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ALLTRONICS HOLDINGS LIMITED
華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 833)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "Board") of directors ("Directors") of Alltronics Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 (the "Period") together with comparative figures for the corresponding period in 2017 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) (Restated) HK$'000
Revenue	*4*	**732,593**	675,543
Cost of sales		**(522,167)**	(463,702)
Gross profit		**210,426**	211,841
Distribution costs		**(9,661)**	(8,101)
Administrative expenses		**(114,150)**	(67,486)
Other operating expenses, net		**(887)**	(2,431)
Gain/(loss) on changes in fair value of investment properties		**21,843**	(2,762)
Operating profit		**107,571**	131,061
Gain on deemed disposal of partial interests in an associate		**17,639**	–
Share of losses of associates – net		**(4,887)**	(690)
Finance income		**2,612**	1,346
Finance costs	*6*	**(70,050)**	(55,930)
Profit before tax	*5*	**52,885**	75,787
Income tax expense	*7*	**(15,583)**	(14,994)
Profit for the period		**37,302**	60,793
Attributable to:			
Owners of the Company		**35,350**	57,111
Non-controlling interests		**1,952**	3,682
		37,302	60,793
Earnings per share attributable to ordinary equity holders of the Company	*8*		
– Basic		**HK3.74 cents**	HK6.04 cents
– Diluted		**HK3.74 cents**	HK6.04 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**37,302**	60,793
Other comprehensive income		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(184)**	5,233
Other comprehensive (loss)/income for the period, net of tax	**(184)**	5,233
Total comprehensive income for the period	**37,118**	66,026
Attributable to:		
Owners of the Company	**34,674**	62,223
Non-controlling interests	**2,444**	3,803
	37,118	66,026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 (Unaudited)** ***HK$'000***	31 December 2017 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**237,963**	240,115
Prepaid land lease payments		**1,595**	1,620
Investment properties		**2,340,112**	2,350,822
Goodwill		**11,672**	11,672
Investments in associates		**50,071**	37,324
Prepayments, deposits and other receivables		**14,363**	17,934
Long term receivables	*10*	**13,173**	17,804
Deferred tax assets		**4,863**	4,530
Total non-current assets		**2,673,812**	2,681,821
CURRENT ASSETS			
Inventories		**252,375**	246,341
Trade receivables	*11*	**307,722**	200,493
Long term receivables – current portion	*10*	**29,371**	32,524
Prepayments, deposits and other receivables		**167,179**	177,038
Pledged deposits		**8,731**	8,720
Cash and cash equivalents		**126,399**	172,464
Total current assets		**891,777**	837,580

	Notes	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade and bills payables	*12*	**227,850**	211,889
Other payables and accruals		**123,012**	100,993
Deferred revenue		**2,401**	2,676
Tax payable		**16,107**	12,553
Interest-bearing bank and other borrowings		**617,379**	579,267
Total current liabilities		**986,749**	907,378
NET CURRENT LIABILITIES		**(94,972)**	(69,798)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,578,840**	2,612,023
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,539,951**	1,561,235
Deferred revenue		**2,971**	4,193
Deferred tax liabilities		**497,246**	497,735
Total non-current liabilities		**2,040,168**	2,063,163
Net assets		**538,672**	548,860
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**9,461**	9,461
Reserves		**524,643**	537,275
		534,104	546,736
Non-controlling interests		**4,568**	2,124
Total equity		**538,672**	548,860

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

Alltronics Holdings Limited (the "Company") was incorporated in the Cayman Islands on 24 July 2003 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together the "Group") are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products, the trading of biodiesel products, the provision of energy saving business solutions and operation of investment properties. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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 Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 46.48% of the Company's issued shares as at 30 June 2018 (At 31 December 2017: 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.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

As at 30 June 2018, the Group had net current liabilities of HK$94,972,000. The Group's ability to repay its debts when they fall due heavily relies on its future operating cash flows and its ability to renew the bank loans.

In view of the above, the directors of the Company have carefully assessed the Group's liquidity position having taken into account (i) the estimated operating cash inflows of the Group for the next twelve months from the end of the current reporting period; (ii) the unutilised banking facilities of the Group amounting to HK$224 million as at 30 June 2018; and (iii) the directors of the Company consider that it is highly probable that the bank loans can be renewed in the next twelve months.

On the basis of the above considerations, the directors of the Company believe that the Group can satisfy its financial obligations in the foreseeable future and accordingly, the interim financial report has been prepared on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018 noted below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the period.

HKFRS 9	*Financial instruments*
HKFRS 15	*Revenue from contracts with customers and related amendments*
HKFRIC – Int 22	*Foreign currency transactions and advance consideration*
Amendments to HKFRS 2	*Classification and measurement of share-based payment transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts*
Amendments to HKAS 28	*Investments in associates and joint ventures clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*
Amendments to HKAS 40	*Transfers of investment property*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1*

The application of the above new and amendments to HKFRSs in the period has had no material impact on the amounts and/or disclosures reported in these condensed consolidated financial statements.

Further information about HKFRS 15 and HKFRS 9 is described below:

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption. The Group mainly engages in manufacturing and trading of electronic products, trading of biodiesel products, the provision of energy saving business solutions and operation of investment properties.

The application of HKFRS 15 in the period has had no material impact on the amounts and/or disclosures reported in these condensed consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together two aspects of the accounting for financial instruments: classification and measurement; and impairment.

(a) Classification and measurement

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI" criterion).

The new classification and measurement of the Group's financial assets are as follows:

– Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables and financial assets included in prepayments, deposits and other receivables.

The adoption of HKFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

(b) *Impairment*

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

As at 30 June 2018, the Group has applied the simplified approach and recorded lifetime ECLs on trade receivables, and general approach and recorded 12-month ECLs on financial assets included in prepayments, deposits and other receivables. The Group determined that there are no significant financial impact arising from these changes.

4 OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by executive Directors that are used to make strategic decisions and assess performance.

For the six months ended 30 June 2018, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide.

The Group considers the business from both a geographic and product perspective. From a product perspective, management assesses the performance of:

(i) the electronic products segment – the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products;

(ii) the biodiesel products segment – the trading of biodiesel products and provision of energy efficient gas stoves in Hong Kong;

(iii) the energy saving business segment – the provision of energy saving business solutions to customers; and

(iv) the investment properties segment – the provision of property rental services to customers.

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

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

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

Six months ended 30 June 2018 (Unaudited)

	Electronic products	**Biodiesel products**	**Energy saving business**	**Investment properties**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue:					
Sales to external customers	**602,181**	**2,122**	**64**	**–**	**604,367**
Revenue from services	**–**	**–**	**1,756**	**–**	**1,756**
Rental income	**–**	**–**	**–**	**126,470**	**126,470**
Total revenue	**602,181**	**2,122**	**1,820**	**126,470**	**732,593**

Six months ended 30 June 2017 (Unaudited)

	Electronic products	Biodiesel products	Energy saving business	Investment properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	595,817	1,871	69	–	597,757
Revenue from services	–	–	665	–	665
Rental income	–	–	–	77,121	77,121
Total revenue	595,817	1,871	734	77,121	675,543

Geographical information

Revenue from external customers

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The United States	**304,111**	294,340
Hong Kong	**126,137**	149,259
Europe	**115,996**	87,659
Mainland China	**165,092**	128,173
Other countries	**21,257**	16,112
	732,593	675,543

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

For the six months ended 30 June 2018, revenues of approximately HK$216,227,000 (2017: HK$226,096,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

5 PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold and services provided	**351,442**	311,335
Auditors' remuneration	**1,062**	1,073
Depreciation	**9,373**	8,417
Amortisation of non-current prepayments	**2,120**	1,434
Amortisation of prepaid land lease payments	**25**	25
Written off of inventories to net realisable value	**449**	1,910
Wages and salaries (including directors' emoluments)	**141,578**	103,744
(Gain)/loss on disposal of property, plant and equipment	**(36)**	1
Foreign exchange differences, net	**1,560**	7,374
(Gain)/loss on changes in fair value of investment properties	**(21,843)**	2,762
Gain from bargain purchase	**–**	(6,263)
Operating lease payments on rented premises	**8,485**	7,622
Realised gain on disposal of equity investments at fair value through profit or loss	**–**	(5)
Interest income from bank deposits	**(1,184)**	(562)
Interest income from long term receivables	**(1,428)**	(784)

6 FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and bank overdrafts	**70,036**	55,893
Interest element of finance leases	**14**	37
Total finance costs	**70,050**	55,930

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Subsidiaries in Mainland China are subject to income tax rate of 25% on tax profits generated in Mainland China.

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax expense		
– Hong Kong	**5,082**	4,949
– Mainland China	**4,501**	11,933
Under-provision in prior years	**15**	–
Deferred income tax charge/(credit)	**5,985**	(1,888)
Total tax expense for the period	**15,583**	14,994

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 946,116,360 (Six months ended 30 June 2017: 946,116,360) in issue during the period. The weighted average number of ordinary shares for the six months ended 30 June 2017 was adjusted to reflect the effect of 420,496,160 bonus shares issued by the Company on the basis of eight bonus shares for every ten shares held by the shareholders on 9 June 2017. The issue of the bonus shares was completed on 23 June 2017.

The Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2018 and 2017.

9 INTERIM DIVIDEND

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend, proposed, of HK$Nil (2017: HK$0.03) per ordinary share	**–**	28,383

An interim dividend of HK$0.03 per ordinary share for the six months ended 30 June 2017 was declared by the Board on 29 August 2017. This interim dividend, amounting to HK$28,383,000, has not been recognised as a liability in these condensed consolidated financial statements.

10 LONG TERM RECEIVABLES

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Non-current long term receivables:		
Gross receivables	**17,549**	23,382
Less: unearned income	**(4,376)**	(5,578)
	13,173	17,804
Current long term receivables:		
Gross receivables	**31,797**	35,049
Less: unearned income	**(2,426)**	(2,525)
	29,371	32,524
Long term receivables:		
– No later than 1 year	**29,371**	32,524
– Later than 1 year and no later than 5 years	**13,173**	17,804
Total current and non-current long term receivables	**42,544**	50,328

Long term receivables represent the present value of the income receivables under energy management contracts. The difference between the gross receivables and the present value of the receivables is recognised as unearned income.

11 TRADE RECEIVABLES

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Trade receivables	**308,410**	201,181
Less: provision for impairment of receivables	**(688)**	(688)
	307,722	200,493

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. As at 30 June 2018, the Group's largest customer accounted for approximately 7.4% of the total trade receivables (31 December 2017: 20.1%). This customer has long term trading relationship with the Group with no defaults in the past and hence the Group does not consider there is any significant credit risk in this regard. The Group's other trade receivables related to a large number of diverse customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within 1 month	**115,323**	109,250
1 to 2 months	**70,873**	55,410
2 to 3 months	**47,786**	32,939
Over 3 months	**73,740**	2,894
Total	**307,722**	200,493

The Group applies the simplified approach to provide for expected credit losses under HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group has considered the credit risk characteristics and the days past due of the trade receivables to measure the expected credit losses.

12 TRADE AND BILLS PAYABLES

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

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Within 1 month	**102,162**	76,853
1 to 2 months	**72,976**	86,694
2 to 3 months	**38,910**	34,399
Over 3 months	**13,802**	13,943
Total	**227,850**	211,889

Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Total turnover for the six months ended 30 June 2018 (the "Period") had increased by 8.4% to HK$732.6 million, as compared to HK$675.5 million for the same period in 2017. The increase in turnover was mainly due to the increase in rental income from investment properties recognised during the Period. The revenue from electronic products remained stable and has increased by 1%.

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

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue from sales of electronic products	**602,181**	595,817
Rental income from investment properties held	**126,470**	77,121
Revenue from biodiesel products and energy efficient gas stoves	**2,122**	1,871
Revenue from energy saving business	**1,820**	734
	732,593	675,543

Sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. Total sales revenue from electronic products had remained stable with a slight increase of 1%. During the Period, sales of irrigation controller products to the largest customer of the Group in the United States had dropped by HK$9.9 million from HK$226.1 million to HK$216.2 million.

The investment properties of the Group located at Beijing, known as "Pretty Shopping Centre", were under renovation work and have not received any rental from the tenant during the Period. In accordance with the Group's accounting policy on revenue recognition, rental income is recognised on the straight-line basis over the terms of lease terms. Pursuant to this accounting policy, rental income of approximately HK$126.5 million was recognised in the income statement during the Period. As at the date of this announcement, the renovation work has been substantially completed and the Pretty Shopping Centre is expected to be reopened for business in September 2018.

The operations of the biodiesel products segment continued to remain at a low level during the Period and the sales revenue was HK$2.1 million.

Regarding the energy saving business segment, total revenue recognised during the Period was HK$1.8 million, as compared to HK$0.7 million in 2017. The revenue represented the energy saving revenue generated from retail stores of Suning.com Co., Ltd. ("Suning") and hotels operated by the HNA Group Co., Ltd. with LED lighting equipment installed. During the Period, the installation work at Suning retail stores continued.

In terms of geographical market, the United States continued to be the major market for the Group's products and services which accounted for approximately 41.5% of the total revenue for the Period (2017: 43.6%). Revenue from customers in The People's Republic of China (the "PRC") had increased by HK$36.9 million mainly due to the increase in rental income recognised from the investment properties located at Beijing. Sales to customers in Europe had also increased by HK$28.3 million during the Period.

Gross profit

The overall gross profit margin had reduced from 31.4% for the six months period ended 30 June 2017 to 28.7% for 2018. The reduction was mainly due to the drop in the gross profit margin of certain electronic products as a result of fluctuation in raw material prices and increasing labour costs and overheads. In addition, certain production facilities had been relocated from Yangxi to Yichun which had caused temporary production halt and interruption. The efficiency level of the new production facilities at the early stage of operations was also low. These factors had affected the average gross profit margin for the Period. In view of the challenging market conditions, the Group will continue its effort to tighten the controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin for the electronic product segment.

Expenses and finance costs

Administrative expenses had increased by HK$46.7 million and distribution costs had increased by HK$1.6 million during the Period. The increase in administrative expenses was mainly due to renovation costs of approximately HK$51.0 million incurred for the investment properties. In addition, overall staff costs, including directors' emoluments, had increased by HK$37.8 million. The increase in distribution costs was mainly due to increase in business volume and freight charges.

Total finance costs had increased by HK$14.1 million which was mainly due to the increase in interests paid for the bank loans to finance the investment properties and increase in borrowings.

Other operating income/expenses

During the Period, the fair value of the investment properties held had been reassessed as at 30 June 2018 and a fair value gain of HK$21.8 million was recognised. The Group's effective equity interests in an associated company had been diluted due to the introduction of new investors, and a gain on deemed disposal of partial interests in the associated company of HK$17.6 million was recognised.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK$35.4 million, compared to HK$57.1 million for the same period in 2017. The decrease was mainly due to the reduction in the gross profit margin on electronic products segment and additional expenses were incurred on relocation of production facilities from Yangxi to Yichun.

PRODUCTION FACILITIES

During the Period, the production facilities at Yangxi had been closed down and new production facilities with higher production capacity for the electronic products segment had been set up at Yichun, the PRC, so as to cope with the increasing demand from customers and for production of new products to be launched. The Group currently has three production facilities in the PRC for the manufacturing of electronic products and components, two of which are located in Shenzhen, and one in Yichun. During the Period, the Group spent approximately HK$9.0 million to acquire property, plant and equipment to enhance its production capacity.

The Group has set up an office with LED testing facilities in Shenzhen to carry out its energy saving business.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 June 2018, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$98.9 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2018, total borrowings of the Group amounted to HK$2,157.3 million, comprising bank overdrafts of HK$27.5 million, bank loans of HK$2,127.5 million, trust receipt loans of HK$1.7 million and obligations under finance leases of HK$0.6 million, of which HK$380.7 million are denominated in Hong Kong dollars and HK$1,776.6 million are denominated in Renminbi ("RMB").

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 63 days, 86 days and 75 days respectively for the Period. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

As at 30 June 2018, the Group's total current assets had increased by 6.5% to HK$891.8 million compared to HK$837.6 million as at 31 December 2017, and the Group's total current liabilities had increased by 8.7% to HK$986.7 million compared to HK$907.4 million as at 31 December 2017. The current ratio (current assets/current liabilities) as at 30 June 2018 was 0.90 times, compared to 0.92 times as at 31 December 2017.

During the Period, the Company had not issued any new shares and had not repurchased any of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

At 30 June 2018, the Company had in issue a total of 946,116,360 ordinary shares. A new share option scheme (the "2016 Share Option Scheme") has been adopted by the shareholders of the Company at the annual general meeting of the Company held on 7 June 2016. There were no share options granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 30 June 2018, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2018 was HK$98.9 million, which had decreased by HK$54.0 million compared to the balance at 31 December 2017.

The net cash used in operating activities for the Period was HK$40.8 million. The net cash used in investing activities amounted to HK$1.5 million, which was mainly due to HK$7.3 million being paid for the acquisition of property, plant and equipment, HK$1.2 million was received from disposal of property, plant and equipment, and the decrease in non-current long term receivables of HK$4.6 million.

On the other hand, there was a net cash outflow of HK$13.5 million from financing activities. During the Period, new borrowings of HK$94.8 million were obtained, HK$61.0 million was used to repay borrowings and finance leases, and HK$47.3 million was paid to shareholders as dividend.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK$9.0 million, mainly financed by internal resources of the Group. Most of these additions were for the set up of new production facilities at Yichun.

PLEDGE OF ASSETS

At 30 June 2018, the Group had total bank borrowings (excluding obligations under finance leases) of HK$2,156.7 million, out of which HK$1,776.6 million were secured by the investment properties of HK$2,340.1 million; HK$63.6 million were secured by the leasehold property of HK$176.5 million and HK$8.5 million were secured by short-term bank deposits of HK$8.7 million and trade receivables of HK$1.0 million.

DEBT POSITION AND GEARING

As at 30 June 2018, the Group has net debts (being total bank and other borrowings net of cash and cash equivalents) of approximately HK$2,030.9 million (31 December 2017: HK$1,968.0 million). The total equity was approximately HK$538.7 million (31 December 2017: HK$548.9 million). The net debts at 30 June 2018 were mainly due to the bank loans of HK$1,776.6 million (RMB1,500 million) to finance the acquisition of the investment properties of the Group. These bank loans are secured by the Group's investment properties with a carrying value of HK$2,340.1 million as at 30 June 2018.

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

CONTINGENT LIABILITIES

On 15 November 2016, 北京金馬長城房產建設有限責任公司 (Beijing Jinma Changcheng Real Estate Construction Co., Ltd) ("Jinma Changcheng") as plaintiff instituted litigation against Beijing Wan Heng Da Investment Company Limited ("Beijing Wan Heng Da"), being an indirect wholly-owned subsidiary of the Group, as defendant in respect of the dispute on possession of properties, to claim for (i) Beijing Wan Heng Da to vacate the premises located at 2-05, 2-06, second floor of the Pretty Shopping Centre, the venue of 286.09 sq.m. at the west exit on the first floor of the Pretty Shopping Centre, the venue with an additional floor area of 501.74 sq.m. on the elevated corridor on the first floor of the Pretty Shopping Centre and the venue with an additional floor area of 212.02 sq.m. at the west-side tunnel on the second floor of the Pretty Shopping Centre (the "Disputed Properties"); (ii) payment of a daily occupation fee of Renminbi 19,719.3 by Beijing Wan Heng Da for the period from 1 January 2016 and until the date of actual relocation; and (iii) costs of the litigation in respect of the case shall be borne by Beijing Wan Heng Da.

On 10 June 2018, Jinma Changcheng as plaintiff applied to the court for judicial expertise over the rental prices and value of the Disputed Properties. On 11 July 2018, a valuation report provided by 北京華天通房地產評估有限公司 concluded that the value and rental prices of the Disputed Properties are RMB44,808,262 and RMB3,859,336 in period of 1 January 2016 to 22 December 2017, and are RMB46,573,535 and RMB587,525 in period of 23 December 2017 to 9 April 2018.

Taking into account of the fact that the Disputed Properties were auctioned to 涿州市萬豐商貿有限公司 by Baoding Intermediate People's Court of Hebei Province on 12 December 2017, Beijing Chaoyang People's Court added 涿州市萬豐商貿有限公司 as a third party in this case according to law. The case was heard by Beijing Chaoyang People's Court on 28 August 2018, whereas no final decision has been made and the judgement date is unpredictable. Taking into consideration of the legal opinion prepared by the legal advisor of Beijing Wan Heng Da, the Board believes that the claims made by Jinma Changcheng are without legal grounds in spite of the judicial expertise conducted and will not have material impact to financial position of Beijing Wan Heng Da and the Group.

Save as disclosed above, there was no material contingent liability of the Group as at both 30 June 2018 and 31 December 2017.

EMPLOYEES

At 30 June 2018, the Group had 3,455 employees, of which 78 were employed in Hong Kong and 3,377 were employed in the PRC. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund retirement benefits scheme for all its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations in the PRC. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group.

No share options had been granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 30 June 2018, there were no share options remained outstanding.

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

FOREIGN EXCHANGE EXPOSURE

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

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. The Group's investment properties are located in the PRC and all rental income is receivable in Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Management will consider various actions to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. These were for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. As at 30 June 2018, 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

The Group is cautiously optimistic for the second half of 2018 though the global economic environment will remain uncertain. Factors such as the ongoing global trade disputes, the limited supply of certain critical electronic components, the risk of fluctuation of exchange rate of Renminbi against United States dollars and Hong Kong dollars and the risk of fluctuation of interest rate will continue to affecting the performance of the Group's electronic products segment. The Group will continue its efforts to manage these factors and to tighten controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin.

Management foresees that the demand for the Group's irrigation controllers and other major electronic products will remain stable in the second half of 2018. In addition, new products including new models of walkie-talkie products, intelligent educational toys and photolysis air purifiers will provide strong momentum for the growth in revenue in the second half of 2018 and in 2019. During the Period, the Group has set up new production facilities at Yichun for its electronic products and components so as to expand its overall production capacity to cope with the increasing demand from customers and for production of new products to be launched. The Group has confidence that the overall performance of the electronic products segment will remain strong in the near future.

The ongoing trade disputes between the United States and the PRC may further escalate geopolitical tensions and may lead to negative impact to the global economy. The Group is working closely with its customers affected looking for ways to mitigate any effects that the potential tariffs may have if they are fully implemented. The final outcome of these disputes may have an impact on the Group's performance in the future.

In terms of geographical market, the Group foresees that United States will still be the major market for its products in 2018. The Group will continue to devote efforts to explore new markets and new customers to broaden its customer base.

Yichun Yilian Print Tech. Co., Ltd. ("Yichun Yilian") is an associate of the Group, which is established in the PRC and principally engaged in the manufacturing and sale of printers and other accessory products, and the provision of on-line printing services on a charge-by-page basis. During the Period, new investors had injected additional capital into Yichun Yilian and the equity interests of the Group in Yichun Yilian had been diluted to 40.4% as at 30 June 2018. As at 30 June 2018, Yichun Yilian has distributed over 15,000 printers to universities, colleges and other locations in the PRC to provide on-line printing services on a charge-by-page basis. Yichun Yilian foresees that revenue from its on-line printing services will become the major source of revenue in future. During the Period, Yichun Yilian had also established new channels to sell its printers and printing services through internet platforms.

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.

Investment properties segment

The renovation work at the Group's investment properties located in Beijing, namely Pretty Shopping Centre, was close to completion and the shopping mall will be reopened for business in September 2018. The shopping mall is currently fully lease out and will generate a constant incoming revenue stream to the Group in the future.

Biodiesel products and energy saving gas stoves segment

The Group expects that the revenue from biodiesel products will remain stable during the second half of 2018.

The Group expects the operations of the energy efficient gas stoves business will have a steady growth in the second half of 2018.

Energy saving business

The LED lighting equipment installation work for the retail stores of Suning continued during the Period and as at 30 June 2018, over 600 retail stores of Suning have completed the installation work and generating energy saving revenue. The Group will continue the installation work at other retail stores of Suning during the second half of 2018.

Looking forward, the Group will continue to explore opportunities for new products and projects with other potential customers in Hong Kong, in the PRC and overseas, and will continue to look for investment opportunity to diversify its business and to provide a better return to all shareholders.

CORPORATE GOVERNANCE

The Board believes that corporate governance is essential to the success of the Group. The Group keeps abreast of the best practices in the corporate governance areas and strives to implement such practices as appropriate. None of the Directors of the Company is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not at any time during the Period and up to the date of this announcement, in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the limited deviation on the grounds and causes as explained below. The Board will review and update the current practices regularly to ensure compliance with the latest practices in corporate governance so as to protect and maximize the interests of shareholders.

Code Provision A.2.1 stipulates that the role of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Lam Yin Kee currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors of the Company, the Company confirms that all Directors of the Company have complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

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

The interim condensed consolidated financial statements have been reviewed by the Audit Committee at a meeting held on 30 August 2018, which is of the opinion that the interim condensed consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CHANGES IN INFORMATION OF DIRECTORS

During the Period, there were no changes in directors' information since publication of the 2017 annual report of the Company and there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and our Company's website (http://www.irasia.com/listco/hk/alltronics/index.htm). The interim report for the period ended 30 June 2018 containing the information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 30 August 2018

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

Executive Directors
Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Meng Fei, Ms. Liu Jing, Mr. Lam Chee Tai, Eric and Mr. So Kin Hung

Non-executive Directors
Mr. Fan, William Chung Yue and Mr. Lau Fai Lawrence

Independent Non-executive Directors
Mr. Pang Kwong Wah, Mr. Yau Ming Kim, Robert, Mr. Yen Yuen Ho, Tony and Mr. Lin Kam Sui