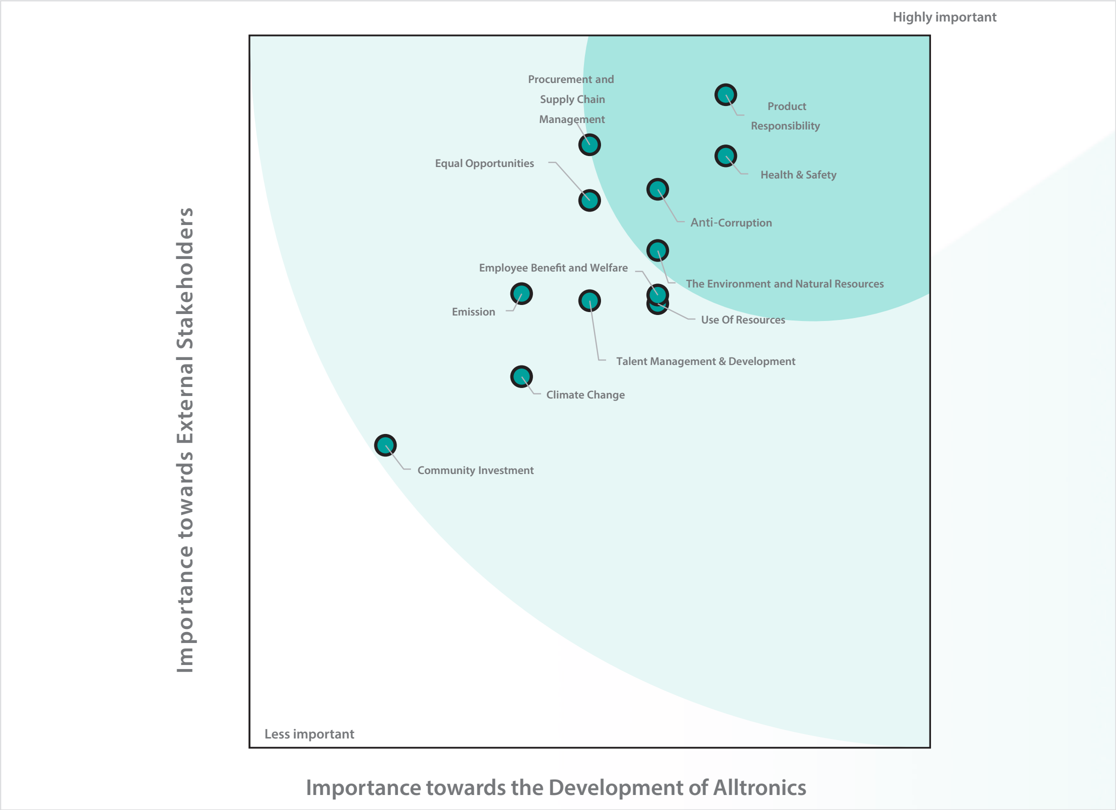
- To select the important issues, draw the materiality assessment matrix, and obtain the preliminary evaluation results, so as to determine the strategic focus of sustainable development and improve the governance of sustainable development.

4. Confirmation

- The ESG Working Group will discuss about and identify the assessment result to get final results of the materiality assessment. Final results are reported to the Board.

After taking the above materiality assessment process, the results obtained are as follows:

Materiality Assessment Matrix



Product responsibility was identified as the most important issue in both stakeholder engagement and materiality assessments, while health and safety was assessed as the least important issue. However, all issues are above the critical line of materiality (i.e. their importance to the Group and its stakeholders is above 3.0 points) and therefore must be disclosed in this Environmental, Social and Governance Report.

4. RISK MANAGEMENT

In response to the risks and opportunities that sustainable development brings to the operation of the Group, the Board and the ESG Working Group of the Group will hold meetings from time to time to assess ESG risks in all aspects of the Group's operations and formulate relevant improvement measures based on the identified risks, including the manufacturing process, product quality, working environment and resource allocation to mitigate its negative impact. In the Year, we have identified the ESG issues with the highest risk:

- **Use of Resources**
- **Health and Safety**

Regarding the high-risk issues stated above, we have promoted the following measures to mitigate and control the impact of risks:

Risk issues	Risk Descriptions	Measures Taken
Use of Resources	Unstable power supply or supply interruptions may lead to production interruptions and losses. Energy price fluctuations can increase production costs.	The Group invests in energy-saving technologies and equipment to reduce energy consumption, and diversifies energy supply, so that it will not have to rely excessively on a single energy source. We also improve packaging design to reduce wastage.
	Wasted packaging materials can cause environmental stress and costs. The use of non-renewable or packaging materials difficult to decompose may have a negative impact on the environment.	For details, please refer to Section 5.3 "Use of Resources"
Health and Safety	Businesses may be exposed to risks such as employee injury, workplace accidents, occupational diseases or occupational stress. These risks may result in reduced working capacity, loss of productivity, legal proceedings or damage to corporate reputation.	The Group is committed to protecting the health and safety of employees, and takes into full consideration the management system, training and education, technical measures and equipment maintenance to reduce the occurrence of occupational health and safety risks and ensure the well-being of its employees and the sustainable development of the enterprise. For details, please refer to the Section 6.2 headed "Health and Safety".

5. ENVIRONMENT

5.1 Environmental Protection Target

To fulfill its corporate social responsibility, the Group actively integrates environmental protection concepts into its daily operations to ensure environmentally responsible operations, prevent pollution and reduce resource consumption. In addition, the following targets were established to mitigate the environmental impacts arising from the operations.

Environmental Targets	Measures taken during the Year	Progress
The initial target of the Yichun Factory is to reduce the carbon emission equivalent intensity* of Scope 1 and Scope 2 by 50% by 2025 as compared to 2018. * Carbon emission equivalent intensity: the emission of carbon dioxide equivalent per RMB million sales	We take various sustainable measures to improve the production process and energy efficiency, and find alternative energy sources that are more environmentally friendly. The measures include: 1. Utilization of clean energy – installing of photovoltaic solar power generation 2. Electrification – replacing of the Company's vehicles and purchase of hybrid vehicles with fuel and electric power 3. Energy efficiency and energy saving – improving production efficiency, automating processes, and adopting high-efficiency or power-saving equipment	In progress
The Shenzhen Factory set a goal of reducing electricity consumption by 2-4% year-on-year in order to reduce waste	We advocate the use of energy-saving, efficient and environment-friendly construction equipment, tools and office appliances recommended by the state and the industry. Moreover, the Group adopted solar power generation for part of the Shenzhen Factory.	Target achieved in 2024

Environmental Targets	Measures taken during the Year	Progress
The Shenzhen Factory set a goal of reducing waste production by 2-4% year-on-year in order to reduce waste	Non-hazardous waste is sorted and managed, with useful resources collected and handed over to an accredited recycling company for handling. For example, cornerscraps, waste defective products, packaging wastes and other general solid wastes will be disposed of by the sanitation department or recycled by the manufacturers. The Shenzhen Factory improved the design of the connection point for printed circuit board ("PCB") so that it can pass directly through the wave furnace, which reduces the amount of adhesive tape used for protection and the operating cost of the pasting process. Going forward, we will continue to seek ways to improve product design and the application of environmentally friendly materials to reduce the consumption of packaging materials and the use of resources.	Target achieved in 2024
The Shenzhen Factory set a goal of reducing water usage by 3-5% year-on-year in order to reduce waste of water	The Shenzhen Factory regularly evaluates the effectiveness of water saving and conducts a "water pipe leakage" inspection every year to completely eliminate water pipe leakage and reduce water waste. Promote the principle of water saving to employees and enhance the maintenance, inspection and management of water-supply equipment to achieve the goal of water saving.	Target achieved in 2024

5.2 Emissions

The Shenzhen Factory and Yichun Factory are important components of the Group's operations. However, the exhaust gas generated during the operation of the factories mainly come from the Company's vehicles, including gasoline for vehicles in Scope 1 and purchased electricity in Scope 2. In addition, sewage is mainly composed of domestic sewage as well as hazardous and non-hazardous wastes generated in the production process. In order to fulfill its commitment to the environment, the Group has actively adopted a series of measures to control exhaust gas and greenhouse gas emissions, reduce wastewater discharge, and seek to reduce the generation of hazardous and non-hazardous waste.

In order to protect the environment, the Group has implemented a series of environmental protection measures in its business operations. First, establish and implement a modern environmental quality management system to make sure the environmental management meets the latest standards and requirements. Secondly, solar panels are installed in the factory that utilizes renewable energy to reduce the use of traditional energy. In addition, the effectiveness of water and electricity saving measures is regularly evaluated to improve efficiency of resource. A third party is engaged to carry out test for "three waste" (i.e. exhaust gas, wastewater and noise) every year, to ensure the emission intensity being compliant with relevant regulations.

In addition, the Group actively promotes the use of electric vehicles and replace traditional fuel vehicles with it, in order to reduce carbon emissions at root. At the same time, appropriate machinery or equipment are equipped with emission reduction devices, such as emission control devices, to mitigate the negative impact on the environment. These efforts are conducive to achieve the target of environmental protection and sustainable development and demonstrate the Group's commitment to environmental responsibility.

The Group's two factories actively manage solid waste, including hazardous waste and domestic waste generated in production lines. In terms of hazardous waste management, hazardous wastes the Company handles are mainly the waste mineral oil, waste organic resin, waste hazardous substance packaging, waste activated carbon, waste circuit boards and waste electronic components. In order to strictly control the generation of hazardous waste, the Company strives to reduce it to the lowest level, monitors the generation amount based on treatment records, and evaluates and formulates appropriate reduction measures.

For hazardous wastes such as discarded rags, gloves, waste engine oil, lead-tin slag, and cleaning waste liquid, the Group's Yichun Factory chose to engage Hanlan Industrial Services (Ganzhou) Co., Ltd. (瀚藍工業服務（贛州）有限公司), which is qualified to handle hazardous wastes, for centralized treatment, and the Group strictly abides by the Interim Provisions on the Management of Joint Report Forms for Hazardous Waste Transfer in Jiangxi Province (《江西省危險廢物轉移報告聯單管理暫行規定》).

For non-hazardous waste management, we strictly control the amount of non-hazardous waste generated, monitor the amount generated based on treatment records, evaluate and formulate appropriate reduction measures to ensure the minimization of non-hazardous waste. In order to encourage employees to participate in waste recycling, the factory set up waste classification recycling bins to cultivate the habit of waste classification. General solid waste, such as scraps, defective products, packaging waste, etc., are handled by the environmental hygiene department or recycled by the manufacturer. The Group continues to remain environmentally friendly, effectively manage waste, promote sustainable development and promote the awareness of environmental protection.

The Group strictly abides by the relevant laws and regulations of the places where the reporting sites are located, including the Environmental Protection Law of the People's Republic of China. During the Reporting Period, the Group had no violations related to emissions, and all emissions satisfied relevant national standards.

The table below sets out the amount of each emission produced by the Shenzhen Factory and the Yichun Factory in the last three reporting years (including the Reporting Year):

Type of emission	**Name of emission (Unit)**	**Reporting Year of 2024***	Reporting Year of 2023*	Reporting Year of 2022
Exhaust gas	Nitrogen oxides (NO_x) (Kg)	**74.99^**	50.55	10.09
	Sulphur oxides (SO_x) (Kg)	**0.59^**	0.45	0.70
	Particulate matters (PM) (Kg)	**6.90^**	4.59	0.79

Note:

The calculations were based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange.

* The data for the Yichun Factory has been incorporated into the reporting scope for 2023 and 2024, so the related data is higher than that for 2022

^ Exhaust gas in 2024 increased as compared to the corresponding period. The increase is attributable to the increase in the number of employees, which led to an increase in the use of vehicle and an increase in vehicle-related exhaust gas.

Type of emission	Name of emission (Unit)	**Reporting Year of 2024***	Reporting Year of 2023*	Reporting Year of 2022
Greenhouse gas	Total emission (tCO_2e)	**3,537.56**	4,001.63	2,918.93
	Scope 1: Direct emissions (tCO_2e)	**92.05**	665.67	213.61
	Scope 2: Energy indirect (tCO_2e)	**3,382.59**	3,327.22	2,704.98
	Scope 3: Other indirect (tCO_2e)	**62.92**^	8.74	0.34
	Total greenhouse gas emission intensity (tCO_2e/employee)	**2.24**	2.79	2.59

Notes:

The calculations were based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Sixth Assessment Report, and the latest emission factors for China's power grid released by the Ministry of Ecology and Environment of the People's Republic of China (Ministry of Ecology and Environment);

Scope 1 includes emissions from fixed combustion of natural gas, emissions from diesel and acetylene emissions from gasoline combustion of vehicles, and fugitive emissions from carbon dioxide fire extinguishers;

Scope 2 includes emissions of electricity consumed;

Scope 3 includes emissions from the flight travelling of employees.

* The data for the Yichun Factory has been incorporated into the reporting scope for 2023 and 2024, so the related data is higher than that for 2022

^ emissions from business travel in 2024 are higher than that in the corresponding period of last year, it is mainly attributable to an increase in flight travelling of employees and the change in emission factors per relevant kilometer.

Type of emission	Name of emission (Unit)	**Reporting Year of 2024***	Reporting Year of 2023*	Reporting Year of 2022
Waste	Total hazardous solid waste (tonnes)	**1.59**	1.74	1.12
	Hazardous solid waste intensity (tonnes/employee)	**0.001**	0.001	0.001
	Total non-hazardous solid waste (tonnes)	**108.68**	119.50	77.14
	Non-hazardous solid waste intensity (tonnes/employee)	**0.069**	0.083	0.069

* The data for the Yichun Factory has been incorporated into the reporting scope for 2023 and 2024, so the related data is higher than that for 2022

5.3 Use of Resources

In order to make more effective and prudent use of resources including energy, water and other natural resources, we have established the Energy Conservation Policy, the Efficient Water Use Policy and the Green Office Resource Management Policy, which provided our staff with specific guidelines and advices for the management of energy, water and packaging materials. At the same time, we also incorporate ESG (environmental, social and governance) factors into the operations of the Company, to promote sustainable development and social responsibility.

In order to achieve our commitment to the environmental protection, we have implemented clean production practices that resulted in the abatement of pollution, energy saving, and reduced consumption of raw materials and water. These measures promoted the environmental protection, and also reduced the production costs of the Company, boosted economic growth and improved the overall economic benefits of the Company.

To further reduce the use of fossil fuels, we used energy efficient air conditioners and electric vehicles. In the future, we will continue with our aggressive pursuit to opportunities for the use of renewable energy, to reduce pollution to the environment and lower carbon emissions, thereby achieving a more environmentally friendly production way.

In addition, we vigorously carried out the Company's ESG policies and guidelines through measures such as the Energy Conservation Policy and the Efficient Water Use Policy, to ensure our operations are compliant with the Environmental, Social and Governance Best Practices. These initiatives promote the enhancement of the Company's image and competitiveness, and also reflect our commitment to the social responsibility and sustainable development. In the course of the operations, we will continue to achieve long-term value and shared prosperity by improving environmental performance and social contribution.

The table below sets out the total consumption and intensity of major resources of the Shenzhen Factory and the Yichun Factory in the last three reporting years (including the Reporting Year):

Type of energy	**Unit**	**Reporting Year of 2024***	Reporting Year of 2023*	Reporting Year of 2022
Total energy consumption	kWh	**6,399,403.72**	6,745,738.54	5,190,342.89
Total energy consumption intensity	kWh/employee	**4,057.96**	4,707.42	4,613.64
Direct energy consumption	kWh	**361,939.72**	431,174.54	430,113.89
Direct energy consumption intensity	kWh/employee	**229.51**	300.89	382.32
Which includes:				
Fuel consumption	kWh	**361,939.72**	431,174.54	430,113.89
Fuel consumption intensity	kWh/employee	**229.51**	300.89	382.32
Indirect energy consumption	kWh	**5,451,388.00**	5,834,158.00	4,655,743.00
Indirect energy consumption intensity	kWh/employee	**3,456.81**	4,071.29	4,138.44
Which includes:				
Electricity consumption	kWh	**5,451,388.00**	5,834,158.00	4,655,743.00
Electricity consumption intensity	kWh/employee	**3,456.81**	4,071.29	4,138.44
Renewable energy (solar power) consumption	kWh	**586,076.00**	480,406.00	104,486.00
Renewable energy (solar power) consumption intensity	kWh/employee	**371.64**	335.24	92.88

Notes:

Energy data is referenced to the low calorific value conversion in kilowatt-hours provided by the International Energy Agency.

* The data for the Yichun Factory has been incorporated into the reporting scope for 2023 and 2024, so the related data is higher than that for 2022

The table below sets out the total water consumption and intensity of the Shenzhen Factory and the Yichun Factory in the last three reporting years (including the Reporting Year):

	Unit	**Reporting Year of 2024***	Reporting Year of 2023*	Reporting Year of 2022
Water consumption	m^3	**178,439.00**	200,138.00	180,484.00
Water consumption intensity	m^3/employee	**113.15**	139.66	160.43

* The data for the Yichun Factory has been incorporated into the reporting scope for 2023 and 2024, so the related data is higher than that for 2022

The table below sets out the total consumption and intensity of packaging materials of the Shenzhen Factory and the Yichun Factory in the last three reporting years (including the Reporting Year):

	Unit	**Reporting Year of 2024***	Reporting Year of 2023*	Reporting Year of 2022
Packaging materials	tonnes	**1,389.67**	1,708.52	3,020.51
Intensity of packaging materials	tonnes/ employee	**0.88**	1.19	2.68

* The data for the Yichun Factory has been incorporated into the reporting scope for 2023 and 2024, so the related data is higher than that for 2022

5.4 Environment and Natural Resources

The Group has been committed to reducing its significant impact on the environment and natural resources, and it has adopted a number of management measures to ensure the compliance with environmental protection policies. The Group actively considers the products and services of local suppliers, in order to reduce the adverse impact on the environment due to long-distance transportation. The Group requires suppliers to obtain environmental certifications such as ISO9001 and ISO14001 to ensure that their products meet environmental standards and are compliant with ROHS and REACH requirements. In addition, the Group uses environmentally friendly materials, gives priority to recyclable materials, and make sure the materials used meeting RoHS/REACH standards, to reduce the consumption of natural resources.

The Group attaches great importance to environmental protection training for its employees. It formulates training plans for environmental protection every year and provides environmental protection lectures during office hours, to enhance the employees' awareness of and their attention to the environmental issues. In addition, the Group's Shenzhen Factory has established an environmental protection team that led by a senior manager of the engineering department, with a total of six members, responsible for reviewing and promoting the environmental protection and quality improvement, formulating improvement targets and plans, and reviewing the progress of improvements. The administrative department of Yichun Factory is also responsible for monitoring issues related to environmental management.

Both the Shenzhen Factory and Yichun Factory conduct audits on internal environmental management system and carry out management review meetings every year, to evaluate the effectiveness of environmental protection and review the progress of environmental improvements. In accordance with ISO4001 environmental management system certification requirements, an undertaking to accept the checking by a third-party accredited company every year. In addition, a third-party testing company is arranged to conduct three tests for waste emission every year, including waste gas emissions, wastewater emissions and noise emissions.

The above measures demonstrate the Group's commitment and responsibility to environmental protection. The Group actively implement the target of environmental sustainability to reduce the impact on the environment and natural resources.

5.5 Climate Change

In response to sudden extreme weather such as severe cold or super typhoon, the Group has formulated corresponding measures to mitigate the risks caused by it. For example:

Type of Risk	Description of Risk	Measures for Tackling Risks
Long-term Risk	Gradual changes in natural environment caused by climate changes, such as rainfall fluctuating, adverse weather conditions and novel virus being produced, could have led to an adverse effect on employees' health, "office hour mode" and supply chain. This results in a raise in the cost of medical insurance and further arrangements need to be made to adjust working timetables.	After the COVID-19 pandemic, the Group has strengthened the occupational, health and safety measures for its employees, such as allowing employees to work from home during the pandemic, in order to resume our business more quickly. In addition, the Group has two or more long-term suppliers for each raw material, who are from the neighbouring country and city, which facilitates the Group to resume work and maintain normal production in a short time over the world's lockdown.
Market Risk	Customers are paying more attentions to climate change, so they prefer green products. The Group will fail to meet customers' satisfaction if it failed to provide green products.	The Group went for clean production to reduce pollution, save energy, raw materials and water, that resulting in a lower cost of production cost. In the future, the Group will seek to improve product design and the use of environmentally-friendly materials, and carry out green certification for products as much as possible, so as to increase the confidence of external stakeholders in the Group's products.
Policies and laws	Regulatory requirements in operations, products and services in relation to climate change became stricter, that leading to the increase in operating costs, including costs of compliance and product development costs.	All factories of the Group implemented a number of energy-saving and emission-reduction measures, as well as strictly complied with all environmental-related laws in the past. During the Reporting Year, the Group also set targets for reducing waste, electricity consumption and water consumption that go beyond basic legal requirement, in order to minimize regulatory risk.

6. SOCIAL

6.1 Employment

The Group believes that employees are an indispensable element of the sustainable development of an enterprise. It is the direction of the Company's unremitting efforts to attract and retain outstanding talents and build a strong and solid human capital. The Group strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and the Hong Kong Employment Ordinance. During the Reporting Period, there were no cases of violation of relevant employment laws and regulations and no cases of complaints related to recruitment.

We have formulated the Personnel and Logistics Management Measure to standardize the recruitment procedures and ensure that job candidates are not treated differently based on gender, place of origin, registered residence, etc. The job candidates shall not be discriminated against due to race, national origin, sex, language, and religious belief. The Group prohibits any form of discrimination, respects the personal freedom of employees, and protects personal privacy of employees.

The Group encourages continuous improvement of employees by providing competitive remuneration packages in the market, determining the remuneration based on the value of the position, and giving higher remuneration to outperforming employees. In order to provide employees with clear and specific promotion ladders and criteria, we developed criteria for performance appraisal and set up an internal performance management system, and conduct employee performance appraisal on a regular basis.

The Group provides employees with relevant benefits according to the Social Insurance Law of the People's Republic of China, Regulation on Work-Related Injury Insurances and other regulations, to make contribution to medical insurance for employees, provide them with statutory leave and vacation, and paternity and maternity leaves that go beyond the legal requirements, including five types of social insurances and one housing fund, namely, pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing provident fund. The holidays it provides include national statutory holidays, marriage leave, maternity leave, prenatal check-up leave, breastfeeding leave, paternity leave, work injury leave, bereavement leave and annual leave.

The Group has established a rigorous and prudent dismissal process in accordance with the Labor Law of the People's Republic of China and the Employment Ordinance of Hong Kong. We have formulated the Retirement Policy and the Compensation Policy. The Group shall handle retirement formalities for employees who have reached the statutory retirement age in accordance with the relevant laws and shall handle any dismissal procedures according to the relevant labor laws. In the event of a work-related accident, the Group will make reasonable compensation and handle it properly in accordance with relevant laws.

The following table sets out the total number and distribution of employees at the Shenzhen Factory and the Yichun Factory as at 31 December 2024:

Category	Reporting Year of 2024
By gender	
Male	621
Female	956
By employment type	
Full-time	1577
Part-time	0
Apprentices and interns	0
Contract based Note1	0
By age group	
Under 25	157
Aged 25 to 34	394
Aged 35 to 44	599
Aged 45 to 54	338
Aged 55 to 64	88
Over 65	1
By region	
China	1573
North America	4
Other regions	0

Note:

– The calculation was based on the "Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Employee turnover rate (monthly average) of the Shenzhen Factory and the Yichun Factory by different categories is as follows:

Category	Reporting Year of 2024
By gender	
Male	5.17%
Female	3.13%
By age group	
Under 25	12.00%
Aged 25 to 34	4.63%
Aged 35 to 44	3.80%
Aged 45 to 54	0.57%
Aged 55 to 64	0.28%
Over 65	0.00%
By region	
China	3.94%
Hong Kong	2.08%
Other regions	0.00%

Note:

– The calculation was based on the "Reporting Guidance on Social KPIs" issued by the Stock Exchange.

6.2 Health and Safety

We have a sound mechanism to manage occupational health and safety-related matters, including identifying inherent risks during operation, and conducting regular inspections and assessments to comply with the Fire Protection Law of the People's Republic of China, the Safe Production Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations. The Group has been actively striving to protect employees and maintain their welfare by adopting various occupational safety and health ("OSH") measures, including but not limited to the following:

- All employees are required to comply with its safety rules which stipulate the responsibilities and safety concerns of different positions in the workplace so as to improve the Group's ability to cope with risks and prevent accidents;
- A safety team has been established to be responsible for safety management, accident prevention, emergency rescue, and occupational health of employees;
- Regularly provide employees with adequate occupational health and safety training to promote workplace safety culture, so as to identify high-risk areas in the workplace and develop countermeasures, reduce work related risks, prevent work-related accidents and cut down occupational hazards;
- The occupational safety and health measures were taken, include adopting safety technical measures to protect employees from work-related accidents, covering protective devices, safety devices, signal devices, fire and explosion-proof facilities, etc.;
- The Group conducts regular maintenance and repairs on occupational disease protection equipment, emergency rescue facilities and personal occupational disease protection products, and regularly tests their performance and effect to ensure that they are in a normal state; and
- Engage a third party agency to audit the performance of occupational health and safety every year.

The table below sets out the statistics of work-related injuries at the Shenzhen Factory and the Yichun Factory for the last three reporting years (including the Reporting Year):

	Reporting Year of 2024	Reporting Year of 2023	Reporting Year of 2022
Work-related fatalities	**0**	0	0
Ratio of work-related fatalities (%)	**0**	0	0
Number of work days lost due to work-related injuries	**0**	0	0

6.3 Development and Training

The Group recognises the importance of experienced and professional staff to its business development and future success. In view of the increasing complexity of the market, the occupational development path of the Group allows the development needs of the Group to match with the career development goals, interests and strength of employees. Employees can grow together with the Group to achieve their life values and dreams through knowledge accumulation and skills improvement.

- Establish the Annual Training List based on business strategies and plans and employees' views. Formulate a series of career development plans for employees, including internal and external training, to encourage employees to learn advanced knowledge, skills and management experience, to comprehensively improve their literacy;

- New employees are required to receive orientation training to familiarize with their respective department's business operations and quickly meet the job requirements. In particular, workers engaged in skilled jobs must undergo training before taking up their jobs;

- Provide employees with training-specific expenses for specialized technical training, the employees should work on relevant technical jobs according to the company arrangements, and provide the internal training and tutoring for other employee;

- The Company will organize supervisors or technicians to inspect and training at abroad as planned according to the company business development; and

- Provide a variety of training content, such as environmental protection, occupational health and safety, anti-corruption, knowledge of the Company's product, technical knowledge and information security, to enhance the quality and capabilities of employees comprehensively and promote the long-term development of the Company.

The table below sets forth the monthly average of employees trained at the Shenzhen Factory and the Yichun Factory during the Reporting Year:

	Reporting Year of 2024	
	Monthly average percentage of employees trained	**Monthly average training hours per employee**
Gender		
Male	**39.38%**	**2.00**
Female	**60.62%**	**2.00**
Employment type		
Senior management	**0.82%**	**1.18**
Middle management	**1.01%**	**1.23**
Supervisor	**2.28%**	**1.33**
General employee	**95.89%**	**1.25**

Note:

– The calculation was based on the "Reporting Guidance on Social KPIs" issued by the Stock Exchange.

6.4 Labor Standards

Prevention of Child Labor

The Group prohibits the recruitment of child labor and has zero tolerance of forced labor. We strictly comply with laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor and the Employment Ordinance of Hong Kong. The Group reviews the relevant documents that show the age of job applicants, such as identity card and graduation certificate in recruitment, onboarding approval and onboarding registration process, and takes effective measures to verify the age of the applicants to ensure that they have reached the legal working age. If child labor is found, we will stop their work immediately and carry out investigation to identify the loophole, implementing remedial measures to prevent the event from happening again.

Prevention of Forced Labor

In the process of employment, the Group, in accordance with the above relevant laws, respects the right of every employee to choose jobs, including freedom of employment, freedom to resign, freedom to work overtime and freedom of movement. The Group strictly prohibits any forms of forced labor, including contract labor and bonded labor, and never forces employees to work overtime. Employees have the right to form and join trade unions to safeguard their personal rights. We will carry out investigation immediately if we find the occurrence of overtime work to ensure that no employee works overtime involuntarily. The human resources department will also regularly check the work and attendance records every month. If overtime work is required based on the needs of manufacturing operations or under special circumstances, it shall be agreed with the employees and assured that the physical conditions of the employees are not affected. The employees shall be compensated for working overtime.

6.5 Supply Chain Management

Engagement of Supplier

The Group has established internal rules to standardize the process of open tendering and bidding. We adopt evaluation criteria of "fairness, equality and openness" in the process of selecting and evaluating suppliers. We also require suppliers to declare their interests to avoid conflicts of interests or transfer of interests. In addition, we will also clarify our principles and expectations to our partners, and require them to abide by all laws, international conventions, contractual requirements and all standards set out by the Group. Meanwhile, we have also established an effective mechanism to ensure that both parties act in strict accordance with laws and regulations.

Supplier Performance Evaluation

In order to ensure that the performance of suppliers continues to meet the requirements of the Group, we will evaluate the performance of suppliers in the past year through annual assessments. To this end, the Group has established a series of evaluation guidelines, including regular review of whether to continue to maintain the cooperative relationship with each supplier based on the supplier's past experience, price, reputation, professional qualifications, ethics, environmental protection and corporate social responsibility performance, etc..

Monitoring ESG Risks in the Supply Chain

During material procurement and outsourcing, the Group will also comprehensively consider the environmental performance of suppliers, for example, suppliers will be evaluated in advance and all materials used by the Group must meet the standards of RoHS environmental protection requirements. Meanwhile, we require them to abide by the Group's principles of sustainable development, such as labor treatment, etc., so as to promote the Group's environmental protection vision throughout the supply chain.

The table below sets out the distribution of suppliers for the Shenzhen Factory and the Yichun Factory as at 31 December 2024:

Supplier Distribution	Reporting Year of 2024
Number of Suppliers by Region	
Mainland China	**594**
Hong Kong	**225**
Other regions	**20**

Note:

– All suppliers of the Group are required to implement relevant supplier practices

6.6 Product Responsibility

11 SUSTAINABLE CITIES AND COMMUNITIES

The Group is very concerned about the quality of the products we provide, so it has formulated a number of policies to promote ourselves to provide better products. The Group attaches importance to the spirit of a contract, and the specifications of all products will be clearly stipulated in the contract. It is necessary to ensure that customers understand the details of the contract to protect the rights and interests of both buyers and sellers.

Quality Management System

The Group has maintained a sound ISO9001 quality system and made continuous improvements thereon for many years, to provide products of the highest standards. The Group formulated and implemented the Procedures for Management Review and conduct management review at least once a year to ensure the effectiveness of it. In addition, the quality control department is responsible for checking the quality of products and services, to ensure that products meet quality and technical requirements, and provide a remedy for serious problems in a timely manner, so as to ensure the products under review meet the quality requirements and provisions of laws and regulations, customers and the Group. During the Reporting Period, no product had to be recalled due to safety and health reasons.

Customer Service

We are committed to providing high-quality customer service and have established a customer complaint mechanism so that we can effectively communicate with customers, listen carefully to their opinions, and solve their problems as soon as possible. The Group will conduct surveys and collect customer opinions through visits and sending out the Customer Satisfaction Survey to customers. Regardless the opinions of the customer are positive or negative, the opinions will be discussed and analyzed for the continuous improvement of the Group. Customers can express their opinions on us through the company website, customer service hotline, dedicated account manager and various social media. We also formulated and implemented the Maintenance Service Management Procedures to provide customers with after-sales maintenance services when necessary. During the Reporting Period, complaint cases handled by the Shenzhen Factory and the Yichun Factory are as follows:

	Reporting Year of 2024
Number of complaints received about products and services	**7**
Total number of complaint cases handled	**7**

Customer Data Protection and Privacy Policy

The Group places utmost importance on protecting the privacy of its customers in the collection, processing and use of their personal data. The Group adheres to the applicable data protection regulations and ensures that appropriate technical measures are in place to protect personal data against unauthorized use or access. The Group also ensures that customers' personal data is securely kept and processed, and is used only for the purposes for which the data is collected. During the Reporting Period, there were no cases of information leaking, theft or loss of customer information.

Intellectual Property Protection

The Group endeavors to protect intellectual property rights and refuses to provide products or services that infringe copyright or intellectual property rights. The Group undertakes to use only genuine products. Our purchasing managers will review the goods to be purchased to prevent the Group from purchasing illegal products. In terms of production, our engineering managers are responsible for reviewing every design to avoid using unauthorized photos and designs from third parties.

Fair Promotion Policy

The Group adheres to the principle of fair promotion to ensure that the product information on the Group's publicity website and other promotional materials is true and accurate, and does not contain any false, exaggerated or excessive statements. We formulated the Fair Promotion Message Policy to require sales staff to disseminate information that its product advantages are confirmed by the Group only when introducing products, and avoid any negative presentation against the company or products of its rivals, in order to prevent customers from being misled when purchasing. The factories provides trainings on services and/or perception of products for relevant employees, such as sales staff and customer service staff, to ensure they provide accurate information in the sales process.

6.7 Anti-corruption

The Group strives to build up a corporate culture of integrity and business ethic. We established a clear and transparent standard of conduct to guide our employees and partners, which provides rules and guidelines for dealing with gifts, treats, transactions, financial management. Our Board also regularly reviews the effectiveness of the internal control mechanism. The Group strictly complies with the Law of the People's Republic of China on Anti-money Laundering, Criminal Law of the People's Republic of China and other laws and regulations on anti-corruption, prevention of extortion, fraud and money laundering.

	Reporting Year of 2024
Number of corruption litigation cases filed and concluded against the Group	**0**

Corporate Governance Policy

The Group has formulated a comprehensive internal preventive monitoring and reporting system, with reference to and in compliance with the code provisions relevant to corporate governance set out in the Listing Rules, including good corporate governance practices, as well as local laws and regulations, and specified in detail the Group's anti-corruption policies and handling principles to all employees, Suppliers, contractors and business partners.

Whistle-blowing Policies

In order to firmly resist corruption, fraud and other incidents, the Group has set up whistleblowing channels and an investigation mechanism. When receiving any report of fraud, we will record it, collect relevant information on fraud, conduct preliminary analysis, and set up an investigation team to initiate investigation if necessary. The investigation team will conduct an investigation, estimate the losses caused by fraud and prepare an investigation report. After the final review of the investigation report, the handling plan will specify that the Group will terminate the labor contract with the party involved in the fraud and hand him/her over to the judicial authority for handling. Internally, we will take remedial measures to rectify any procedural defects or implementation loopholes found in the fraud incident and follow up the implementation of such remedial measures, so as to avoid recurrence of similar fraud incidents.

Independent Auditing Agency Policy

The Group engages an independent auditing agency every year to verify the accuracy of the Group's accounts to safeguard the interests of shareholders. The engagement of a financial auditing agency is decided by the Audit Committee, which is composed of independent non-executive directors.

Training on Anti-corruption

The Group arranges anti-corruption training for directors and employees every year, introducing the integrity risks they may face in the process of performing their duties, with the aim of raising the awareness of relevant staff on corruption prevention, so as to avoid violating the Company's code and relevant laws and regulations. During the Year, the Group provided employees with anti-corruption training covering topics such as bribery prevention policy, conflict of interest declaration policy, blackmail prevention policy, money laundering prevention policy, and fraud prevention policy to enhance their awareness of business ethics.

6.8 Community Investment

The Group respects the diverse cultures and existing traditions of various regions, takes the expectations and opinions of community groups very seriously, and undertakes to respond to the opinions of community members in due course. In addition, the Group will support projects that benefit the needs of the community where feasible, and collaborate with groups with a common vision to win and maintain mutual trust with all stakeholders, with a view to continuously contributing to the long-term development of the community. The Group proactively contacts community groups that match the Group's corporate responsibility to learn about community needs.

In addition, the factory promotes volunteer activities to the stakeholders of the Company and encourages employees to participate in community services and various volunteer activities through in-house promotion and training. The factory also encourages employees to solicit donations (no matter whether its internal fundraising activities or public donations), which not only contributes to the community but also enhances social responsibility of employees.

To further support the community, the Shenzhen factory has also made the donation of money and materials in the name of the Company to help those in need. In addition, the Shenzhen plant has established a contingency mechanism to respond to the emergent disaster support, so as to provide a swift help when a disaster occurs.

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Sharing your comments with us

We value your comments on this Report, which can help us achieve our future vision for sustainable development. We invite you to share your comments in the following ways:

Opinion collection channels:

Address: Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Telephone: (852) 2977 5666
Fax: (852) 2977 5633
Email: info@alltronics.com.hk

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and recognises the importance of good corporate governance to the Company's healthy development. The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules.

During the year ended 31 December 2024, the Company has complied with the Code Provisions of the CG Code. The Board will review and update the current practices regularly to ensure compliance with the latest practices in corporate governance to protect and maximise the interests of shareholders.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. Having made specific enquiry of all Directors of the Company, all Directors of the Company confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 December 2024.

In addition, the Board also established written guidelines on no less exacting terms than the Model Code for relevant senior management of the Company in respect of their dealings in the securities of the Company.

THE BOARD OF DIRECTORS AND BOARD MEETINGS

The Board's primary responsibilities are to formulate the Group's long-term corporate strategy, to oversee the management of the Group and to evaluate the performance of the Group. The Board is also responsible for the approval of annual and interim results, risk management, major acquisitions, and other significant operational and financial matters. Matters not specifically reserved to the Board and necessarily relate to the daily operations of the Group are delegated to the management under the supervision of the respective Directors and the leadership of the Chairman.

At the annual general meeting of the Company held on 3 June 2024, Ms. Yeung Po Wah, Ms. Lam Oi Yan, Ivy and Mr. Pang Kwong Wah retired by rotation in accordance with the articles of association of the Company and were re-elected as Directors by the shareholders at the annual general meeting. Other than the above, there were no other changes in the board of directors of the Company during the year. The Board currently comprises five executive Directors and four independent non-executive Directors as follows:

Executive Directors	Mr. Lam Yin Kee *(Chairman)*
	Mr. Lam Chee Tai, Eric *(Chief Executive)*
	Ms. Yeung Po Wah
	Mr. So Kin Hung
	Ms. Lam Oi Yan, Ivy
Independent non-executive Directors	Mr. Pang Kwong Wah
	Mr. Yau Ming Kim, Robert
	Mr. Yen Yuen Ho, Tony
	Mr. Lin Kam Sui

Mr. Lam Yin Kee is an executive Director and the Chairman of the Group. Ms. Yeung Po Wah is an executive Director of the Group and the spouse of Mr. Lam Yin Kee. Mr. Lam Chee Tai, Eric is an executive Director and the Chief Executive of the Group, and the son of Mr. Lam Yin Kee and Ms. Yeung Po Wah. Ms. Lam Oi Yan, Ivy is an executive Director of the Group and the daughter of Mr. Lam Yin Kee and Ms. Yeung Po Wah. Ms. Lam Oi Yan, Ivy is also the sister of Mr. Lam Chee Tai, Eric. Apart from these, there is no other direct family relationship amongst the members of the Board.

The background and qualifications of the Chairman of the Company and the other Directors are set out on pages 11 to 13 of this annual report. All Directors have sufficient experience to hold their positions to carry out their duties effectively and efficiently, and all of them have given sufficient time and attention to the affairs of the Group. The four independent non-executive Directors are persons of high caliber with academic and professional qualifications in the fields of accounting, finance, law, worldwide trade affairs and business management. They bring a broad range of financial, regulatory and commercial experience and skills to the Board, which contribute to the effective strategic management of the Group.

Each of the independent non-executive Directors has been appointed with a formal letter of appointment setting out the terms and conditions of their respective appointments. Mr. Yau Ming Kim, Robert was appointed as an independent non-executive Director of the Company from 1 September 2009 and was re-elected at the annual general meeting of the Company held on 28 May 2010. The appointment of Mr. Yau Ming Kim, Robert, shall continue thereafter from year to year until terminated by either party with one month's notice in writing. Mr. Pang Kwong Wah was appointed as an independent non-executive Director of the Company from 21 June 2013 and was re-elected at the annual general meeting of the Company held on 29 May 2014. The appointment of Mr. Pang Kwong Wah shall continue thereafter from year to year until terminated by either party with one month's notice in writing. Mr. Yen Yuen Ho, Tony was appointed as an independent non-executive Director of the Company for a term of 3 years from 12 August 2016, and was re-elected at the annual general meeting of the Company held on 1 June 2017. The appointment of Mr. Yen Yuen Ho, Tony shall continue thereafter from year to year until terminated by either party with one month's notice in writing. Mr. Lin Kam Sui was appointed as an independent non-executive Director of the Company for a term of 3 years from 1 June 2017, and was re-elected at the annual general meeting of the Company held on 7 June 2018. The appointment of Mr. Lin Kam Sui shall continue thereafter from year to year until terminated by either party with one month's notice in writing.

The Company has complied with the requirements under Rule 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules during the year under review. The Board considers that the independent non-executive Directors can make independent judgements effectively and fulfill the independence guidelines set out in Rule 3.13 of the Listing Rules. Each of the independent non-executive Directors has given a written confirmation to the Company confirming that he has met the criteria set out in Rule 3.13 of the Listing Rules regarding the guidelines for the assessment of the independence of Directors in respect of the year ended 31 December 2024.

In case of an independent non-executive Director who has served more than 9 years, his further appointment is subject to a separate resolution to be approved by shareholders. The circular for shareholders' meeting accompanying that resolution will include the reasons why the Board believes he is still independent and should be re-elected.

The Board schedules to hold at least four full board meetings a year at approximately quarterly intervals. During the year ended 31 December 2024, four full board meetings were held and the attendance of the Directors is set out as follows:

	Number of meetings attended during the year ended 31 December 2024	
	Board meetings	**AGM/EGM *(note 1)***
Executive Directors		
Mr. Lam Yin Kee	4/4	1/1
Mr. Lam Chee Tai, Eric	4/4	1/1
Ms. Yeung Po Wah	4/4	1/1
Mr. So Kin Hung	4/4	1/1
Ms. Lam Oi Yan, Ivy	3/4	1/1
Independent non-executive Directors		
Mr. Pang Kwong Wah	4/4	1/1
Mr. Yau Ming Kim, Robert	3/4	1/1
Mr. Yen Yuen Ho, Tony	4/4	1/1
Mr. Lin Kam Sui	4/4	1/1

Note:

1. During the year ended 31 December 2024, the 2024 AGM was held on 3 June 2024.

Every Board member has a duty to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Each Director is required to make disclosure of his/her interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he/she (or his/her associates) is materially interested nor shall he/she be counted in the quorum present at the meeting.

Apart from the above regular meetings of the year, the Board will meet on other occasions when a board-level decision on a particular matter is required. The Chairman of the Board also held a meeting with the independent non-executive Directors of the Company during the year without the executive Directors present. Directors shall have full access to information on the Group and are able to obtain independent professional advice whenever deemed necessary by the Directors. The company secretary shall prepare minutes and keep record of matters discussed and decisions resolved at all Board meetings, which will be available for inspection by Directors upon request.

The Company has arranged for appropriate liability insurance to indemnify its directors and officers for their liabilities arising out of corporate affairs. The insurance coverage is reviewed annually. During the year, no claim was made against the Directors and officers of the Company.

CORPORATE CULTURE

As a manufacturer of electronic products, we believe that a healthy corporate culture and sound governance are important for sustainable development and building trust with all stakeholders. We believe that dedication, integrity and honesty, team spirit, customer orientation, and mutual respect are essential elements for success. We adhere to the principles of fairness, integrity, and honesty as our main business strategy. Through training, the Company continuously strengthens its employees' awareness of business ethics and anti-fraud and creates a clean business ecosystem. The Company emphasizes intellectual property protection and builds a responsible supply chain in order to ultimately provide customers with better service and high-quality products. As at the date of this report, the Board has reviewed and considered that the corporate culture of the Company is consistent with the mission, values and strategies of the Group.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the functions set out in the Code Provision A.2.1 of the CG Code. The Board is responsible for performing corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in the corporate governance report. The Board is also satisfied that all Directors have contributed sufficient time to the performance of their responsibilities as directors of the Company.

The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda together with Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents. Minutes of every Board meeting are circulated to all Directors for their perusal and comments. Minutes are open for inspection at any reasonable time on reasonable notice by any Director. The Board also ensures that it is supplied in a timely manner with the agenda and all necessary information in a form and of a quality appropriate to enable it to discharge its duties. Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they can make an informed decision and discharge their duties and responsibilities.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Upon appointment to the Board, each newly appointed Director receives a comprehensive package covering the Group's business and the general, statutory and regulatory obligations of being a director of a listed company to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements. The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses or seminars relating to the Listing Rules, Companies Ordinance and corporate governance practices organised by professional bodies so that they can continuously update their relevant knowledge and skills. The company secretary also organises and arranges seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties.

During the year ended 31 December 2024, the Company has arranged to provide professional training to all Directors. All Directors had complied with the requirements set out in the Code Provision C.1.4 of the CG Code and their training records are as follows:

	Type of training	
	Read materials	Attending seminars/ conferences
Executive Directors:		
Mr. Lam Yin Kee	✓	✓
Mr. Lam Chee Tai, Eric	✓	✓
Ms. Yeung Po Wah	✓	✓
Mr. So Kin Hung	✓	✓
Ms. Lam Oi Yan, Ivy	✓	✓
Independent non-executive Directors:		
Mr. Pang Kwong Wah	✓	✓
Mr. Yau Ming Kim, Robert	✓	✓
Mr. Yen Yuen Ho, Tony	✓	✓
Mr. Lin Kam Sui	✓	✓

All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

Ms. Yeung Po Wah, Ms. Lam Oi Yan, Ivy and Mr. Pang Kwong Wah had been re-appointed at the last Annual General Meeting held on 3 June 2024. Pursuant to Articles 86(3) and 87 of the Company's Articles of Association, Mr. So Kin Hung, Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

All Directors (including executive and independent non-executive Directors) are subject to election for appointment by shareholders at the annual general meeting at least once every three years. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within three years without payment of compensation (other than statutory compensation).

The notice period for the termination of the service contracts with executive Directors by either party is not less than three months. The notice period for the termination of appointment of non-executive Directors and independent non-executive Directors by either party is not less than one month.

BOARD DIVERSITY POLICY

The Company acknowledges that the diversification of the members of the Board has positive effects on enhancing the Group's performance, and has adopted a board diversity policy (the "Board Diversity Policy") with effect from 20 December 2018. The Company sees the diversification of the members of the Board as an important supporting factor for the Group to achieve its strategic goal and maintain sustainable growth. In deciding the composition of the Board, the Company will consider the Board diversity from various perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. All our Directors are appointed according to the principle of meritocracy while all candidates are being selected objectively, and the benefit of Board diversity will also be taken into full consideration. The Nomination Committee will review the diversity of the composition of the Board on a regular basis, and will monitor the implementation of this policy to ensure it has been effectively implemented.

The Group recognises the value of gender diversity to promote a diverse and inclusive working environment and welcomes increased female representation at all levels. The employee gender ratio between male and female of the Group as at 31 December 2024 is approximately 41 : 59. As at the date of this report, the Board comprises 9 Directors, among whom two are female. However, the Group currently does not consider it appropriate to set any specific gender target for its workforce.

The Nomination Committee reviews the Board's composition from diversified perspectives, and monitors the implementation of the Board Diversity Policy annually to ensure its effectiveness. The Nomination Committee considered that the Group achieved the Board Diversity Policy during the year ended 31 December 2024.

NOMINATION COMMITTEE

The Company had set up a nomination committee (the "Nomination Committee") on 1 April 2012 with written terms of reference. The Nomination Committee has a minimum of five members, comprising a majority of independent non-executive Directors. The Nomination Committee is chaired by Mr. Lam Yin Kee (the Chairman of the Board) and other current members include Ms. Yeung Po Wah, Mr. Pang Kwong Wah, Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony.

The terms of reference of the Nomination Committee are posted on the Company's website and the Stock Exchange's website. The primary roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least once every year, making recommendations on any proposed changes to the Board to complement the Group's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer.

During the year, the Nomination Committee has held one meeting and among other matters, (i) reviewed the structure, size and diversity of the Board; (ii) assessed the independence of the independent non-executive Directors; and (iii) reviewed the Board Diversity Policy.

Name of committee member	Number of meeting attended
Mr. Lam Yin Kee	1/1
Ms. Yeung Po Wah	1/1
Mr. Pang Kwong Wah	1/1
Mr. Yau Ming Kim, Robert	0/1
Mr. Yen Yuen Ho, Tony	1/1

The Board adopted a nomination policy that the Nomination Committee will evaluate, select and recommend candidate(s) for directorship(s) to the Board by giving due consideration to the criteria, including but not limited to Board diversity, qualifications, skills and experience, independence, reputation for integrity, willingness and ability to devote time and potential contributions that the individual(s) can bring to the Board before making a recommendation to the Board. The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm, and may evaluate the suitability of the candidate(s) by interviews, background checks etc.

The nomination policy is reviewed periodically to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice. Pursuant to Article 86 of the Company's Articles of Association, the Board is entitled to appoint any person as Director from time to time or at any time to fill a casual vacancy or add a new member to the Board.

During the year, no nomination of Directors was considered by the Nomination Committee.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee (the "Remuneration Committee") on 22 June 2005 with written terms of reference in compliance with the Listing Rules. The Remuneration Committee has 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. The Remuneration Committee schedules to meet at least once every year and the quorum necessary for meeting is two.

The terms of reference of the Remuneration Committee are posted on the Company's website and the Stock Exchange's website. The primary duties of the Remuneration Committee include:

a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

b) either:

   (i) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or

   (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

   This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

c) to make recommendations to the Board on the remuneration of non-executive Directors;

d) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure it is consistent with contractual terms and is otherwise fair and not excessive;

g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with relevant contractual terms and are otherwise reasonable and appropriate;

h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;

i) to advise shareholders of the Company on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Listing Rules;

j) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and

k) to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

The Remuneration Committee has adopted the model to make recommendations to the Board on the remuneration packages of executive Directors and senior management.

The Remuneration Committee had held one meeting in 2024, and has discussed and reviewed the remuneration policy for all Directors and senior management of the Group; the bonus payment policy and the pay trend for salary adjustment.

Name of committee member	Number of meeting attended
Mr. Lam Yin Kee	1/1
Ms. Yeung Po Wah	1/1
Mr. Pang Kwong Wah	1/1
Mr. Yau Ming Kim, Robert	0/1
Mr. Yen Yuen Ho, Tony	1/1

The emoluments payable to Directors will depend on their respective contractual terms under employment contracts. Details of the emoluments of Directors during the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements of this annual report. The emoluments paid to the highest paid individuals, who were not directors of the Company, as set out in note 10 to the consolidated financial statements of this annual report during the year ended 31 December 2024 were within the following bands:

	Number of individuals
HK$2,000,001 to HK$2,500,000	2

The Company has adopted a share option scheme at the annual general meeting held on 7 June 2016, which serves as an incentive to attract, retain and motivate talented eligible staff, including Directors. Details of the share option scheme are set out in the Report of the Directors on pages 62 and 63 of this annual report.

The share option scheme has a term of 10 years and will be expired on 6 June 2026.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 22 June 2005 with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises members of independent non-executive Directors only.

Mr. Pang Kwong Wah has been the chairman of the Audit Committee since 20 June 2013, the other two current members are Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony. Mr. Pang Kwong Wah has appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee meets at least twice every year and the quorum necessary for meeting is two. Two meetings were held during the year under review. Details of the attendance of the Audit Committee meetings are as follows:

Name of committee member	Number of meetings attended
Mr. Pang Kwong Wah	2/2
Mr. Yau Ming Kim, Robert	2/2
Mr. Yen Yuen Ho, Tony	2/2

The terms of reference of the Audit Committee are posted on the Company's website and the Stock Exchange's website. The primary duties of the Audit Committee are as follows:

Relationship with the Company's independent auditor

(a) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the independent auditor, and to approve the remuneration and terms of engagement of the independent auditor, and any questions of resignation or dismissal of that auditor;

(b) to review and monitor the independent auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Audit Committee should discuss with the independent auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on the engagement of the independent auditor to supply non-audit services. The Audit Committee shall ensure that the provision by the independent auditor of non-audit services does not impair the independent auditor's independence or objectivity;

Review of financial information of the Company

(d) to monitor integrity of financial statements of the Company and the Company's annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained therein, before submission to the Board;

(e) In regard to (d) above:

(i) members of the Audit Committee should liaise with the Company's Board, senior management and the person appointed as the Company's qualified accountant. The Audit Committee must meet, at least twice a year, with the Company's independent auditor;

(ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer or independent auditor; and

(iii) the Audit Committee should discuss problems and reservation arising from the financial statements, annual reports and accounts, interim reports and quarterly reports (if applicable) and any other matters the independent auditor may wish to discuss (in the absence of management of the Company where necessary);

Oversight of the Company's financial reporting system, risk management and internal control procedures

(f) to review the Company's financial controls, risk management and internal control systems, and its statement in relation thereto prior to endorsement by the Board;

(g) to discuss with the management the risk management and internal control systems and to ensure that management has discharged its duty to have an effective risk management and internal control system;

(h) to consider any major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(i) where an internal audit function exists, to review the internal audit programme, to ensure co-ordination between the internal and independent auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(j) to review the Company and its subsidiaries' financial and accounting policies and practices;

(k) to review the independent auditor's management letter, any material queries raised by the independent auditor to management about accounting records, financial accounts or systems of control and management's response;

(l) to ensure that the Board will provide a timely response to the issues raised in the independent auditor's management letter;

(m) to review arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;

(n) to act as the key representative body for overseeing the Company's relations with the independent auditor;

(o) to report to the Board on the matters set out in this term of reference; and

(p) to consider other topics, as defined by the Board.

The Audit Committee also ensures that the Directors have conducted an annual review of the adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting function, and training programmes and budget.

The Group's interim results and annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures have been made.

During the year ended 31 December 2024, the Audit Committee has met with the independent auditor with no executive Directors present.

INDEPENDENT AUDITOR

The Group's independent auditor for the year ended 31 December 2024 is Grant Thornton Hong Kong Limited ("GT"). GT is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements.

The fees paid and payable by the Group to GT in respect of audit and non-audit services for the year ended 31 December 2024 are HK$2,260,000 and HK$310,000 respectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2024, the Directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

The Directors' responsibilities for the financial statements and the responsibilities of the independent auditor to the shareholders are set out on in the Independent Auditor's Report from pages 73 to 75 of this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board acknowledges its responsibility for the internal controls and risk management systems and reviewing their effectiveness. Such systems are designed to monitor the Group's overall financial position and safeguard its assets, and manage rather than eliminate the risk of failure to achieve business objectives. They can only provide reasonable and not absolute assurance against material misstatement or loss. The Company considers its internal controls and risk management systems effective and adequate.

The main features of the internal controls and risk management systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the senior management of the Group ("Senior Management"). The Board determines the nature and extent of the risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and overall effectiveness of internal controls and risk management systems. The Board, through the Audit Committee, conducts reviews of the effectiveness of such systems at least annually, covering all material controls including financial, operational and compliance controls. The Board acknowledges that it is responsible for the internal controls and risk management systems and reviewing their effectiveness, and such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has formulated and adopted risk management policies for identifying, evaluating and managing significant risks. At least on an annual basis, the Senior Management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

The Group has not set up an internal audit department but has engaged an independent professional advisor to review the internal controls and risk management systems, as well as the internal audit functions of the Group. Deficiencies in the design and implementation of internal controls and risk management systems are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remedial actions are taken.

The Audit Committee and the Board carry out an overview every six months on the effectiveness of the internal controls and risk management systems of the Group. The review covers all material controls, including financial, operational and risk controls. No material internal control and risk management aspects of any significant discrepancies were discovered during the review. Both the Audit Committee and the Board expressed satisfaction over the effectiveness and adequacy of both the internal control procedures and the risk management procedures for the year under review.

The Company has formulated a whistleblowing policy allowing the employees and other relevant third parties who deal with the Group to report on any suspected conduct compromising the Company's interests. All reported matters will be investigated independently. All information received from a whistleblower and its identity will be kept confidential. The Board and the Audit Committee will regularly review the whistleblowing policy and mechanism to improve their effectiveness.

The Company adopted an anti-corruption policy that promotes and supports anti-corruption laws and regulations. It provides guidelines and the minimum standards of conduct, all applicable laws and regulations in relation to anti-corruption and anti-bribery. The Group does not tolerate any forms of corruption, fraud and all other behaviors that severely damage the business integrity and reputation of the Group.

In relation to inside information, the Company has adopted the following guidelines to handle and disseminate inside information:

1. Remind employees who are in possession of inside information to be fully conversant with their obligations to preserve the confidentiality;

2. Ensure appropriate confidentiality agreements are in place when the Company enters into significant negotiations or dealings with third party(ies); and

3. Inside information is handled and communicated by designated persons.

The Board and the Senior Management of the Company review the safety measures regularly to ensure that the Company's inside information is properly handled and disseminated.

DIVIDEND POLICY

The Board may declare dividends after taking into account the Group's operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to the Company's constitutional documents and the applicable laws, including the approval of the Shareholders. Future declarations of dividends may or may not be reflected from the Company's historical declarations of dividends and will be at the absolute discretion of the Board.

COMPANY SECRETARY

The company secretary is responsible to the Board for ensuring that Board procedures are followed and that the activities of the Board are carried out efficiently and effectively. The company secretary assists the Chairman to prepare agendas and Board papers for meetings and disseminates such documents to the Directors and board committees in a timely manner. The company secretary also advises the Directors on their obligations in respect of disclosure of interests in securities, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed.

With respect to the secretarial function of the Group, the company secretary maintains formal minutes of the Board meetings and other Board committee meetings. During the year, Mr. Leung Fuk Cheung, the company secretary of the Company, has undertaken no less than 15 hours of professional training to update his skills and knowledge.

INVESTOR RELATIONS

The Company has disclosed all necessary information to the shareholders in compliance with the Listing Rules and uses a number of formal communication channels to account to shareholders and investors for the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) meetings are held with media and investors periodically; (iv) the Company replies to enquiries from shareholders timely; (v) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters; and (vi) the Company will publish voluntary announcement to keep the shareholders and potential investors of the Company informed of the latest business development of the Company and its subsidiaries as and when necessary.

The Company's annual general meeting provides a good opportunity for communications between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting. Notice of the annual general meeting and related papers are sent to shareholders at least 20 clear business days before the meeting and the said notice is also published on the Stock Exchange's website and the Company's website. The Chairman and Directors will answer questions on the Group's business at the meeting.

SHAREHOLDERS' RIGHTS

Putting forward proposals at general meetings

The annual general meeting and other general meetings of the Company are primary platform for communication between the Company and its shareholders. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s).

There are no provisions in the Company's articles of association or the Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the below paragraph.

As regards proposing a person for election as a director of the Company, please refer to the procedures posted on the Company's website.

Convening an extraordinary general meeting by shareholders

Pursuant to the articles of association of the Company, any one or more member(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company by mail at Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Hong Kong to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward enquiries to the Board

The Company has disclosed all necessary information to the shareholders in compliance with Listing Rules. Updated and key information of the Group is also available on the Company's website at http://www.irasia.com/listco/hk/alltronics/index.htm. The Company also replied the enquiries from shareholders timely. The Directors host the annual general meeting each year to meet the shareholders and answer their enquiries.

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Hong Kong
Fax: (852) 2977 5633
Email: roger.leung@alltronics.com.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year.

REPORT OF THE DIRECTORS

The Board of Directors (the "Board") is pleased to present its annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company acts as an investment holding company and provides corporate management services to its group companies. The principal activities of the subsidiaries as set out in note 1 to the consolidated financial statements are primarily the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2024.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

Details of the activities during the year as required by Schedule 5 to the new Hong Kong Companies Ordinance (Cap. 622), including a review of the Group's business, an analysis of the Group's performance during the year using financial key performance indicators, a description of the principal risks and uncertainties facing the Group and an indication of the future development in the Group's business, are set out in the sections "Chairman's Statement" on page 3 and "Management Discussion and Analysis" on pages 4 to 10 of this annual report, and the notes to the consolidated financial statements.

Particulars of important events affecting the Group that have occurred since the end of the reporting period can also be found in the abovementioned sections and the notes to the consolidated financial statements. The discussions on the Group's compliance with the relevant laws and regulations are set out on page 60 of this annual report. An account of the Company's relationship with its key stakeholders is included in the "Relationship with Employees, Customers and Suppliers" and "Substantial Shareholders' Interests and/or Short Positions in the Shares and Underlying Shares of the Company" on pages 61 and 67 of this annual report respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group has formulated some policies in accordance with international environmental standards and has adopted environmentally-friendly production by improving energy efficiency while reducing energy consumption and pollutant emissions. Production factories of the Group have passed the certification of ISO 9001 quality control system and ISO 14001 environmental management system.

Details of the environmental, social and governance of the Group are set out in the "Environmental, Social and Governance Report" on pages 14 to 45 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with the requirements of relevant laws and regulations. During the year, as far as the Board and management are aware of, there was no material breach or non-compliance with any applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the year, there were no material and significant disputes between the Group and its employees, customers and suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 76 of this annual report.

During the year, the Company has declared and paid an interim dividend of HK3.0 cents per ordinary share, totalling HK$14,191,745. The Directors recommend the payment of a final dividend for the year of HK3.0 cents per ordinary share, amounting to HK$14,191,745. The final dividend is subject to approval by shareholders at the Annual General Meeting of the Company to be held on 29 May 2025. It is expected that the final dividend will be paid on or about 27 June 2025 to shareholders whose names appear on the register of members on 13 June 2025.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$262,600.

SHARES ISSUED DURING THE YEAR

Details of the other movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to pay its debts as they fall due in the ordinary course of business. Distributable reserves of the Company as at 31 December 2024, calculated according to the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$320,360,000 (2023: HK$325,586,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years ended 31 December is set out on page 166 of this annual report.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 December 2024 and the Company has not redeemed any of its shares during the year.

SHARE OPTIONS

Pursuant to an ordinary resolution of the shareholders of the Company passed at the Annual General Meeting held on 7 June 2016, a share option scheme (the "2016 Share Option Scheme") was approved and adopted. 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.

For the purpose of the 2016 Share Option Scheme, participants include (i) any executive, non-executive or independent non-executive Director of the Group; (ii) any employee (whether full time or part time) of the Group; and (iii) any supplier and/or sub-contractor of the Group.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the 2016 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent. (the "General Scheme Limit") of the total number of shares on 7 June 2016, the date on which the 2016 Share Option Scheme was adopted.

The Company may seek approval of the shareholders in general meeting to refresh the General Scheme Limit such that the total number of shares which may be allotted and issued upon exercise of all options to be granted under the 2016 Share Option Scheme and any other share option schemes of the Company shall not exceed 10 per cent. of the issued share capital of the Company at the date of approval to refresh such limit.

Notwithstanding the above, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2016 Share Option Scheme and any other share option schemes of the Company shall not exceed 30 per cent. of the total number of shares of the Company in issue from time to time. No option may be granted under the 2016 Share Option Scheme and any other share option schemes of the Company if this will result in the aforesaid 30 per cent. limit being exceeded.

Unless with the approval of the shareholders in general meeting, the maximum number of shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) under the 2016 Share Option Scheme and other share option schemes of the Company in any twelve–month period shall not exceed 1 per cent. of the shares in issue.

An option must be exercised in accordance with the terms of the 2016 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of the option is made, but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made, subject to the provisions for early termination thereof. The amount payable on acceptance of the grant of an option is HK$1.

Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is neither any performance target that needs to be achieved by a grantee before an option can be exercised nor any minimum period for which an option must be held before it can be exercised.

The subscription price in respect of each share issued under the 2016 Share Option Scheme shall be a price solely determined by the Directors but shall not be less than the highest of:

(i) the nominal value of a share;

(ii) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date upon which the relevant option is accepted and deemed to be granted (the "Commencement Date"), which must be a business day;

(iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Commencement Date.

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 2016 Share Option Scheme was adopted.

During the two years ended 31 December 2024 and 2023, there were no share options granted, exercised, cancelled or lapsed. As at 31 December 2024 and 2023, there were no outstanding share options issued under any share option scheme.

As at the date of this report, the total number of shares of the Company available for issue under the 2016 Share Option Scheme was 22,481,010, which represented approximately 4.8% of the issued share capital of the Company as at the date of this report.

DIRECTORS OF THE COMPANY

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Lam Yin Kee *(Chairman)*
Mr. Lam Chee Tai, Eric *(Chief Executive)*
Ms. Yeung Po Wah
Mr. So Kin Hung
Ms. Lam Oi Yan, Ivy

Independent Non-Executive Directors

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

In accordance with Articles 86(3) and 87 of the Company's Articles of Association, Mr. So Kin Hung, Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony shall retire at the forthcoming annual general meeting. All retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Lam Yin Kee and Ms. Yeung Po Wah has entered into a service contract with the Company. Particulars of these contracts, except as indicated, are in all material respects identical and are summarised as follows:

(i) each service contract is of an initial term of three years commencing on 15 July 2005 and shall continue thereafter until terminated in accordance with the terms of the contracts. Under the contract, either party may terminate the contract at any time by giving to the other not less than three months' prior notice in writing;

(ii) the current monthly salary for each of Mr. Lam Yin Kee and Ms. Yeung Po Wah are HK$463,959 and HK$127,530 respectively, subject to discretionary bonus of not more than 10% of the Group's profit in aggregate; and

(iii) the Group provides directors' accommodation to Mr. Lam Yin Kee at a current monthly rental of HK$160,000.

There are no service contracts between the Company and Mr. Lam Chee Tai, Eric and Mr. So Kin Hung in relation to their roles as executive Directors of the Company. The current monthly salary for Mr. Lam Chee Tai, Eric and Mr. So Kin Hung are HK$280,000 and HK$119,448 respectively.

Pursuant to the letter of appointment dated 12 June 2020 with the Company, Ms. Lam Oi Yan, Ivy ("Ms. Lam") was appointed for the period from 12 June 2020 until the conclusion of the next annual general meeting of the Company, at which she will be eligible for re-election in accordance with the Articles of Association of the Company. Ms. Lam, if so re-elected at the next annual general meeting by the shareholders of the Company, shall thereafter be subject to retirement by rotation at least once every three years. The appointment may be terminated by either party with not less than three months' notice in writing. The current monthly salary for Ms. Lam is HK$150,000.

Mr. Yau Ming Kim, Robert was appointed as an independent non-executive Director of the Company from 1 September 2009. The appointment of Mr. Yau Ming Kim, Robert shall continue thereafter from year to year until terminated by either party with one month's notice in writing. Mr. Pang Kwong Wah was appointed as an independent non-executive Director of the Company from 21 June 2013. The appointment of Mr. Pang Kwong Wah shall continue thereafter from year to year until terminated by either party with one month's notice in writing. Mr. Yen Yuen Ho, Tony was appointed as an independent non-executive Director of the Company from 12 August 2016. The appointment of Mr. Yen Yuen Ho, Tony shall continue thereafter from year to year until terminated by either party with one month's notice in writing. Mr. Lin Kam Sui was appointed as an independent non-executive Director of the Company from 1 June 2017. The appointment of Mr. Lin Kam Sui shall continue thereafter from year to year until terminated by either party with one month's notice in writing.

Save as disclosed above, none of the Directors has entered into or has proposed to enter into any service contract with the Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent company was a party and in which a Director of the Company or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 11 to 13 of this annual report.

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 31 December 2024, 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") as set out in Appendix C3 of the Listing Rules were as follows:

(a) Ordinary shares of HK$0.02 each of the Company as at 31 December 2024

		Number of shares held				
		Personal interests	Family interests	Corporate interests	Total	% of the issued share capital of the Company
Mr. Lam Yin Kee	Long positions	4,555,461	–	219,870,000 *(Note 1)*	224,425,461	47.44
Ms. Yeung Po Wah	Long positions	–	224,425,461	–	224,425,461	47.44
Mr. Lam Chee Tai, Eric *(Note 3)*	Long positions	1,509,354	–	–	1,509,354	0.32
Ms. Lam Oi Yan, Ivy *(Note 4)*	Long positions	3,494,986	289,310	–	3,784,296	0.80

Notes:

1. 219,870,000 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.

2. Mr. Lam Yin Kee and Ms. Yeung Po Wah are directors and beneficial owners of Profit International Holdings Limited.

3. 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.

4. 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.

(b) Share options of the Company as at 31 December 2024

None of the Directors and Chief Executive has held any share options as at 31 December 2024.

(c) Interests in an associated corporation, Profit International Holdings Limited (ordinary shares of US$1 each) as at 31 December 2024

		Number of shares held				
		Personal interests	Family interests	Corporate interests	Total	% of the issued share capital of the associated corporation
Mr. Lam Yin Kee	Long positions	950	–	–	950	95.0
Ms. Yeung Po Wah	Long positions	50	–	–	50	5.0

Save as disclosed above, at no time during the year, 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 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 31 December 2024, 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	219,870,000	46.48
Ms. Liu Jing	Beneficially owned	Long position	47,754,800	10.09
China Huarong Overseas Investment Holdings Co., Limited ("China Huarong Overseas) (Note 1)	Interest of a controlled corporation	Long position	46,795,818	9.89
Huarong Huaqiao Asset Management Co., Limited ("Huarong Huaqiao") *(Note 1)*	Interest of a controlled corporation	Long position	46,795,818	9.89
Huarong Zhiyuan Investment & Management Co., Limited ("Huarong Zhiyuan") *(Note 1)*	Interest of a controlled corporation	Long position	46,795,818	9.89
China CITIC Financial Asset Management Co., Ltd. ("CITIC FAMC") *(Note 1)*	Interest of a controlled corporation	Long position	46,795,818	9.89
China Asset Management (Hong Kong) Limited	Investment manager	Long position	46,795,818	9.89

Note:

(1) 46,795,818 shares of the Company were beneficially 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 CITIC FAMC. CITIC Group Corporation and The Ministry of Finance of the People's Republic of China have approximately 26.46% and 24.76% interests in the share capital of CITIC FAMC respectively. Therefore, Huarong Huaqiao, Huarong Zhiyuan, CITIC FAMC, CITIC Group Corporation and The Ministry of Finance of the People's Republic of China are deemed to be interested in 46,795,818 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 31 December 2024, 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	
– the largest supplier	4.7%
– five largest suppliers combined	20.7%
Sales	
– the largest customer	42.7%
– five largest customers combined	73.3%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the major suppliers or customers noted above.

CONNECTED TRANSACTION

Certain related party transactions as disclosed in note 29 to the consolidated financial statements also constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transaction between certain connected parties (as defined in the Listing Rules) and the Group have been entered into for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

The Group has rented a quarter as directors' accommodation from Profit Home Investments Limited ("Profit Home") at a monthly rental of HK$160,000 for a period of two years from 1 April 2021 to 31 March 2023. On 31 March 2023, the Group entered into a renewal tenancy agreement with Profit Home for a period of two years commencing from 1 April 2023 to 31 March 2025, at a monthly rental of HK$160,000. Ms. Yeung Po Wah, Mr. Lam Chee Tai, Eric and Ms. Lam Oi Yan, Ivy holds 60%, 20% and 20% of shareholding respectively and are directors of Profit Home. Ms. Yeung Po Wah is an executive Director of the Company and the spouse of Mr. Lam Yin Kee. Mr. Lam Chee Tai, Eric is an executive Director and the Chief Executive of the Company and the son of Mr. Lam Yin Kee and Ms. Yeung Po Wah. Ms. Lam Oi Yan, Ivy is an executive Director of the Company and the daughter of Mr. Lam Yin Kee and Ms. Yeung Po Wah. Therefore, the lease for renting the quarter constitutes a continuing connected transaction of the Group under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios calculated in relation to the above connected transaction is less than 5% and the total annual consideration payable is less than HK$3,000,000, the transaction qualifies as a de minimis transaction pursuant to Rule 14A.76 (1) of the Listing Rules and is therefore fully exempt from the annual review, reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The aforesaid continuing connected transaction has been reviewed by the independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid connected transaction was entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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 year and up to the date of this report, in compliance with the Corporate Governance Code as set out in Appendix C1 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.

Further information is set out in the "Corporate Governance Report" on pages 46 to 59 of this annual report.

EMOLUMENT POLICY

The remuneration committee of the Company (the "Remuneration Committee") was established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group having regard to the Group's operating results, individual performance and comparable market standard and practices. The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of its business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence. The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed "Share Options" above.

DIVIDEND POLICY

The Board may declare dividends after taking into account the Group's operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to the Company's constitutional documents and the applicable laws, including the approval of the Shareholders. Future declarations of dividends may or may not be reflected from the Company's historical declarations of dividends and will be at the absolute discretion of the Board.

PERMITTED INDEMNITY PROVISIONS

During the year under review and up to the date of this report, the Company's Articles of Association provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Directors.

During the year under review and up to the date of this report, the Company has taken out and maintained appropriate insurance to cover potential legal actions against its Directors.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of this report.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by Grant Thornton Hong Kong Limited, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Lam Yin Kee
Chairman
Hong Kong, 28 March 2025

Grant Thornton
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TO THE MEMBERS OF ALLTRONICS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Alltronics Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 76 to 165, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Inventory provision

Refer to notes 2.12, 4.2 and 18 to the consolidated financial statements and accounting policies

Key Audit Matter	How our audit addressed the key audit matter
As at 31 December 2024, the inventories amounted to approximately HK$210,736,000 net of the provision for obsolete inventories of approximately HK$32,089,000. The Group's inventories were mainly finished electronic products, plastic moulds, plastic and other components for electronic products which might become obsolete because of rapid technological advancement. Management's assessment on the provision for obsolete inventories is based on assumptions, including assumptions on the forecasted inventory usage and estimated selling prices. We identified the inventory provision as a key audit matter due to the significance of inventories to the consolidated financial statements and the estimation of provision involved significant management judgement.	We performed the following audit procedures, among others, on the inventory provision: • assessed the design of the internal controls that the Group used to identify slow moving and obsolete inventories; • evaluated management's methodology and estimation used in inventory provision calculation; • assessed the reasonableness of the inventory provision by comparing to historical write-downs, actual selling prices and costs to sale; • performed recalculation, on a sample basis, of inventory provision on individual items; • tested the ageing of inventories and discussed the long aging inventories with management to identify any slow-moving, excess or obsolete items; • observed the stocktaking process at the end of the year; and • performed subsequent sales review of inventories, on a sample basis.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2024 Annual Report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor,
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

28 March 2025

Kan Kai Ching
Practising Certificate No.: P07816

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	6	**1,066,945**	1,347,416
Cost of sales		**(855,778)**	(1,065,275)
Gross profit		**211,167**	282,141
Distribution costs		**(9,015)**	(12,170)
Administrative expenses		**(99,618)**	(109,419)
Other operating income, net		**2,116**	7,203
Gain on disposal on an associate	21	**–**	15,000
Impairment losses on trade receivables, net	19	**(760)**	(3,458)
Impairment losses on amounts due from associates	20	**(2,172)**	(5,206)
Impairment losses on other receivables, net	20	**(952)**	(1,215)
Finance income	7	**5,558**	2,500
Finance costs	8	**(14,894)**	(22,349)
Profit before tax	7	**91,430**	153,027
Income tax expense	11	**(19,728)**	(38,900)
Profit for the year		**71,702**	114,127
Attributable to:			
Owners of the Company		**63,085**	108,423
Non-controlling interests		**8,617**	5,704
		71,702	114,127
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	13	**13.34**	22.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**71,702**	114,127
Other comprehensive income		
Other comprehensive income that may be reclassified to subsequently profit or loss:		
Exchange differences on translation of foreign operations	**(6,832)**	(15,467)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(6,832)**	(15,467)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of long service payment ("LSP") liabilities	**(21)**	(28)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(21)**	(28)
Other comprehensive income for the year, net of tax	**(6,853)**	(15,495)
Total comprehensive income for the year	**64,849**	98,632
Attributable to:		
Owners of the Company	**56,014**	93,089
Non-controlling interests	**8,835**	5,543
	64,849	98,632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*14*	**160,864**	172,944
Right-of-use assets	*15(a)*	**19,205**	34,466
Investments in associates	*17*	**1,596**	–
Goodwill	*16*	**11,672**	11,672
Other intangible assets	*16*	**1,073**	–
Financial assets at fair value through profit or loss ("FVTPL")	*21*	**44,872**	43,982
Other receivables	*20*	**262**	3,148
Deferred tax assets	*26*	**11,190**	14,414
Total non-current assets		**250,734**	280,626
Current assets			
Inventories	*18*	**210,736**	258,661
Trade receivables	*19*	**185,304**	163,971
Prepayments, other receivables and other assets	*20*	**82,649**	45,712
Tax recoverable		**122**	57
Pledged deposits	*22*	**4,963**	4,852
Cash and cash equivalents	*22*	**445,069**	426,043
Total current assets		**928,843**	899,296
Current liabilities			
Trade and bills payables	*23*	**136,771**	134,156
Other payables and accruals	*24*	**79,914**	103,625
Interest-bearing bank and other borrowings	*25*	**191,387**	197,860
Lease liabilities	*15(b)*	**14,308**	27,722
Tax payable		**14,818**	9,252
Total current liabilities		**437,198**	472,615
Net current assets		**491,645**	426,681
Total assets less current liabilities		**742,379**	707,307

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	*15(b)*	**4,778**	10,030
LSP obligations		**590**	466
Deferred tax liabilities	*26*	**7,074**	8,070
Total non-current liabilities		**12,442**	18,566
Net assets		**729,937**	688,741
EQUITY			
Share capital	*27*	**9,461**	9,461
Reserves	*28*	**665,065**	632,704
Equity attributable to owners of the Company		**674,526**	642,165
Non-controlling interests		**55,411**	46,576
Total equity		**729,937**	688,741

Lam Yin Kee
Director

Yeung Po Wah
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital HK$'000 (note 27)	Share premium HK$'000 (note 27)	Capital reserve HK$'000	Statutory reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	9,461	277,388*	5,799*	28,964*	154*	42*	267,278*	589,086	19,945	609,031
2022 final dividend paid	–	–	–	–	–	–	(9,461)	(9,461)	–	(9,461)
2023 interim dividend paid *(Note 12)*	–	–	–	–	–	–	(9,461)	(9,461)	–	(9,461)
Transfer to statutory reserve	–	–	–	861	–	–	(861)	–	–	–
Release of reserve upon deregistration of a subsidiary	–	–	–	–	–	–	(21,088)	(21,088)	21,088	–
Transactions with owners	–	–	–	861	–	–	(40,871)	(40,010)	21,088	(18,922)
Profit for the year	–	–	–	–	–	–	108,423	108,423	5,704	114,127
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	(15,306)	–	–	(15,306)	(161)	(15,467)
Remeasurement of LSP liabilities	–	–	–	–	–	–	(28)	(28)	–	(28)
Total comprehensive income for the year	–	–	–	–	(15,306)	–	108,395	93,089	5,543	98,632
At 31 December 2023	9,461	277,388*	5,799*	29,825*	(15,152)*	42*	334,802*	642,165	46,576	688,741

	Attributable to owners of the Company									
	Share capital HK$'000 (note 27)	Share premium HK$'000 (note 27)	Capital reserve HK$'000	Statutory reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	9,461	277,388*	5,799*	29,825*	(15,152)*	42*	334,802*	642,165	46,576	688,741
2023 final dividend paid	–	–	–	–	–	–	(9,461)	(9,461)	–	(9,461)
2024 interim dividend paid *(Note 12)*	–	–	–	–	–	–	(14,192)	(14,192)	–	(14,192)
Transfer to statutory reserve	–	–	–	776	–	–	(776)	–	–	–
Transactions with owners	–	–	–	776	–	–	(24,429)	(23,653)	–	(23,653)
Profit for the year	–	–	–	–	–	–	63,085	63,085	8,617	71,702
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	(7,050)	–	–	(7,050)	218	(6,832)
Remeasurement of LSP liabilities	–	–	–	–	–	–	(21)	(21)	–	(21)
Total comprehensive income for the year	–	–	–	–	(7,050)	–	63,064	56,014	8,835	64,849
At 31 December 2024	9,461	277,388*	5,799*	30,601*	(22,202)*	42*	373,437*	674,526	55,411	729,937

* These reserve accounts comprise the consolidated reserves of HK$665,065,000 (2023: HK$632,704,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Profit before tax:		**91,430**	153,027
Adjustment for:			
Finance costs	*8*	**14,894**	22,349
Interest income		**(5,558)**	(2,500)
Depreciation of property, plant and equipment	*14*	**14,167**	17,559
Depreciation of right-of-use assets	*15.1(c)*	**26,726**	27,099
LSP obligations			
– expenses recognised in profit or loss		**53**	367
Change in fair value of financial assets at FVPTL		**9,752**	4,033
Gain on disposal of an associate		**–**	(15,000)
Loss on conversion of convertible bond	*21(b)*	**–**	533
Impairment of trade receivables, net		**760**	3,458
Impairment of amounts due from associates		**2,172**	5,206
Impairment of other receivables, net		**952**	1,215
Gain on disposal of items of property, plant and equipment		**(1,513)**	(308)
Provision of inventories		**395**	1,626
Operating cash flows before working capital changes		**154,230**	218,664
Decrease in inventories		**46,226**	96,641
(Increase)/Decrease in trade receivables		**(23,970)**	49,056
Increase in prepayments, other receivables and other assets		**(10,184)**	(2,867)
Increase/(Decrease) in trade and bills payables		**5,325**	(53,177)
Decrease in other payables and accruals		**(22,944)**	(7,154)
Increase in LSP obligations		**21**	28
Cash generated from operations		**148,704**	301,191
Interest received		**5,558**	2,500
Interest paid		**(13,591)**	(19,825)
Tax paid		**(12,266)**	(43,535)
Net cash flows from operating activities		**128,405**	240,331

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Purchases of items of property, plant and equipment		**(6,031)**	(6,158)
Purchase of intangible assets		**(1,073)**	–
Increase in investment in an associate		**(1,596)**	–
Increase in loan receivables		**(8,598)**	(12,771)
Decrease in restricted deposit		**–**	12,275
Proceeds from disposal of items of property, plant and equipment		**856**	633
Purchases of financial asset at FVTPL		**(10,642)**	(12,370)
Payment of refundable deposit for the Potential Acquisition	*20(vii)*	**(15,600)**	–
Net cash flows used in investing activities		**(42,684)**	(18,391)
Cash flows from financing activities			
Proceeds from new bank loans and other borrowings		**234,551**	220,556
Repayments of bank loans and other borrowings		**(239,954)**	(253,209)
Increase/(Decrease) in trust receipt loans		**285**	(54)
Dividend paid		**(23,653)**	(18,922)
Principal portion of lease payments		**(30,040)**	(27,901)
Interest portion of lease liabilities		**(1,253)**	(2,453)
Net cash flows used in financing activities		**(60,064)**	(81,983)
Net increase in cash and cash equivalents		**25,657**	139,957
Cash and cash equivalents at beginning of year		**430,874**	293,178
Effect of foreign exchange rate changes, net		**(6,499)**	(2,261)
Cash and cash equivalents at end of year		**450,032**	430,874
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the consolidated statement of financial position *(note)*	*22*	**450,032**	430,895
Bank overdrafts	*25*	**–**	(21)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**450,032**	430,874

Note: The amount included pledged deposit amounted to HK$4,963,000 (2023: HK$4,852,000) with original maturity of less than 3 months.

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

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name	Place of incorporation/ registration and business operation	Issued/registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
Directly held					
Alltronics Industries Limited	Hong Kong	1 ordinary share of HK$1	**100**	100	Investment holding in Hong Kong
Alltronics Project Limited	Hong Kong	100 ordinary shares totalling HK$100	**100**	100	Investment holding and energy saving business in Hong Kong
Alltronics Resources Limited	The British Virgin Islands	100 ordinary shares of US$1 each	**100**	100	Investment holding in Hong Kong
Alltronics (BVI) Limited	The British Virgin Islands	100 ordinary shares of US$1 each	**100**	100	Investment holding in Hong Kong

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business operation	Issued/registered share capital	Percentage of equity attributable to the Company 2024	2023	Principal activities
Indirectly held					
ACL Trading (Shenzhen) Co. Ltd*	PRC	Registered capital of RMB1,000,000	**100**	–	Trading of electronic products
Alltronics Energy Saving (Shenzhen) Limited*	PRC	Registered capital of HK$60,000,000	**100**	100	Investment holding in the PRC and provision of energy saving business solutions to customers
Allcomm (H.K.) Limited	Hong Kong	2 ordinary shares totalling HK$2	**100**	100	Investment holding and trading of electronic products
Alltronics Tech. Mftg. Limited	Hong Kong	500,000 ordinary shares totalling HK$500,000	**100**	100	Research and development, manufacture and trading of electronic products
Shenzhen Allcomm Electronic Co. Ltd.*	PRC	Registered capital of US$2,500,000	**100**	100	Manufacture of electronic products
Southchina Engineering and Manufacturing Limited	Hong Kong	1,000,000 ordinary shares totalling HK$1,000,000	**51**	51	Trading of plastic moulds, plastic and electronic accessories
WT Technology Development Company Limited	Hong Kong	10,000 ordinary shares totalling HK$10,000	**100**	100	Investment holding and trading of electronic products

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business operation	Issued/registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
南華匯盈科技發展(深圳)有限公司*	PRC	Registered capital of HK$12,000,000	**51**	51	Manufacture of plastic moulds, plastic and electronic accessories
宜春華訊電子製品有限公司*	PRC	Registered capital of RMB60,000,000 (2023: RMB20,000,000)	**100**	100	Manufacture of transformers, solenoids and other components for electronic products in the PRC

* These companies are registered as wholly-foreign-owned enterprises under PRC law.

ACL Trading (Shenzhen) Co. Ltd was incorporated in PRC on 3 June 2024.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost convention, except for certain unlisted equity investments and investments in life insurance plans which have been measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Business combinations

Acquisitions of subsidiaries and business are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

2.4 Investments in associates

An associate is an entity in which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

In consolidated financial statements, an investment in an associate is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on the investment in associate recognised for the year. The Group's other comprehensive income for the year includes its share of the associate's other comprehensive income for the year.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Investments in associates (Continued)

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associates. Where unrealised losses on assets sales between the Group and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate. If the retained interest in that former associate is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.5 Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional currency, and all values are rounded to the nearest thousand except when otherwise indicated.

Each consolidated entities in the Group determines its own functional currency. In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the rates prevailing at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment and depreciation

Property, plant and equipment are initially recognised at acquisition cost, manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual value over their estimated useful lives, using straight-line method, at the following rates per annum:

Buildings	2%-20% or over the lease terms, whichever is shorter
Leasehold improvements	16.67%-20% or over the lease terms, whichever is shorter
Plant and machinery	9%-20%
Motor vehicles	9%-20%
Office equipment	8%-20%
Furniture and fixtures	9%-20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Estimates of residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7 Goodwill and other intangible assets

Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate is set out in note 2.4.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2.20).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Goodwill and other intangible assets (Continued)

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The following useful live is applied:

Trademarks	Over the registration period

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets, with finite and indefinite useful lives, are tested for impairment (see note 2.20).

2.8 Financial assets

Recognition and derecognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred.

Classification and initial measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

– amortised cost;

– FVTPL; or

– FVOCI.

The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income, except for expected credit losses ("ECL") of trade receivables and other receivables which are presented as separate items in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

Classification and initial measurement (Continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade receivables, pledged deposits, other receivables and other assets fall into this category of financial instruments.

Financial asset at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "Fair value reserve of financial asset at FVOCI" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, dividends are included in the other operating income in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Classification and initial measurement

The Group's financial liabilities include interest-bearing bank and other borrowings, leases liabilities, trade and bills payables and other payables.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Accounting policies of lease liabilities are set out in note 2.15.

Trade payables

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Other financial liabilities measured at amortised cost

Other financial liabilities measured at amortised cost are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of these financial liabilities using the effective interest method.

Other financial liabilities measured at amortised cost are classified as current liabilities unless as at the end of the reporting period the Group has a right to defer settlement of the liability for at least twelve months after the reporting date.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets

The Group use forward-looking information to recognise an allowance for the ECL model. Instruments within the scope included debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

– financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

– financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables with object evidence of impairments at the reporting date will be individually assessed for measurement of lifetime ECL.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (Continued)

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.14 Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

2.15 Leases

Definition of a lease and Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.15 Leases (Continued)

Definition of a lease and Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Land and buildings	2 to 5 years

If the Group is reasonably certain to obtain the ownership of the leased asset by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The Group also assesses the right-of-use asset for impairment when such indicator exists.

On the consolidated statement of financial position, right-of-use assets are presented under non-current assets.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate ("IBR").

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

Subsequent to initial measurement, the amount of lease liabilities are increased for interest cost on the lease liabilities and reduced for the lease payments made.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.15 Leases (Continued)

Definition of a lease and Group as a lessee (Continued)

(b) Lease liabilities (Continued)

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments changes due to changes in market rental rates, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other operating income in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.17 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.18 Revenue recognition

Revenue from contracts with customers

Revenue arises mainly from the sales electronics products.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Further details of the Group's revenue and other operating income recognition policies are as follows:

(a) Sale of electronic products

Revenue from the sale of electronic products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Some contracts for the sale of electronic products provide customers with volume rebates. The volume rebates give rise to variable consideration.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(b) Rental income

Accounting policies for rental income are set out in note 2.15.

(c) Other operating income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.19 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants relating to income is presented in gross under "Other operating income, net" in the consolidated statement of profit or loss.

2.20 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of a subsidiary;
- Other intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Company's investments in subsidiaries and associates

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that it is impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.20 Impairment of non-financial assets (Continued)

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An assessment is made at the end of the reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such and impairment loss is credited to profit or loss in the period in which it arises.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.21 Employee retirement benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to LSP if the eligibility criteria are met. The LSP are defined benefits plans.

(a) Defined contribution plans

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

(b) Defined benefit plans

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually with the assistance of independent actuaries. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to the Hong Kong Government Bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.21 Employee retirement benefits (Continued)

Retirement benefits (Continued)

(b) Defined benefit plans (Continued)

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

2.22 Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss and does not give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.22 Income tax (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entity; or

   (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.23 Segment reporting

The Group identifies operating segments and prepares segment information based on the report reviewed by the executive directors ("Directors") of the Company for their strategic decisions and review of the performance of those components.

The business components in the internal financial information reported to the Directors are determined following the business components' operations and their products and services provided.

The Group considers the business from both a geographic and product perspective.

The Group only has one reportable segment, which is the electronic products segment. The biodiesel products segment and energy saving business segment have been combined and disclosed in an "all other segments" category.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group used for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs, except that the following items are not included in arriving at the operating results of the operating segment:

- share of profit or loss of associates accounted for using the equity method;
- finance costs (other than interest on lease liabilities);
- finance income;
- income tax expense; and
- corporate income and expenses which are not directly attributable to the business activities of any operating segment.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.24 Related parties

For the purpose of these consolidated financial statement, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group and the sponsoring employees are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.25 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. ADOPTION OF NEW AND AMENDED HKFRSs

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

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" ("2020 Amendments") and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments")

The amendments clarified the classification of debt and other liabilities as current or non-current, depending on whether an entity has a right to defer settlement of the liability for at least twelve months from the end of the reporting period and this right has to be existed at the end of the reporting period. Any expectations about events after the reporting period do not impact the assessment of the classification of the liabilities make at the end of the reporting period as to the classification of the liability.

Covenants of a loan arrangement that an entity must comply with on or before the reporting date (even if the covenant is only assessed after the reporting date) affect the classification of that liability as current or non-current. Covenants that the entity is required to comply with after the reporting date do not affect the classification at the reporting date.

The amendments also define "settlements" of a liability, which includes transfer of entity's own equity instrument. However, if the holder's conversion option in a convertible bond is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liability is current or non-current. If the holder's conversion option is classified as liability, such option must be considered for the determination of current/non-current classification of a convertible bond.

Based on the Group's outstanding liabilities as at 1 January 2024, the application of amendments did not result in reclassification of the Group's liabilities.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs

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

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective date not yet determined

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. 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 consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures".

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operation"), depending on the reporting entity's main business activities, in the statement of profit or loss;

- Disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and

- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to HKAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and

- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRSs, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are still in the process of assessing the impact of HKFRS 18, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Determination of the discount rate in lease contracts

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available such as for subsidiaries that do not enter into financing transactions or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26 to the consolidated financial statements.

4.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

4.2 Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis in accordance with the accounting policy stated in note 2.20. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was HK$11,672,000 (2023: HK$11,672,000). Further details are given in note 16 to the consolidated financial statements.

Provision for ECL on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 19 and note 20 to the consolidated financial statements, respectively.

Provision for inventories

The Group makes provision for inventories based on consideration of obsolescence of raw materials and the net realisable value of finished goods. The identification of inventory obsolescence and estimated selling price in the ordinary course of business require the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and provision in the year in which such estimate is changed. Further details are given in note 18 to the consolidated financial statements.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances. The carrying amounts of property, plant and equipment at 31 December 2024 and 2023 were HK$160,864,000 and HK$172,944,000, respectively. Further details are given in note 14 to the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

4.2 Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of fair value of financial instruments not traded in an active market

As at 31 December 2024 and 2023, financial instruments that are not traded in an active market including unlisted equity investments were carried at a total fair value of HK$44,872,000 (2023: HK$43,982,000). The fair values are determined by using valuation techniques, details of which are set out in note 31. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case the Group uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

5. OPERATING SEGMENT INFORMATION

For management purposes, for the years ended 31 December 2024 and 2023, the Group only has one reportable segment, which is the electronic products segment - the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products. The biodiesel products segment and energy saving business segment have been combined and disclosed in an "all other segments" category.

Management assesses the performance of the operating segments based on a measure of operating profit/loss (before interest and tax and unallocated operating costs).

All sales between segments are eliminated on consolidation. All segment revenue reported is derived from external parties.

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.

5. OPERATING SEGMENT INFORMATION (Continued)

	Electronic products HK$'000	All other HK$'000	Total HK$'000
Year ended 31 December 2024			
Segment revenue *(note 6)*			
Sales to external customers	1,066,911	34	1,066,945
Total revenue	1,066,911	34	1,066,945
Segment results			
Operating profit/(loss) before interest and tax	105,000	(2,368)	102,632
Finance costs (other than interests on lease liabilities)	(13,641)	–	(13,641)
Finance income	5,532	26	5,558
Income tax expense	(19,728)	–	(19,728)
	77,163	(2,342)	74,821
Unallocated operating costs			(3,119)
Profit for the year			71,702
Segment assets	1,108,976	4,729	1,113,705
Unallocated:			
Cash and cash equivalents			1,362
Prepayments and deposits			19,638
Financial assets at FVTPL			44,872
Total assets			1,179,577
Segment liabilities	440,473	1,250	441,723
Unallocated:			
Other payables and accruals			7,917
Total liabilities			449,640
Other segment information:			
Depreciation and amortisation	(40,892)	(1)	(40,893)
Additions to non-current assets*	20,871	–	20,871
Provision of impairment of			
– trade receivables, net	(760)	–	(760)
– amounts due from associates	(2,172)	–	(2,172)
– other receivables, net	(952)	–	(952)
Provision of inventories	(395)	–	(395)

* Additions to non-current assets consists of additions of property, plant and equipment, right-of-use assets, investments in associates and other intangible assets.

5. OPERATING SEGMENT INFORMATION (Continued)

	Electronic products HK$'000	All other HK$'000	Total HK$'000
Year ended 31 December 2023			
Segment revenue *(note 6)*			
Sales to external customers	1,347,261	155	1,347,416
Total revenue	1,347,261	155	1,347,416
Segment results			
Operating profit/(loss) before interest and tax	178,114	(1,270)	176,844
Finance costs (other than interests on lease liabilities)	(19,896)	–	(19,896)
Finance income	2,459	41	2,500
Income tax expense	(38,900)	–	(38,900)
	121,777	(1,229)	120,548
Unallocated operating costs			(6,421)
Profit for the year			114,127
Segment assets	1,119,559	14,870	1,134,429
Unallocated:			
Cash and cash equivalents			650
Prepayments and deposits			861
Financial assets at FVTPL			43,982
Total assets			1,179,922
Segment liabilities	482,944	404	483,348
Unallocated:			
Other payables and accruals			7,833
Total liabilities			491,181
Other segment information:			
Depreciation and amortisation	(44,654)	(4)	(44,658)
Additions to non-current assets*	9,982	–	9,982
Provision of impairment of			
– trade receivables, net	(3,458)	–	(3,458)
– amounts due from associates	(5,206)	–	(5,206)
– other receivables, net	(1,215)	–	(1,215)
Provision of inventories	(1,626)	–	(1,626)
Gain on disposal of an associate	15,000	–	15,000

* Additions to non-current assets consists of additions of property, plant and equipment and right-of-use assets.

5. OPERATING SEGMENT INFORMATION (Continued)

5.1 Geographical information

(a) Revenue from external customers

	2024 **HK$'000**	2023 HK$'000
The United States	**776,437**	978,361
Hong Kong	**73,710**	147,925
Europe	**86,386**	90,336
PRC	**119,018**	124,038
Other overseas countries	**11,394**	6,756
	1,066,945	1,347,416

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

(b) Non-current assets

	2024 **HK$'000**	2023 HK$'000
Hong Kong	**167,973**	168,990
PRC	**26,437**	50,092
	194,410	219,082

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

5.2 Information about major customers

For the year ended 31 December 2024, revenues from customers which individually contributed over 10% of the Group's revenue is as follow:

	2024 **HK$'000**	2023 HK$'000
Customer A	**455,789**	690,501
Customer B *(note)*	**154,024**	N/A

Note: The Group had transactions with this customer but the amount of the transactions was less than 10% of the Group's revenue for the year ended 31 December 2023.

These revenues were attributable to the electronic products segment.

6. REVENUE

(i) Disaggregated revenue information from contract with customers

For the year ended 31 December 2024

Segments	**Electronic products HK$'000**	**All other HK$'000**	**Total HK$'000**
Type of goods or services			
Sales of industrial products	**1,066,911**	**34**	**1,066,945**
Timing of revenue recognition			
Goods transferred at a point in time	**1,066,911**	**34**	**1,066,945**

For the year ended 31 December 2023

Segments	Electronic products HK$'000	All other HK$'000	Total HK$'000
Type of goods or services			
Sales of industrial products	1,347,261	155	1,347,416
Timing of revenue recognition			
Goods transferred at a point in time	1,347,261	155	1,347,416

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

7. PROFIT BEFORE TAX

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

	Notes	2024 HK$'000	2023 HK$'000
Cost of inventories sold and services provided		**600,986**	789,109
Provision of inventories		**395**	1,626
Depreciation of property, plant and equipment	*14*	**14,167**	17,559
Depreciation of right-of-use assets	*15.1(c)*	**26,726**	27,099
Auditors' remuneration			
– Audit services		**2,260**	2,150
– Non-audit services		**310**	295
Changes in fair value of financial assets at FVTPL		**9,752**	4,033
Lease payments not included in the measurement of lease liabilities	*15.1(c)*	**44**	148
Gain on disposal of property, plant and equipment		**(1,513)**	(308)
Foreign exchange differences, net		**(5,299)**	(9,926)
Interest income from bank deposits		**(4,822)**	(2,074)
Interest income from loan receivables		**(736)**	(208)
Interest income from a convertible bonds ("CB")		**–**	(218)
Rental income	*15.2*	**(972)**	(898)
Government grants *(note i)*		**(277)**	(4,825)
Directors' and chief executive's remuneration	*9*	**26,422**	31,893
Compensations to suppliers *(note ii)*		**–**	8,767
Loss on conversion of CB		**–**	533
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 9)*):			
Wages and salaries		**161,720**	213,045
Pension scheme expenses			
– Contribution to defined benefit scheme		**8,907**	11,040
– Expenses arising from LSP obligations		**51**	367
Staff welfare and allowances		**4,996**	6,694
		175,674	231,146

7. PROFIT BEFORE TAX (Continued)

Notes:

(i) During the year ended 31 December 2024, the Group received unconditional subsidies of HK$277,000 (2023: HK$4,825,000) from PRC local government authorities.

(ii) During the year ended 31 December 2023, the Group signed settlement agreements with suppliers, whereas the parties compromised that the Group would make settlement payments to the suppliers in exchange for the termination of corresponding purchase orders made by the Group. The suppliers would have no obligation to fulfil the corresponding purchase orders by delivering any components to the Group. The agreed total sum of settlement compensations for the year ended 31 December 2023 was HK$8,767,000, which was included in other operating expenses, net in the consolidated statement of profit or loss for the year ended 31 December 2023.

Further details of the settlement agreement signed during the year ended 31 December 2023 are set out in the Company's announcement dated 2 November 2023.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 **HK$'000**	2023 HK$'000
Interest on bank loans, overdrafts and other loans	**13,591**	19,825
Interest on lease liabilities	**1,253**	2,453
Interest on LSP obligations	**50**	71
Total finance costs	**14,894**	22,349

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 **HK$'000**	2023 HK$'000
Fees	**1,320**	1,320
Other emoluments		
Salaries, allowances and benefits in kind	**17,512**	16,742
Discretionary bonuses	**7,500**	13,754
Pension scheme contributions	**90**	77
	25,102	30,573
	26,422	31,893

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

9.1 Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 HK$'000	2023 HK$'000
Mr. Yau Ming Kim, Robert	330	330
Mr. Pang Kwong Wah	330	330
Mr. Yen Yuen Ho, Tony	330	330
Mr. Lin Kam Sui	330	330
	1,320	1,320

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

9.2 Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses[2] HK$'000	Estimated money value of other benefits[1] HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
2024						
Executive Directors						
Mr. Lam Yin Kee *(Note i)*	–	6,191	–	1,920	18	8,129
Mr. Lam Chee Tai, Eric *(Note ii)*	–	4,240	5,000	–	36	9,276
Ms. Yeung Po Wah	–	1,658	–	–	18	1,676
Mr. So Kin Hung	–	1,553	–	–	–	1,553
Ms. Lam Oi Yan Ivy	–	1,950	2,500	–	18	4,468
	–	15,592	7,500	1,920	90	25,102

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

9.2 Executive directors (Continued)

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses[2]	Estimated money value of other benefits[1]	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2023						
Executive Directors						
Mr. Lam Yin Kee *(Note i)*	–	6,191	1,204	1,920	18	9,333
Mr. Lam Chee Tai, Eric *(Note ii)*	–	3,470	6,880	–	23	10,373
Ms. Yeung Po Wah	–	1,658	200	–	18	1,876
Mr. So Kin Hung	–	1,553	200	–	–	1,753
Ms. Lam Oi Yan Ivy	–	1,950	5,270	–	18	7,238
	–	14,822	13,754	1,920	77	30,573

1 Other benefits represent rental paid by the Group for the quarters of the directors.

2 Discretionary bonuses are determined by the remuneration committee and the Board of the Company having regard to the Company's and individual directors' performance.

Notes:

(i) Mr. Lam Yin Kee is an executive director and the Chairman of the Group.

(ii) Mr. Lam Chee Tai, Eric is the chief executive officer of the Group.

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in the Group during the year included three directors (2023: three), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2023: two) highest paid employees who are neither a director nor chief executive of the Company during the year are as follows:

	2024	2023
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**4,013**	3,991
Performance related bonuses	**799**	1,660
Pension scheme contributions	**9**	36
	4,821	5,687

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
Emolument bands:		
HK$2,000,001 to HK$2,500,000	**2**	–
HK$2,500,001 to HK$3,000,000	**–**	2
	2	2

11. INCOME TAX

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

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

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

	2024 **HK$'000**	2023 HK$'000
Current – PRC	**11,297**	21,916
Current – Hong Kong	**7,282**	11,622
(Over)/Underprovision in prior years	**(711)**	4,561
Deferred tax *(note 26)*	**1,860**	801
Total tax charge for the year	**19,728**	38,900

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2024		2023	
	HK$'000	**%**	HK$'000	%
Profit before tax	**91,430**		153,027	
Tax at the statutory tax rates	**15,086**	**16.5**	25,249	16.5
Effect of different taxation rates in other countries	**3,229**	**3.5**	5,070	3.3
Income not subject to tax	**(3,402)**	**(3.7)**	(3,681)	(2.4)
Expenses not deductible for tax	**5,089**	**5.6**	7,486	4.9
(Over)/Underprovision in prior years	**(711)**	**(0.8)**	4,561	3.0
Tax losses not recognised	**602**	**0.7**	939	0.6
Utilisation of previously unrecognised tax losses	**–**	**–**	(559)	(0.4)
Others	**(165)**	**(0.2)**	(165)	(0.1)
Tax charge at the Group's effective tax rate	**19,728**	**21.6**	38,900	25.4

12. DIVIDEND

Dividends attributable to the year:

	2024 HK$'000	2023 HK$'000
Interim dividend of HK3.0 cents per ordinary share (2023: HK2.0 cents)	14,192	9,461
Proposed final dividend of HK3.0 cents per ordinary share (2023: HK2.0 cents)	14,192	9,461
	28,384	18,922

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (2023: HK$9,461,000).

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic earnings per share are based on:

	2024 HK$'000	2023 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	63,085	108,423

	Number of shares 2024	Number of shares 2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	473,058,180	473,058,180

Diluted earnings per share was the same as basic earnings per share for the years ended 31 December 2024 and 2023 as the Group had no potentially dilutive ordinary shares in existence during the years.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2024							
At 1 January 2024:							
Cost	200,618	8,570	26,750	67,021	67,170	20,312	390,441
Accumulated depreciation	(53,741)	(6,719)	(20,042)	(57,283)	(65,281)	(14,431)	(217,497)
Net carrying amount	146,877	1,851	6,708	9,738	1,889	5,881	172,944
At 1 January 2024, net of accumulated depreciation	146,877	1,851	6,708	9,738	1,889	5,881	172,944
Additions	–	835	897	1,198	885	2,216	6,031
Disposals	–	(82)	(110)	(2,702)	–	(171)	(3,065)
Depreciation *(note 7)*	(6,368)	(676)	(2,187)	(1,880)	(1,380)	(1,676)	(14,167)
Exchange realignment	–	(104)	(217)	(387)	(66)	(105)	(879)
At 31 December 2024, net of accumulated depreciation	140,509	1,824	5,091	5,967	1,328	6,145	160,864
At 31 December 2024:							
Cost	200,618	8,440	26,398	57,389	66,169	16,242	375,256
Accumulated depreciation	(60,109)	(6,616)	(21,307)	(51,422)	(64,841)	(10,097)	(214,392)
Net carrying amount	140,509	1,824	5,091	5,967	1,328	6,145	160,864

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2023							
At 1 January 2023:							
Cost	200,618	8,694	27,918	68,604	68,075	17,767	391,676
Accumulated depreciation	(47,373)	(6,513)	(19,167)	(54,406)	(63,633)	(15,151)	(206,243)
Net carrying amount	153,245	2,181	8,751	14,198	4,442	2,616	185,433
At 1 January 2023, net of accumulated depreciation	153,245	2,181	8,751	14,198	4,442	2,616	185,433
Additions	–	577	564	146	167	4,704	6,158
Disposals	–	(44)	(55)	(162)	–	(64)	(325)
Depreciation *(note 7)*	(6,368)	(849)	(2,361)	(4,001)	(2,607)	(1,373)	(17,559)
Exchange realignment	–	(14)	(191)	(443)	(113)	(2)	(763)
At 31 December 2023, net of accumulated depreciation	146,877	1,851	6,708	9,738	1,889	5,881	172,944
At 31 December 2023:							
Cost	200,618	8,570	26,750	67,021	67,170	20,312	390,441
Accumulated depreciation	(53,741)	(6,719)	(20,042)	(57,283)	(65,281)	(14,431)	(217,497)
Net carrying amount	146,877	1,851	6,708	9,738	1,889	5,881	172,944

At 31 December 2024, the Group's leasehold property with a carrying amount of HK$140,509,000 (2023: HK$146,877,000) and plant and machinery with a carrying amount of HK$Nil (2023: HK$6,222,000) were pledged as security for the Group's bank loans, as further detailed in note 25(b) to the consolidated financial statements.

15. LEASES

15.1 The Group as a lessee

The Group has lease contracts for various offices, warehouses, quarters, land, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of land and buildings generally have lease terms between 2 to 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The Group considered that no extension option or termination option would be exercised at the lease commencement date.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments	**Land**	**Buildings**	**Motor vehicles**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023	1,370	161	57,427	–	58,958
Additions	–	–	3,824	–	3,824
Depreciation charge	(50)	(56)	(26,993)	–	(27,099)
Exchange realignment	–	(4)	(1,213)	–	(1,217)
As at 31 December 2023 and 1 January 2024	**1,320**	**101**	**33,045**	**–**	**34,466**
Additions	**–**	**–**	**12,171**	**–**	**12,171**
Depreciation charge	**(50)**	**(55)**	**(26,621)**	**–**	**(26,726)**
Exchange realignment	**–**	**(3)**	**(703)**	**–**	**(706)**
As at 31 December 2024	**1,270**	**43**	**17,892**	**–**	**19,205**

At 31 December 2024, the Group's leased land with a carrying amount of HK$1,270,000 (2023: HK$1,320,000) was pledged as security for the Group's bank loans, as further detailed in note 25(b) to the consolidated financial statements.

15. LEASES (Continued)

15.1 The Group as a lessee (Continued)

(b) *Lease liabilities*

The following table shows the remaining contractual maturities of the Group's lease liabilities

	2024 **HK$'000**	2023 HK$'000
Total minimum lease payments:		
Due within 1 year	**14,819**	28,820
Due within 1 to 2 years	**4,717**	8,769
Due within 2 to 5 years	**165**	1,521
	19,701	39,110
Future finance charges on lease liabilities	**(615)**	(1,358)
Present value of lease liabilities	**19,086**	37,752
Present value of minimum lease payments		
Due within 1 year	**14,307**	27,722
Due within 1 to 2 years	**4,615**	8,536
Due within 2 to 5 years	**164**	1,494
	19,086	37,752
Less: Portion due within one year included under current liabilities	**(14,308)**	(27,722)
Portion due after one year included under non-current liabilities	**4,778**	10,030

The maturity analysis of lease liabilities is disclosed in note 32.4 to the consolidated financial statements.

15. LEASES (Continued)

15.1 The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	**1,253**	2,453
Depreciation charge of right-of-use assets	**26,726**	27,099
Expense relating to short-term leases	**21**	100
Expense relating to leases of low-value assets (included in cost of sales and administrative expenses)	**23**	48
Total amount recognised in profit or loss	**28,023**	29,700

15.2 The Group as a lessor

The Group leases its building (note 14) in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$972,000 (2023: HK$898,000), details of which are included in note 7 to the consolidated financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**823**	148
After one year but within five years	**3,949**	–
After five years	**1,152**	–
	5,924	148

16. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Other intangible assets	Total
At 1 January 2023			
Cost	19,931	–	19,931
Accumulated impairment	(8,259)	–	(8,259)
Net book amount	11,672	–	11,672
Year ended 31 December 2023			
Opening net book amount	11,672	–	11,672
Closing net book amount	11,672	–	11,672
At 31 December 2023			
Cost	19,931	–	19,931
Accumulated impairment	(8,259)	–	(8,259)
Net book amount	11,672	–	11,672
Year ended 31 December 2024			
Opening net book amount	**11,672**	**–**	**11,672**
Additions	**–**	**1,073**	**1,073**
Closing net book amount	**11,672**	**1,073**	**12,745**
At 31 December 2024			
Cost	**19,931**	**1,073**	**21,004**
Accumulated amortisation and impairment	**(8,259)**	**–**	**(8,259)**
Net book amount	**11,672**	**1,073**	**12,745**

16. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

Goodwill

The net carrying amount of goodwill relates to the excess of consideration paid and the fair value of net assets acquired from the acquisition of one subsidiary, namely Southchina Engineering and Manufacturing Limited ("Southchina"). The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.20 to the consolidated financial statements. Management considers Southchina as one separate industrial products cash-generating unit (the "CGU"). The recoverable amount of the CGU is determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budgets of Southchina, approved by management covering a five-year period.

Assumptions were used in the value in use calculation of the CGU for 31 December 2024 and 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted turnover, operating expenses and finance costs were projected with reference to the expected earnings from the manufacture and trading of plastic moulds and plastic and electronic accessories for Southchina.

(b) For the business environment, there will be no change in the existing political, legal, regulatory, fiscal or economic conditions, bases or rates of taxation or duties in Hong Kong, or any other countries in which Southchina operates.

(c) Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the business.

The values assigned to the assumptions on market development of the CGU, discount rates and purchase price inflation are consistent with external information sources. The pre-tax discount rate of 11.7% (2023: 14.0%), being the key assumption used in the model, has been applied to the cash flow projections for Southchina to reflect specific risks relating to the CGU.

In the opinion of the Company's directors, any reasonably possible change in the other assumptions on which the recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount.

Other intangible assets

During the year ended 31 December 2024, the Group entered into a purchase agreement with a third party to purchase trademarks, used for the manufacturing and trading of electronic products of the Group. As at 31 December 2024, the purchase consideration was fully paid.

17. INVESTMENTS IN ASSOCIATES

	2024 **HK$'000**	2023 HK$'000
Share of net assets	**1,596**	–

17. INVESTMENTS IN ASSOCIATES (Continued)

Particulars of the associates as at 31 December 2024 are as follows:

Name	Particulars of issued shares held/ registered capital contributed	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Yichun Yilian Print Tech Co., Ltd. ("Yichun Yilian") *(note (i))*	Contributed RMB14,700,000 as registered capital	PRC	40.40% (2023: 40.40%)	Manufacture of printers and accessory products and provision of printing service
Iotronics Wireless Limited ("Iotronics")	100 ordinary shares	Hong Kong	28.57% (2023: 28.57%)	Wireless communication products and software development
雲鏈新能源（廣東）有限公司 ("Yunlian") *(note (ii))*	Contributed RMB1,500,000 as registered capital	PRC	30% (2023: Nil)	Development of new energy projects

* All associates have a reporting date of 31 December.

Notes:

(i) Yichun Yilian

Yichun Yilian is a private limited liability company established on 7 November 2014. It is registered in Mainland China and is a technology company focusing on research, development and manufacture of intelligent laser printers.

The following table illustrates the summarised financial information in respect of Yichun Yilian adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements.

	2024 HK$'000	2023 HK$'000
Current assets	**31,039**	34,622
Non-current assets	**24,005**	28,632
Current liabilities	**(134,729)**	(135,038)
Non-current liabilities	**(1,250)**	–
Net liabilities	**(80,935)**	(71,784)
Proportion of the Group's ownership	**40%**	40%
Carrying amount of the investment	**–**	–
Revenue	**1,341**	3,970
Loss for the year	**(9,913)**	(13,932)
Other comprehensive income	**762**	263
Total comprehensive expenses for the year	**(9,151)**	(13,669)

17. INVESTMENTS IN ASSOCIATES (Continued)

Notes: (Continued)

(ii) Yunlian

On 8 January 2024, the Group has acquired a 30% equity interest in an associated company, Yunlian. Yunlian is principally engaged in the development of new energy projects in the PRC, including wind power and solar power projects.

The following table illustrates the summarised financial information in respect of Yunlian adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements.

	From 8 January 2024 (date of acquisition) to 31 December 2024 HK$'000
Current assets	6,410
Current liabilities	(4,833)
Net assets	1,577
Proportion of the Group's capital injection *(Note)*	100%
Carrying amount of the investment	1,596
Revenue	–
Total comprehensive expenses for the period	(19)

Note:

As at 31 December 2024, the total paid up registered capital of Yunlian amounted to RMB1,500,000, which is wholly contributed by the Group. The other shareholders have not made any capital contribution. In such case, according to the contractual agreement, the Group is entitled to share the entire net assets of Yunlian as at 31 December 2024.

18. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**143,798**	192,070
Work in progress	**33,531**	37,442
Finished goods	**65,496**	70,978
	242,825	300,490
Provision against slow-moving and obsolete inventories	**(32,089)**	(41,829)
	210,736	258,661

As at 31 December 2024 and 31 December 2023, no inventories are stated at fair value less cost to sales.

During the year ended 31 December 2024, the Group reversed HK$8,232,000 (2023: HK$2,344,000) of inventories write-down made in prior years as the Group has sold the inventories at above cost.

19. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**216,398**	194,305
Less: ECL allowance	**(31,094)**	(30,334)
	185,304	163,971

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. The Group's other trade receivables relate 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.

19. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**76,752**	74,622
1 to 2 months	**45,323**	47,499
2 to 3 months	**29,852**	26,174
Over 3 months	**33,377**	15,676
	185,304	163,971

The movements in the ECL allowance of trade receivables are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of year	**(30,334)**	(26,876)
ECL allowance recognised during the year	**(760)**	(3,458)
At end of year	**(31,094)**	(30,334)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

19. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Ageing			
	Less than 1 year	**1 to 2 Years**	**Over 3 years**	**Total**
As at 31 December 2024				
Expected credit loss rate	**2.11%**	**100%**	**100%**	**14.37%**
Gross carrying amount (HK$'000)	**189,293**	**181**	**26,924**	**216,398**
Expected credit losses (HK$'000)	**3,989**	**181**	**26,924**	**31,094**

	Ageing			
	Less than 1 year	1 to 2 Years	Over 3 years	Total
As at 31 December 2023				
Expected credit loss rate	1.97%	100%	100%	15.61%
Gross carrying amount (HK$'000)	167,260	8,262	18,783	194,305
Expected credit losses (HK$'000)	3,289	8,262	18,783	30,334

As at 31 December 2024 and 2023, no debtor is individually assessed for lifetime ECL.

Details of impairment assessment of trade receivable are set out in note 32.3.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 HK$'000	2023 HK$'000
Prepayments	**14,876**	20,660
Deposits and other receivables	**37,990**	19,191
Loans to associates *(Note (i))*	**21,859**	15,464
Loan to a shareholder of an associate *(Note (ii))*	**1,916**	–
Due from non-controlling shareholders of a subsidiary	**590**	321
Receivable relating to the consideration for the disposal of Bonroy Limited	**100,792**	104,613
Other receivable due from a related party, the Purchaser of the Bonroy Group	**5,394**	5,598
Other receivables due from the former subsidiary group, Bonroy Group	**213,733**	221,835
Loan receivable from Shenzhen Benrong New Energy Technology Co. Ltd. *(Note (iii))*	**10,642**	11,045
Loan receivable from P2MT *(Note (iv))*	**1,727**	1,727
Loan receivable from P2MT – short term *(Note (v))*	**1,638**	–
Promissory note receivables *(Note (vi))*	**1,611**	3,520
Refundable deposit to Momentum Innovation *(Note (vii))*	**15,600**	–
	428,368	403,974
Impairment of other receivables	**(345,457)**	(355,114)
	82,911	48,860
Less: Non-current portion		
– Loan receivable from P2MT	**–**	1,371
– Promissory note receivables	**262**	1,777
	262	3,148
Current portion	**82,649**	45,712

Notes:

(i) A loan of HK$Nil net of the impairment of HK$7,449,000 (2023: HK$Nil net of the impairment of HK$7,732,000) granted to a subsidiary of Yichun Yilian bears interest at 4.35% per annum and is repayable within one year. A loan of HK$Nil net of the impairment HK$7,449,000 (2023: HK$Nil net of the impairment HK$7,732,000) granted to Yichun Yilian bears interest at 4.35% per annum and is repayable within one year. During the year, no interest income was generated from these loans (2023: HK$Nil).

On 31 January 2024, the Group granted Yunlian a loan of RMB12,540,000 (equivalent to approximately HK$13,345,000), which is interest-free and repayable on demand. Total amount of RMB8,000,000 (equivalent to approximately HK$8,514,000) was repaid to the Group during the year ended 31 December 2024. The outstanding balance of RMB4,540,000 (equivalent to approximately HK$4,832,000) was subsequently settled on 28 February 2025.

On 30 April 2024, a loan of RMB2,000,000 (equivalent to approximately HK$2,129,000) was granted to a subsidiary of Yichun Yilian for working capital purposes. The loan is unsecured, interest free and repayable on demand. As at 31 December 2024, the Group considers the recovery of the loan is remote and a full impairment loss is recognised.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Notes (Continued):

(ii) On 15 January 2024, the Group entered into a loan agreement with an individual third party, who was a shareholder of Yunlian, to provide a loan of RMB1,800,000 for the individual third party's capital injection to Yunlian. The loan is unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2024, the balance represented a loan of HK$10,059,000 net of the impairment HK$583,000 (2024:HK$10,429,000 net of the impairment HK$616,000) granted to Shenzhen Benrong New Energy Technology Co. Ltd. (深圳市本榮新能源科技有限公司) ("Shenzhen Benrong") on 22 August 2023 which bears interest at 6% per annum and is repayable within one year. On 30 August 2024, the Group entered into a supplemental loan agreement with Shenzhen Benrong to extend the maturity date of the loan to 21 August 2025 with other terms remain unchanged. During the year ended 31 December 2024, the interest income generated from the loan was HK$615,000 (2023: HK$208,000).

For details of the company background of Shenzhen Benrong, please refer to note 21(c).

(iv) P2 Mobile Technologies Limited ("P2MT") is a wholly-owned subsidiary of Kasypa Inc. For details of the loan to P2MT, please refer to note 21(b).

(v) As at 31 December 2024, the balance represented a loan of US$210,000 (equivalent to approximately HK$1,638,000) granted to P2MT for working capital purposes on 9 December 2024. The loan is unsecured, interest free and repayable in January 2025. The loan was subsequently settled on 15 January 2025.

(vi) On 31 August 2023, the promissory note (the "Note") was issued by the trade debtor of Allcomm (H.K.) Limited to memorialise and evidence the principal sum of HK$3,520,000 being due from the debtor to the Allcomm (H.K.) Limited by virtue of the Allcomm (H.K.) Limited's sale of certain manufactured goods to the debtor. This note is non-interest bearing and unsecured but is personally guaranteed by the president of a debtor of Allcomm (H.K.) Limited. The principal sum is repayable by 30 monthly instalments commencing on 15 September 2023.

(vii) On 11 September 2024, the Group entered into a refundable deposit agreement with Momentum Innovation Limited ("Momentum Innovation") and Mr. Shiu Wai Tat, pursuant to which the Group as deposit provider, Momentum Innovation as deposit recipient and Mr. Shiu Wai Tat as personal guarantor agreed that the Group to provide an interest-free refundable deposit of US$2,000,000 (the "Refundable Deposit") to Momentum Innovation Limited, which holds 100% equity interests in Momentum Industrial (Vietnam) Limited, which the Group intended to acquire within six months (the "Potential Acquisition"). The Group reserves the right to terminate and recall the refundable deposit if the Potential Acquisition cannot be completed on or before 10 March 2025.

(viii) On 10 March 2025, the Group, Momentum Innovation and Mr. Shiu Wai Tat entered into an amended refundable deposit agreement under which the Group agreed to extend the period of the latest time of refund of the Refundable Deposit of US$2,000,000 provided by the Group to Momentum Innovation as the intended consideration of the Potential Acquisition for another six months' period in line with the extension of completion timeline of the Potential Acquisition.

As at 31 December 2024, the carrying amount of the Refundable Deposit was US$2,000,000 (equivalent to approximately HK$15,600,000). No impairment was provided.

Further details of the refundable deposit agreement and the amended refundable deposit agreement signed on 11 September 2024 and 10 March 2025 respectively are set out in the Company's announcement dated 11 September 2024, 10 March 2025 and 17 March 2025.

Prepayment mainly comprises of prepaid raw material costs to suppliers and pre-paid value added tax.

As at 31 December 2024, financial assets included in prepayments, other receivables and other assets were in Stage 1 and 3 (2023: Stage 1 and 3), and a provision for impairment of HK$345,457,000 (2023: HK$355,114,000) was provided. Details of impairment assessment of financial assets included in prepayments, other receivables and other assets are set out in note 32.3.

The carrying amounts of the remaining other receivables that were neither past due nor impaired relate to other debtors for whom there was no recent history of default.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

The movement in the ECL allowance of other receivables is as follows:

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Balance at 1 January 2023	(390)	(2,543)	(373,538)	(376,471)
ECL allowance recognised during the year	(1,215)	–	(5,206)	(6,421)
Transfer from Stage 2 to Stage 3	–	2,543	(2,543)	–
Exchange differences	–	–	27,778	27,778
Balance at 31 December 2023 and 1 January 2024	**(1,605)**	**–**	**(353,509)**	**(355,114)**
ECL allowance recognised during the year	**(409)**	**–**	**(2,715)**	**(3,124)**
Exchange differences	**33**	**–**	**12,748**	**12,781**
Balance at 31 December 2024	**(1,981)**	**–**	**(343,476)**	**(345,457)**

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Investments in life insurance plans *(note a)*	**17,171**	16,617
Unlisted equity investments in:		
– Kasypa Inc. *(note b)*	**13,973**	19,523
– Shenzhen Benrong *(note c)*	**3,086**	7,842
– Corise Semiconductor Technology (Dongyang) Co., Ltd. ("Corise") *(note d)*	**10,642**	–
	44,872	43,982

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 year ended 31 December 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$6,427,000 (equivalent to US$824,000) with annual coupon of 7%, issued by P2MT, being an associate of the Company (the "Convertible Bond") at that time. The Convertible Bond would mature on 31 December 2022.

The Convertible Bond would, 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 share 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 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.

On 31 December 2022, the Company did not redeem the Convertible Bond. Its maturity date was automatically extended to 31 December 2023.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note b: (Continued)

On 27 April 2023, the Company entered into a share exchange agreement with P2MT and Kasypa Inc. whereby Kasypa Inc. allotted and issued new Kasypa Inc.'s shares in exchange for P2MT's shares held by the Company. Upon completion of the share exchange on 15 December 2023, the Group ceased to hold direct interest in P2MT and held an equity interest of 7.39% in Kasypa Inc. The new equity interest in Kasypa Inc. acquired by the Group was classified as financial assets at FVTPL. This resulted in a gain on disposal of an associate amounted to US$1,921,000 (equivalent to HK$15,000,000), which was recognised in the consolidated statement of profit or loss for the year ended 31 December 2023.

On 20 December 2023, the Company entered into a debt conversion agreement with P2MT and Kasypa Inc. for the conversion of the Convertible Bond's balance of US$746,052 to shares issued by Kasypa Inc. Immediately after the completion of the share exchange and the debt conversion on 15 and 20 December 2023 respectively, the number of issued shares of Kasypa Inc. held by the Company represented approximately 9.62% of the issued share capital of Kasypa.

The remaining balance of the Convertible Bond not converted into shares of Kasypa was US$210,849 and the accumulated interest receivable up to 31 December 2023 was US$10,271. The Convertible Bond expired on 31 December 2023.

On 31 December 2023, the Company entered into an agreement with P2MT to refinance the total outstanding amount of US$221,120 (equivalent to HK$1,727,000) owing by P2MT to the Company under a Convertible Notes Subscription Agreement dated 31 December 2020 by granting a loan to P2MT. The loan receivable from P2MT bears an interest at 7% per annum and is to be repayable with all interest accrued thereon on the loan maturity date on 23 December 2025. The loan receivable was included in other receivable as at 31 December 2024 and 2023 (Note 20).

	2023 HK$'000
At 1 January	5,664
Transfer from interest receivable from convertible bond	1,117
Conversion to shares of Kaspya Inc.	(5,225)
Conversion to loan receivable from P2MT	(1,556)
At 31 December	–

Loss on conversion of convertible bond of HK$533,000 was charged to profit or loss for the year ended 31 December 2023.

During the year ended 31 December 2024, the interest income generated from the loan receivable from P2MT was HK$121,000 (2023: HK$Nil).

Note c:

On 11 August 2023, a wholly-owned subsidiary of the Group entered into an investment agreement with independent third parties for the acquisition of a 4% equity interest in Shenzhen Benrong at a consideration of RMB11,200,000 (equivalent to HK$12,370,000).

Shenzhen Benrong is principally engaged in the research and development, and sale of residential energy storage and outdoor energy storage products, and is also an existing customer of the Group.

The fair value measurement of financial assets at FVTPL are described in note 31.

Note d:

On 21 June 2024, a wholly-owned subsidiary of the Group entered into an investment agreement with independent third parties for the acquisition of a 2% equity interest in Corise at a consideration of RMB10,000,000 (equivalent to HK$10,642,000).

Corise is principally engaged in the research and development, manufacture and sale of integrated circuit substrate mainly for artificial intelligence and automobile application.

The fair value measurement of financial assets at FVTPL are described in note 31.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**445,069**	426,043
Pledged time deposits for bank and other borrowings	**4,963**	4,852
Cash and cash equivalents	**450,032**	430,895
Cash and cash equivalents denominated in		
– Renminbi ("RMB")	**125,588**	134,369
– United States dollars ("US$")	**291,923**	230,275
– HK$	**32,499**	66,216
– Other currencies	**22**	35
Cash and cash equivalents	**450,032**	430,895

Note:

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.

As at 31 December 2024 and 2023, all of the short term time deposits are made for a period less than 3 months and included in cash and cash equivalents.

The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, the Group's time deposits denominated in HK$ of approximately HK$3,920,000 (as at 31 December 2023: HK$3,820,000) and time deposits denominated in US$ of approximately HK$1,043,000 (as at 31 December 2023: HK$1,032,000) were pledged with banks to secure banking facilities granted to the Group (note 25(b)).

23. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the year, based on the invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**66,414**	53,602
1 to 2 months	**55,153**	59,921
2 to 3 months	**9,011**	17,007
Over 3 months	**6,193**	3,626
	136,771	134,156

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

24. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK$'000	2023 HK$'000
Receipt in advance		**181**	166
Contract liabilities	*(a)*	**17,528**	25,409
Other payables	*(b)*	**16,873**	16,361
Salary and welfare payables		**26,504**	42,736
Accruals		**18,828**	18,953
		79,914	103,625

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000
Short-term advances received from customers		
Sale of goods	**17,528**	25,409

Contract liabilities include short-term advances received (original expected duration of less than one year) to deliver industrial products.

The group's unsatisfied (or partially unsatisfied) performance obligation represented deliver industrial products or maintenance services which are billed based on time incurred. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

All amounts outstanding at the beginning of the year have been recognised during the year.

(b) Other payables are non-interest-bearing and are repayable within one year.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024 Effective interest rate (%)	Maturity	HK$'000	31 December 2023 Effective interest rate (%)	Maturity	HK$'000
Current						
Bank overdraft– secured	**1 over prime rate**	**On demand**	**–**	1 over prime rate	On demand	21
Trust receipt loans – secured	**0.25 per annum over prime rate**	**On demand**	**1,082**	0.25 per annum over prime rate	On demand	797
Bank loans - secured	**1.75 over HIBOR & 2.5% - 3.6%**	**On demand**	**68,748**	1.75 over HIBOR & 2.5% - 3.6%	On demand	103,209
Bank loans - unsecured	**2 - 2.5 over HIBOR & 2 - 2.7 over SOFR**	**On demand**	**121,557**	2 - 2.5 over HIBOR & 2 - 2.7 over SOFR	On demand	93,833
			191,387			197,860

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

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

	2024 HK$'000	2023 HK$'000
Analysed into:		
Bank and other loans repayable:		
Within one year	**161,870**	160,639
In the second year	**29,517**	7,705
In the third to fifth years	**–**	29,516
	191,387	197,860

The amounts due set out above are based on the scheduled repayment dates set out in the loan agreements without considering any 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$29,517,000 (2023: HK$37,221,000) as at year end 31 December 2024 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 year ended 31 December 2024, none (2023: 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.

	2024 HK$'000	2023 HK$'000
Bank and other loans repayable denominated in:		
HK$	**153,888**	119,218
RMB	**21,284**	53,189
US$	**16,215**	25,453
	191,387	197,860

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(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$3,920,000 (as at 31 December 2023: HK$3,820,000) and bank deposits denominated in US$ of approximately HK$1,043,000 (as at 31 December 2023: HK$1,032,000);

(ii) the Group's leasehold property of HK$140,509,000 (as at 31 December 2023: HK$146,877,000);

(iii) the Group's right-of-use assets in Shenzhen of HK$1,270,000 (as at 31 December 2023: HK$1,320,000);

(iv) the Group's plant and machinery of HK$Nil (as at 31 December 2023: HK$6,222,000); and

(v) the banking facilities granted to a subsidiary, Southchina, were also secured by personal guarantees given by its non-controlling shareholders.

(c) As at 31 December 2024, the Group's total available banking facilities amounted to approximately HK$493,299,000 (as at 31 December 2023: HK$526,097,000), of which approximately HK$278,201,000 (as at 31 December 2023: HK$296,494,000) was unutilised.

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Related depreciation in excess of depreciation allowance	Provision	Loss available for offsetting against future taxable profits	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Gross deferred tax assets at 1 January 2023	1,432	13,211	863	–	15,506
Deferred tax (charged)/credited to profit or loss during the year *(note 11)*	(811)	(781)	–	8,248	6,656
Exchange differences	–	(583)	(21)	–	(604)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	**621**	**11,847**	**842**	**8,248**	**21,558**
Deferred tax charged to profit or loss during the year *(note 11)*	**(606)**	**(1,415)**	**–**	**(4,358)**	**(6,379)**
Exchange differences	**–**	**(337)**	**(31)**	**–**	**(368)**
Gross deferred tax assets at 31 December 2024	**15**	**10,095**	**811**	**3,890**	**14,811**

26. DEFERRED TAX (Continued)

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Right-of-use assets HK$'000	Total HK$'000
Gross deferred tax liabilities at 1 January 2023	7,757	–	7,757
Deferred tax charged to profit or loss during the year *(note 11)*	313	7,144	7,457
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	**8,070**	**7,144**	**15,214**
Deferred tax charged to profit or loss during the year *(note 11)*	**(996)**	**(3,523)**	**(4,519)**
Gross deferred tax liabilities at 31 December 2024	**7,074**	**3,621**	**10,695**

The movements in deferred tax assets and liabilities during the year are as follows:

	2024 HK$'000	2023 HK$'000
Tax losses	**341,832**	341,772

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised. Except for the estimated tax losses of HK$22,887,000 (2023: HK$23,190,000) expiring within five years, the remaining tax losses have no expiry.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes.

	2024 HK$'000	2023 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**11,190**	14,414
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(7,074)**	(8,070)
As at 31 December	**4,116**	6,344

26. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

At 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of deferred tax liabilities associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$35,136,000 at 31 December 2024 (2023: HK$36,622,000).

27. SHARE CAPITAL

	2024 **HK$'000**	2023 HK$'000
Authorised:		
5,000,000,000 (2023: 5,000,000,000) ordinary shares	**100,000**	100,000
Issued and fully paid:		
473,058,180 (2023: 473,058,180) ordinary shares	**9,461**	9,461

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
At 1 January 2023, 31 December 2023 and 31 December 2024	**473,058,180**	**9,461**	**277,388**	**286,849**

28. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 80 to 81 of the consolidated financial statements.

Statutory Reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

29. RELATED PARTY TRANSACTIONS AND BALANCES

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

For the year ended 31 December	*Notes*	**2024** **HK$'000**	2023 HK$'000
Expenses paid to an associate, Yichun Yilian	*(i)*	**74**	231
Interest income from an investee/associate:			
P2MT		**121**	218

As at 31 December		**2024** **HK$'000**	2023 HK$'000
Loans to associates:			
Yichun Yilian and its subsidiary	*20(i)*	**17,027**	15,464
Yunlian	*20(i)*	**4,832**	–
		21,859	15,464
Less: Provision for impairment			
Yichun Yilian and its subsidiary	*20(i)*	**(17,027)**	(15,464)
Total		**4,832**	–

(i) During the year, the expenses such as rental payment and utilities paid to Yichun Yilian by 宜春華訊電子製品有限公司 were HK$74,000 (2023: HK$231,000).

29. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Compensation of key management personnel of the Group

	2024 HK$'000	2023 HK$'000
Fees	1,320	1,320
Salaries and other short-term employee benefits	36,750	46,168
Pension costs – defined contribution plans	153	179
Total compensation paid to key management personnel	38,223	47,667

Further details of directors' and the chief executive's emoluments are included in note 9 to the consolidated financial statements.

(c) The Group has a rental contract with Profit Home Investments Limited. Ms. Yeung Po Wah, Ms. Lam Oi Yan, Ivy and Mr. Lam Chee Tai, Eric 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 the negotiation with the counterparties. This related party transaction also constitutes 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 non-cancellable leases falling due as follows:

	2024 HK$'000	2023 HK$'000
Lease liabilities – current	476	1,854
Lease liabilities – non-current	–	476
	476	2,330

Under the rental contract, the minimum lease payment during the year was HK$1,920,000 (2023: HK$1,920,000). As at 31 December 2024, the Group's right-of-use assets relating to such rental contract amounted to HK$451,000 (2023: HK$2,287,000).

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

Financial assets

	2024 HK$'000	2023 HK$'000
Financial assets at FVTPL:		
Investments in life insurance plans	**17,171**	16,617
Unlisted equity investments	**27,701**	27,365
Measured at amortised cost:		
Trade receivables	**185,304**	163,971
Financial assets included in prepayments, other receivables and other assets	**68,035**	28,200
Cash and cash equivalents	**450,032**	430,895
	748,243	667,048

Financial liabilities

	2024 HK$'000	2023 HK$'000
Measured at amortised cost:		
Interest-bearing bank and other borrowings	**191,387**	197,860
Trade and bills payables	**136,771**	134,156
Financial liabilities included in other payables and accruals	**7,784**	6,243
Lease liabilities	**19,086**	37,752
	355,028	376,011

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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 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

For assets and liabilities that are recognised in the 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.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Investments in life insurance plans	**17,171**	16,617	**17,171**	16,617
Unlisted equity investments	**27,701**	27,365	**27,701**	27,365
	44,872	43,982	**44,872**	43,982
Financial liabilities				
Interest-bearing bank loans and other borrowings	**191,387**	197,860	**191,387**	197,860
	191,387	197,860	**191,387**	197,860

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade and other 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.

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 31 December 2024 and 2023 were assessed to be insignificant.

For the financial asset at FVTPL as at 31 December 2024 and 2023, the management has engaged an external valuer, Graval Consulting Limited, to carry out valuations on the fair value of the unlisted equity investments. Market-based approach was used in determining the fair value of unlisted equity investments.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The other significant unobservable inputs into the model were as follows:

	Significant unobservable input	2024	2023	Sensitivity of fair value to the input
Unlisted equity investments in Kasypa Inc. and Shenzhen Benrong *(Note (i))*	Discount of lack of marketability	**15.60%**	15.70% – 19.32%	Increase in discount of lack of marketability would result in decrease in fair value of the equity investments
	Enterprise value/sales	**1.35 – 4.10**	1.22 – 4.35	Increase in enterprise value/sale would result in increase in fair value of the equity investments

Note:

(i) The fair value of unlisted equity investments is determined using the enterprise value/sales ratios of comparable listed companies adjusted for lack of marketability discount. An increase in the discount for lack of marketability would decrease the fair value. As at 31 December 2024, it is estimated that with all other variables held constant, an increase (a decrease) in discount of lack of marketability by 3% would decrease (increase) the Group's profit or loss by HK$317,000 (2023: HK$1,015,000).

An increase in the enterprise value/sales would increase the fair value. As at 31 December 2024, it is estimated that with all other variables held constant, an increase (a decrease) in discount of enterprise value/sales by 3% would increase (decrease) the Group's profit or loss by HK$888,000 (2023: HK$1,144,000).

The fair value of the unlisted equity investment in Corise is determined by reference to recent transaction prices per share, which are closed to the reporting date as provided by Corise.

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

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (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 31 December 2024	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL:				
Investments in life insurance plans	–	17,171	–	17,171
Unlisted equity investments *(note)*	–	–	27,701	27,701
	–	17,171	27,701	44,872
Financial liabilities				
Interest-bearing bank loans and other borrowings	–	191,387	–	191,387
	–	191,387	–	191,387

As at 31 December 2023	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL:				
Investments in life insurance plans	–	16,617	–	16,617
Unlisted equity investments *(note)*	–	–	27,365	27,365
	–	16,617	27,365	43,982
Financial liabilities				
Interest-bearing bank loans and other borrowings	–	197,860	–	197,860
	–	197,860	–	197,860

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Note: Reconciliation of assets measured at fair value based on level 3:

	Unlisted convertible bond HK$'000	Unlisted equity investments HK$'000
At 1 January 2023	5,664	–
Additions	–	12,370
Transfer from interest receivable from convertible bond	1,117	–
Conversion from shares exchange *(Note 21(b))*	–	15,000
Conversion to shares of Kaspya Inc. *(Note 21(b))*	(5,225)	4,523
Conversion to loan receivable from P2MT *(Note 21(b))*	(1,556)	–
Fair value loss recognised in profit or loss	–	(4,528)
At 31 December 2023 and 1 January 2024	**–**	**27,365**
Additions		**10,642**
Fair value loss recognised in profit or loss	**–**	**(10,306)**
At 31 December 2024	**–**	**27,701**

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: HK$Nil).

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than financial assets at FVTPL comprise interest-bearing bank loans and other borrowings, restricted deposits, pledged deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade and bills payables, and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest risk, credit risk and liquidity risk. The board of directors review and agree policies for managing each of these risks and they are summarised below.

32.1 Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales by operating units in currencies other than the units' functional currencies. Approximately 89.0% and 89.0% of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale for the years ended 31 December 2024 and 2023 respectively, whilst all inventory costs were denominated in the units' functional currencies. The Group also has bank balances and borrowings denominated in US$.

Since the HK$ is pegged to the US$, the Group's exposure to foreign currency risk in respect of bank balances, borrowings and sales transaction denominated in US$ is considered as minimal.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

32.1 Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the year to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	%	HK$'000	HK$'000
As at 31 December 2024			
If HK$ weakens against RMB	**5**	**4,218**	**19,161**
If HK$ strengthens against RMB	**(5)**	**(4,218)**	**(19,161)**
As at 31 December 2023			
If HK$ weakens against RMB	5	1,823	18,972
If HK$ strengthens against RMB	(5)	(1,823)	(18,972)

* Excluding retained profits

32.2 Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets except its bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arose from interest-bearing bank and other borrowings, which were at variable rates and expose the Group to cash flow interest rate risk.

Fixed rate interest-bearing bank and other borrowings expose the Group to fair value interest rate risk.

The Group regularly seeks out the most favourable interest rates available for its bank deposits and interest-bearing bank and other borrowings. Information relating to interest rates of the Group's bank balances, deposits and interest-bearing bank and other borrowings is disclosed in notes 22 and 25, respectively.

As at 31 December 2024, if interest rates on interest-bearing bank borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$1,420,000 lower/higher (2023: HK$1,208,000 lower/higher), mainly as a result of higher/lower interest expense on interest-bearing bank borrowings.

32.3 Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

32.3 Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	–	–	–	216,398	216,398
– Collective assessed					
Financial assets included in prepayments, other receivables and other assets					
– Normal**	70,016	–	–	–	70,016
– Doubtful**	–	–	343,476	–	343,476
Pledged deposits					
– Not yet past due	4,963	–	–	–	4,963
Cash and cash equivalents					
– Not yet past due	445,069	–	–	–	445,069
	520,048	–	343,476	216,398	1,079,922

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

32.3 Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*					
– Collective assessed	–	–	–	194,305	194,305
Financial assets included in prepayments, other receivables and other assets					
– Normal**	29,414	–	–	–	29,414
– Doubtful**	–	–	353,900	–	353,900
Pledged deposits					
– Not yet past due	4,852	–	–	–	4,852
Cash and cash equivalents					
– Not yet past due	426,043	–	–	–	426,043
	460,309	–	353,900	194,305	1,008,514

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 19 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The Group had certain concentrations of credit risk as 13.7% (2023: 18.0%) and 49.2% (2023: 57.0%) of the Group's trade receivables were due from the Group's largest customer and five largest customers as at 31 December 2024, respectively. These customers have 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.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the consolidated financial statements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

32.4 Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's bank borrowings and other financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the maturity analysis shows the cash outflow based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. If the lenders were to invoke their unconditional rights to call the loans, the full amounts of the loans, together with interests, will be repayable immediately.

The maturity profile of financial liabilities as at 31 December 2024 and 2023, based on the contractual undiscounted payments, is as follows:

		2024	
	Less than 1 year	**Over 1 year**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Interest-bearing bank and other borrowings *(note)*	**191,387**	**–**	**191,387**
Trade and bills payables	**136,771**	**–**	**136,771**
Financial liabilities included in other payables and accruals	**7,784**	**–**	**7,784**
Lease liabilities	**14,819**	**4,882**	**19,701**
	350,761	**4,882**	**355,643**

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

32.4 Liquidity risk (Continued)

	2023		
	Less than 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Interest-bearing bank and other borrowings (note)	197,860	–	197,860
Trade and bills payables	134,156	–	134,156
Financial liabilities included in other payables and accruals	6,243	–	6,243
Lease liabilities	28,820	10,290	39,110
	367,079	10,290	377,369

Note:

Interest-bearing bank and other borrowings with a repayment on demand clause are included in the "Within 1 year or on demand" time band in the above maturity analysis. As at 31 December 2024, the aggregate undiscounted principal amounts of these interest-bearing bank and other borrowings amounted to HK$193,305,000 (2023: HK$204,547,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such interest-bearing bank and other borrowings will be repaid 1 to 5 years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity analysis – Interest-bearing bank and other borrowings with a repayment on demand clause based on scheduled repayments

	Within 1 year HK$'000	**Over 1 year but within 5 years** HK$'000	**Over 5 years** HK$'000	**Total undiscounted amount** HK$'000	**Carrying amount** HK$'000
31 December 2024	**164,009**	**29,296**	**–**	**193,305**	**191,387**
31 December 2023	169,202	35,345	–	204,547	197,860

32.5 Capital management

As at 31 December 2024, the Group was not in a net debts (being total bank, other borrowings and leases liabilities excluding trade debts and net of cash and cash equivalents) position (2023: HK$Nil). The total equity was approximately HK$729,937,000 (2023: HK$688,741,000). There was no gearing percentage as at 31 December 2024 (2023: Nil).

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 maintaining the 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 associated 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 buybacks as well as the issue of new debts or the redemption of existing debts.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Trust receipt loans HK$'000	**Bank and other loans HK$'000**	**Lease liabilities HK$'000**
At 1 January 2024	**797**	**197,042**	**37,752**
Cash flow			
– Changes from financing cash flows	**285**	**(5,403)**	**(30,040)**
– Interest paid	**–**	**–**	**(1,253)**
Non-cash changes			
– Interest expenses *(Note 8)*	**–**	**–**	**1,253**
– New lease	**–**	**–**	**12,171**
– Foreign exchange movement	**–**	**(1,334)**	**(797)**
At 31 December 2024	**1,082**	**190,305**	**19,086**

	Trust receipt loans HK$'000	Bank and other loans HK$'000	Lease liabilities HK$'000
At 1 January 2023	851	230,841	63,168
Cash flow			
– Changes from financing cash flows	(54)	(32,653)	(27,901)
– Interest paid	–	–	(2,453)
Non-cash changes			
– Interest expenses *(Note 8)*	–	–	2,453
– New lease	–	–	3,824
– Foreign exchange movement	–	(1,146)	(1,339)
At 31 December 2023	797	197,042	37,752

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024	2023
	HK$'000	HK$'000
Within operating activities	**44**	148
Within financing activities	**27,979**	29,552
	28,023	29,700

34. CONTINGENT LIABILITIES

(a) Potential Litigation related to a fire incidence in United States

During the year ended 31 December 2020, the Group was informed by the customer of its electrostatic disinfectant sprayer products 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 currently 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 responsibility or significant potential liability on this issue. The Group has engaged a law firm and a cause and origin expert in the United States to handle the issue.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK$'000	2023 HK$'000
Non-current assets		
Amounts due from subsidiaries	–	398,364
Investments in subsidiaries	9,975	9,975
Other receivables	–	1,371
Financial assets at FVTPL	31,145	36,140
Deferred tax assets	61	59
Total non-current assets	41,181	445,909
Current assets		
Amounts due from subsidiaries	398,542	–
Prepayments, other receivables and other assets	17,999	861
Cash and cash equivalents	1,362	650
Tax recoverable	122	57
Total current assets	418,025	1,568
Current liabilities		
Amount due to a subsidiary	121,423	104,555
Other payables	7,920	7,833
Total current liabilities	129,343	112,388
Net current liabilities	288,682	(110,820)
Net assets	329,863	335,089
Equity		
Share capital	9,461	9,461
Reserves *(note)*	320,402	325,628
Total equity	329,863	335,089

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2023	277,388	42	32,910	310,340
Total comprehensive income for the year	–	–	34,210	34,210
2022 final dividends paid *(Note 12)*	–	–	(9,461)	(9,461)
2023 interim dividends paid *(Note 12)*	–	–	(9,461)	(9,461)
At 31 December 2023 and 1 January 2024	**277,388**	**42**	**48,198**	**325,628**
Total comprehensive income for the year	**–**	**–**	**18,427**	**18,427**
2023 final dividends paid *(Note 12)*	**–**	**–**	**(9,461)**	**(9,461)**
2024 interim dividends paid *(Note 12)*	**–**	**–**	**(14,192)**	**(14,192)**
At 31 December 2024	**277,388**	**42**	**42,972**	**320,402**

FIVE-YEAR FINANCIAL SUMMARY

The following table summarises the results, assets and liabilities of the Group for each of the five years ended 31 December 2024:

	Year ended 31 December				
	2024	2023	2022	2021	2020
Results	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,066,945**	1,347,416	1,732,089	1,656,388	2,203,761
Profit before income tax	**91,430**	153,027	146,669	95,315	180,600
Income tax expense	**(19,728)**	(38,900)	(25,186)	(28,173)	(52,099)
Profit for the year from continuing operations	**71,702**	114,127	121,483	67,142	128,501
Profit for the year	**71,702**	114,127	121,483	67,142	128,501
Non-controlling interest	**(8,617)**	(5,704)	(9,430)	2,205	(6,057)
Profit attributable to owners of the Company	**63,085**	108,423	112,053	69,347	122,444
Assets and liabilities					
Total assets	**1,179,577**	1,179,922	1,228,116	1,358,519	1,357,023
Total liabilities	**(449,640)**	(491,181)	(619,085)	(840,181)	(891,378)
Total equity	**729,937**	688,741	609,031	518,338	465,645

Note:

(1) The results of the Group for each of the two years ended 31 December 2024 and 2023 and its assets and liabilities as at 31 December 2024 and 2023 are those set out on pages 76 to 79 of this report and are presented on the basis as set out in note 2 to the consolidated financial statements.