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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 FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “Board”) of directors (“Directors”) of Alltronics Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020, prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by The Hong Kong Institute of Certified Public Accountants (“HKICPA”), together with comparative figures for the corresponding year in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
CONTINUING OPERATIONS			
Revenue	4	2,203,761	1,260,847
Cost of sales		<u>(1,788,903)</u>	<u>(1,077,272)</u>
Gross profit		414,858	183,575
Distribution costs		(61,690)	(12,955)
Administrative expenses		(100,239)	(93,206)
Other operating (expenses)/income, net		(17,294)	4,478
Share of losses of associates		(9,057)	(6,077)
Loss on deemed disposal of partial interests in an associate	5	(207)	(397)
Impairment losses on financial assets, net	5	(34,415)	(382,624)
Finance income	5	4,771	4,442
Finance costs	6	<u>(16,127)</u>	<u>(17,266)</u>
Profit/(loss) before tax from continuing operations	5	180,600	(320,030)
Income tax expense	7	<u>(52,099)</u>	<u>(13,422)</u>
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		128,501	(333,452)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	8	–	73,435
PROFIT/(LOSS) FOR THE YEAR		<u>128,501</u>	<u>(260,017)</u>
Attributable to:			
Owners of the Company		122,444	(262,040)
Non-controlling interests		6,057	2,023
		<u>128,501</u>	<u>(260,017)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
		<i>HK cents</i>	<i>HK cents</i>
Basic			
– For profit/(loss) for the year	9	<u>12.94</u>	<u>(27.70)</u>
– For profit/(loss) from continuing operations	9	<u>12.94</u>	<u>(35.46)</u>
Diluted			
– For profit/(loss) for the year	9	<u>12.94</u>	<u>(27.70)</u>
– For profit/(loss) from continuing operations	9	<u>12.94</u>	<u>(35.46)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	128,501	(260,017)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified subsequently to profit or loss:		
Exchange differences:		
Exchange differences on translation of foreign operations	22,139	(963)
Reclassification adjustments for a foreign operation disposed of during the year	–	11,438
	22,139	10,475
Share of other comprehensive income/(loss) of an associate	1,851	(682)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	23,990	9,793
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income	(1,799)	(411)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(1,799)	(411)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	22,191	9,382
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	150,692	(250,635)
Attributable to:		
Owners of the Company	145,092	(252,517)
Non-controlling interests	5,600	1,882
	150,692	(250,635)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		214,023	224,026
Right-of-use assets		93,975	19,795
Goodwill		11,672	11,672
Investments in associates		32,647	40,060
Prepayments, other receivables and other assets		–	2,058
Long term receivables	<i>11</i>	–	624
Financial asset at fair value through other comprehensive income (“FVOCI”)		–	1,831
Financial asset at fair value through profit or loss (“FVTPL”)		6,021	–
Deferred tax assets		16,487	9,515
Total non-current assets		374,825	309,581
CURRENT ASSETS			
Inventories		337,739	276,890
Trade receivables	<i>12</i>	346,139	210,364
Long term receivables – current portion	<i>11</i>	–	20,253
Prepayments, other receivables and other assets		103,524	52,389
Pledged deposits		4,805	5,259
Cash and cash equivalents		189,991	61,381
Total current assets		982,198	626,536

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and bills payables	<i>13</i>	305,445	232,331
Other payables and accruals		214,170	73,672
Deferred revenue		–	1,463
Tax payable		39,272	23,029
Interest-bearing bank and other borrowings		232,256	254,199
Lease liabilities		21,258	9,679
		<hr/>	<hr/>
Total current liabilities		812,401	594,373
		<hr/>	<hr/>
NET CURRENT ASSETS		169,797	32,163
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		544,622	341,744
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		74,253	8,804
Deferred revenue		–	958
Deferred tax liabilities		4,724	2,837
		<hr/>	<hr/>
Total non-current liabilities		78,977	12,599
		<hr/>	<hr/>
NET ASSETS		465,645	329,145
		<hr/>	<hr/>
EQUITY			
Share capital		9,461	9,461
Reserves		442,574	311,674
		<hr/>	<hr/>
Equity attributable to owners of the Company		452,035	321,135
Non-controlling interests		13,610	8,010
		<hr/>	<hr/>
TOTAL EQUITY		465,645	329,145
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. The principal activities of the Company and its subsidiaries are the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products, the trading of biodiesel products and provision of energy efficient gas stoves, and the provision of energy saving business solutions. During the year ended 31 December 2019, the Group discontinued the business in relation to investment properties business (note 8). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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 2020 (At 31 December 2019: 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.

These consolidated financial statements were approved and authorised for issue by the Board on 30 March 2021.

2 BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the 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 on the Stock Exchange (the "Listing Rules"). These consolidated financial statements have been prepared under the historical cost convention, except for certain equity investments and unlisted convertible bond which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3 ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 January 2020

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 2020:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Other than as noted below, the adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments clarify the definition of material and state that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Materiality depends on nature or magnitude of information or both.

The amendments also:

- introduce the concept of obscuring information when considering materiality and provide some examples of circumstances that may result in material information being obscured;
- clarify that materiality assessment will need to take into account how primary users could reasonably be expected to be influenced in making economic decisions by replacing the threshold "could influence" with "could reasonably be expected to influence" in the definition of material; and
- clarify that materiality assessment will need to take into account of information provided to primary users of general purpose financial statements (i.e. existing and potential investors, lenders and other creditors that rely on general purpose financial statements for much of the financial information they need).

The application of these amendments has had no impact on the Group's consolidated financial statements.

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 17	<i>Insurance Contracts and related amendments</i> ³
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ⁵
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> ⁶
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ³
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> ²
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ²
Amendments to HKFRSs	<i>Annual Improvements to HKFRS Standards 2018-2020</i> ²
Accounting Guideline 5 (Revised)	<i>Merger Accounting for Common Control Combination</i> ⁵

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective date not yet determined

⁵ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁶ Effective for annual periods beginning on or after 1 June 2020

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. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable continuing operating segments as follows:

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

On 15 April 2019, the Group has completed the disposal of its entire investment properties business which is regarded as a discontinued operation in the consolidated financial statements for the year ended 31 December 2019. The segment information of the discontinued operation is set out in note 8.

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 asset at FVTPL as these assets are managed on a group basis.

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

Year ended 31 December 2020

	Electronic products <i>HK\$'000</i>	Continuing operations		Total <i>HK\$'000</i>
		Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	
Segment revenue:				
Sales to external customers	2,199,775	1,344	1,352	2,202,471
Revenue from services	–	–	1,290	1,290
Revenue from continuing operations	<u>2,199,775</u>	<u>1,344</u>	<u>2,642</u>	<u>2,203,761</u>
Segment results				
Operating profit/(loss) before interest and tax	233,471	(1,661)	235	232,045
Share of losses of associates	(9,057)	–	–	(9,057)
Loss on deemed disposal of partial interests in an associate	(207)	–	–	(207)
Finance costs (other than lease liabilities)	(12,537)	–	–	(12,537)
Finance income	1,824	–	2,947	4,771
Income tax expense	(44,608)	–	(7,491)	(52,099)
	<u>168,886</u>	<u>(1,661)</u>	<u>(4,309)</u>	<u>162,916</u>
Unallocated operating costs				(34,415)
Profit for the year from continuing operations				<u>128,501</u>
Segment assets	1,308,978	1,024	39,374	1,349,376
Unallocated:				
Cash and cash equivalents				773
Prepayments and deposits				853
Financial asset at FVTPL				<u>6,021</u>
Total assets				<u>1,357,023</u>
Segment liabilities	882,501	625	477	883,603
Unallocated:				
Other payables and accruals				<u>7,775</u>
Total liabilities				<u>891,378</u>
Other segment information:				
Investments in associates	32,647	–	–	32,647
Depreciation and amortisation	(43,656)	(275)	(2,990)	(46,921)
Additions to non-current assets*	101,533	–	6	101,539
Loss on deemed disposal of partial interests in an associate	(207)	–	–	(207)
Impairment of				
– trade receivables, net	(13,505)	(1,347)	–	(14,852)
– amounts due from associates	(11,515)	–	–	(11,515)
– other receivables	(1,682)	–	–	(1,682)
– long term receivables	–	–	(6,366)	(6,366)
Write-down of inventories to net realisable value	(2,061)	–	–	(2,061)
Provision of warranties	(57,399)	–	–	(57,399)

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

Year ended 31 December 2019

	Electronic products <i>HK\$'000</i>	Continuing operations Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
Sales to external customers	1,255,843	3,431	39	1,259,313
Revenue from services	–	–	1,534	1,534
Revenue from continuing operations	<u>1,255,843</u>	<u>3,431</u>	<u>1,573</u>	<u>1,260,847</u>
Segment results				
Operating profit/(loss) before interest and tax	100,437	(1,224)	(18,764)	80,449
Share of losses of associates	(6,077)	–	–	(6,077)
Loss on deemed disposal of partial interests in an associate	(397)	–	–	(397)
Finance costs (other than lease liabilities)	(15,897)	–	–	(15,897)
Finance income	1,648	–	2,794	4,442
Income tax expense	(21,018)	–	7,596	(13,422)
	<u>58,696</u>	<u>(1,224)</u>	<u>(8,374)</u>	49,098
Unallocated operating costs				<u>(382,550)</u>
Loss for the year from continuing operations				<u>(333,452)</u>
Segment assets				
	881,923	2,914	40,561	925,398
Unallocated:				
Cash and cash equivalents				95
Prepayments and deposits				10,624
Total assets				<u>936,117</u>
Segment liabilities				
	593,906	1,015	3,206	598,127
Unallocated:				
Other payables and accruals				8,845
Total liabilities				<u>606,972</u>
Other segment information:				
Investments in associates	40,060	–	–	40,060
Depreciation and amortisation	(39,912)	(275)	(5,537)	(45,724)
Additions to non-current assets*	9,519	–	2	9,521
Loss on deemed disposal of partial interests in an associate	(397)	–	–	(397)
Impairment of				
– trade receivables, net	(4,092)	–	–	(4,092)
– long term receivables	–	–	(3,368)	(3,368)
Write-down of inventories to net realisable value	(7,045)	–	(9,179)	(16,224)

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

Geographical information

Continuing operations

(a) Revenue from external customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The United States	1,759,050	601,445
Hong Kong	161,444	260,501
Europe	101,197	190,177
The People's Republic of China ("PRC")	146,488	156,733
Other overseas countries	35,582	51,991
	<u>2,203,761</u>	<u>1,260,847</u>

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

(b) Non-current assets

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	207,037	224,525
PRC	145,280	73,710
	<u>352,317</u>	<u>298,235</u>

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

Information about major customers

For the year ended 31 December 2020, revenues from customers which individually contributed over 10% of the Group's revenue is as follow:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	496,577	457,685
Customer B	<u>972,286</u>	<u>N/A</u>

These revenues were attributable to the electronic products segment.

Analysis of revenue

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Sale of goods	2,202,471	1,259,313
Maintenance service income	<u>1,290</u>	<u>1,534</u>
	<u>2,203,761</u>	<u>1,260,847</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

Segments	Electronic products <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of goods or services				
Sale of industrial products	2,199,775	1,344	1,352	2,202,471
Maintenance services	<u>–</u>	<u>–</u>	<u>1,290</u>	<u>1,290</u>
Total revenue from contracts with customers	<u>2,199,775</u>	<u>1,344</u>	<u>2,642</u>	<u>2,203,761</u>
Timing of revenue recognition				
Goods transferred at a point in time	2,199,775	1,344	1,352	2,202,471
Services transferred over time	<u>–</u>	<u>–</u>	<u>1,290</u>	<u>1,290</u>
Total revenue from contracts with customers	<u>2,199,775</u>	<u>1,344</u>	<u>2,642</u>	<u>2,203,761</u>

For the year ended 31 December 2019

Segments	Electronic products <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of goods or services				
Sale of industrial products	1,255,843	3,431	39	1,259,313
Maintenance services	–	–	1,534	1,534
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,255,843</u>	<u>3,431</u>	<u>1,573</u>	<u>1,260,847</u>
Timing of revenue recognition				
Goods transferred at a point in time	1,255,843	3,431	39	1,259,313
Services transferred over time	–	–	1,534	1,534
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,255,843</u>	<u>3,431</u>	<u>1,573</u>	<u>1,260,847</u>

(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 a right of return and volume rebates which give rise to variable consideration subject to constraint.

Maintenance services

Maintenance service income is recognised on a straight-line basis over the terms of the maintenance contracts.

5 PROFIT/(LOSS) BEFORE TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of inventories sold and services provided	1,353,906	723,889
Write-down of inventories to net realisable value	2,061	16,224
Depreciation of property, plant and equipment	20,732	20,469
Depreciation of right-of-use assets	23,221	20,487
Auditors' remuneration		
– Audit services	1,800	2,090
– Non-audit services	–	28
Provision of warranties	57,399	–
Amortisation of prepayments	2,968	4,768
Write-down of prepayments	–	5,270
Lease payments not included in the measurement of lease liabilities	140	384
Impairment of:		
– trade receivables, net	14,852	4,092
– amounts due from associates	11,515	–
– other receivables	1,682	–
– consideration receivable from a related party which is the purchaser of a disposal group (<i>note (i)</i>)	–	113,740
– other receivables from a related party which is a former subsidiary group (<i>note (i)</i>)	–	255,439
– other receivable from a related party which is the purchaser of a disposal group (<i>note (i)</i>)	–	5,985
– long term receivables	6,366	3,368
Gain on disposal of a subsidiary group	–	44,896
Loss on deemed disposal of partial interests in an associate (<i>note (ii)</i>)	207	397
Loss/(gain) on disposal of property, plant and equipment	474	(18)
Foreign exchange differences, net	21,693	(4,451)
Interest income from bank deposits	(1,865)	(2,119)
Interest income from long term receivables	(2,906)	(2,323)
Rental income	(898)	(898)
Government grants (<i>note (iii)</i>)	(3,686)	–
Directors' and chief executive's remuneration	21,178	15,359
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
Wages and salaries	224,589	220,582
Pension scheme contributions (<i>note (iv)</i>)	2,894	6,888
Staff welfare and allowances	10,903	11,431
	238,386	238,901

Notes:

- (i) The consideration and other receivable due from the purchaser of a disposal group and the balances due from the former subsidiary group had been overdue. The purchaser and the former subsidiary group are related parties (see note 8), which had defaulted in repayment of the consideration according to the terms as set out in the respective agreement and defaulted in repayment of the balances due to the Group, respectively (see note 8 for details of the disposal). The Group is undergoing legal proceeding to recover these balances in full and in the discussion with its legal counsel to execute the guarantee. However, considering the recent financial position of the purchaser and the former subsidiary group, the Group had made full impairment provision against these balances at 31 December 2019.
- (ii) Loss on deemed disposal of partial interests in an associate has been recorded as HK\$207,000 (2019: HK\$397,000) due to the new investment in P2 Mobile Technologies Limited from other investors in 2020.
- (iii) During the year ended 31 December 2020, the Group received funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.
- (iv) Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the PRC government since February 2020 to expedite resumption of economic activities, which resulted in the relief of certain contributions to defined contribution scheme during the year ended 31 December 2020.

6 FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2020	2019
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans	12,537	15,897
Interest on lease liabilities	3,590	1,369
Total finance costs	16,127	17,266

7 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% (2019: 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 (2019: 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 2019.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax at a rate of 25% (2019: 25%) on the taxable income.

	2020	2019
	HK\$'000	HK\$'000
Current – PRC	25,379	11,673
Current – Hong Kong	31,605	8,066
Overprovision in prior years	–	(751)
Deferred	(4,885)	(5,566)
Total tax charge for the year from continuing operations	52,099	13,422
Total tax charge for the year from a discontinued operation	–	8,811
Total tax charge for the year	52,099	22,233

8 DISCONTINUED OPERATION

On 20 December 2018, the Group entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) for the disposal (the “Disposal”) of the entire issued share capital of Bonroy Limited (“Bonroy”, together with its subsidiaries, the “Bonroy Group”) at a consideration of RMB100 million (the “Consideration”). Bonroy was an indirectly wholly-owned subsidiary of the Company which recorded all of the Group’s investment properties business. For the year ended 31 December 2019, the investment properties business segment was reported as a discontinued operation in the Group’s consolidated financial statements.

On 20 March 2019, an extraordinary general meeting of the Company was held and the resolution for the Disposal was duly approved by the shareholders of the Company. The Disposal was completed on 15 April 2019 (the “Completion Date”).

The consolidated results of the discontinued operation for the period from 1 January 2019 to the Completion Date and the gain recognised from the Disposal are set out below.

	2019 HK\$'000
Revenue	71,345
Gain on changes in fair value of investment properties	8,601
Expenses	(6,445)
Finance costs	<u>(36,151)</u>
Profit from the discontinued operation	37,350
Gain recognised on disposal of discontinued operation	<u>44,896</u>
Profit before tax from the discontinued operation	82,246
Income tax:	
Related to pre-tax profit	(2,993)
Related to gain recognised on disposal of discontinued operation	<u>(5,818)</u>
Profit for the year from discontinued operation	<u>73,435</u>
Earnings per share:	
Basic, from the discontinued operation	HK7.76 cents
Diluted, from the discontinued operation	<u>HK7.76 cents</u>

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	2019
Profit attributable to ordinary equity holders of the Company from the discontinued operation	<u>HK\$73,435,000</u>
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (<i>note 9</i>)	<u>946,116,360</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation (<i>note 9</i>)	<u>946,116,360</u>

9 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic earnings/(loss) per share are based on:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation:		
From continuing operations	122,444	(335,475)
From a discontinued operation	–	73,435
	<u>122,444</u>	<u>(262,040)</u>
Profit/(loss) attributable to ordinary equity holders of the Company	122,444	(262,040)

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	946,116,360	946,116,360

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share for the years ended 31 December 2020 and 2019 as the Group had no potentially dilutive ordinary shares in existence during the years.

10 DIVIDENDS

Dividends attributable to the year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim dividend of HK1.5 cents per ordinary share (2019: Nil)	14,192	–
Proposed final dividend of HK2.0 cents per ordinary share (2019: Nil)	18,922	–
	<u>33,114</u>	<u>–</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (2019: Nil).

11 LONG TERM RECEIVABLES

Long term receivables represent the present value of the income receivables under the energy management contracts. During the year, the debtor early settled the long term receivable at a discount, accordingly an impairment loss of HK\$6,366,000 was recognised for the year ended 31 December 2020.

12 TRADE RECEIVABLES

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	365,812	215,185
Less: ECL allowance	(19,673)	(4,821)
	<u>346,139</u>	<u>210,364</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. As at 31 December 2020, the Group's largest customer accounted for approximately 31.2% (2019: 22.1%) of trade receivables. 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. 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.

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	152,750	133,396
1 to 2 months	129,258	42,631
2 to 3 months	51,903	19,652
Over 3 months	12,228	14,685
	<u>346,139</u>	<u>210,364</u>

As at 31 December 2020, the Group's trade receivables of approximately HK\$Nil (2019: HK\$600,000) were pledged with banks to secure banking facilities granted to the Group.

13 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:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	110,644	105,930
1 to 2 months	110,300	86,161
2 to 3 months	73,717	33,550
Over 3 months	10,784	6,690
	<u>305,445</u>	<u>232,331</u>

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

14 EVENTS AFTER THE REPORTING PERIOD

On 15 July 2020, the Group has engaged a solicitor firm at Beijing to commence arbitration proceedings against the purchaser and the guarantor in relation to the collection of the overdue Consideration and accrued interests thereon pursuant to the Sale and Purchase Agreement. On 12 March 2021, the arbitration hearing has been conducted at the Beijing Arbitration Commission. As at the date of this announcement, the judgement on the arbitration hearing is still pending and no agreement or material terms in relation to the settlement of the Consideration and the accrued interests thereon have been entered into or agreed between the Group and the purchaser and/or the guarantor.

PROPOSED DIVIDENDS

The Board proposes the payment of a final dividend of HK2.0 cents per share. Together with the interim dividend of HK1.5 cents per share paid in October 2020, the total dividends paid or payable for the year 2020 will be HK3.5 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 HK2.0 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 15 June 2021. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or about 29 June 2021.

ANNUAL GENERAL MEETING

The Annual General Meeting 2021 (the "AGM") of the Company will be held at Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Hong Kong on 3 June 2021 at 11:00 a.m.. The notice of the AGM will be posted on the respective websites of the Company (<http://www.irasia.com/listco/hk/alltronics/index.htm>) and the Stock Exchange (<http://www.hkexnews.hk>) and dispatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 31 May 2021 to 3 June 2021 (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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 28 May 2021.

The register of members of the Company will also be closed from 10 June 2021 to 15 June 2021 (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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 9 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Total turnover from continuing operations for the year ended 31 December 2020 had grown significantly by 74.8% to HK\$2,203.8 million, as compared to HK\$1,260.8 million for the year 2019. The increase in turnover was due to the increase in sales of electronic products during the year.

The turnover analysis by business segments for the two years ended 31 December 2020 and 2019 respectively is as follows:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from sales of electronic products	2,199,775	1,255,843
Revenue from biodiesel products and energy efficient gas stoves	1,344	3,431
Revenue from energy saving business	2,642	1,573
	<u>2,203,761</u>	<u>1,260,847</u>

During the year, the global economy has been adversely affected by the outbreak of the new coronavirus (the “COVID-19”). Since the beginning of the year 2020, all provinces and municipalities in the PRC have taken emergency public health measures and actions to prevent the spread of the COVID-19. The government of the PRC has also issued notices which extended the period of Chinese New Year holidays in the PRC. As part of the Group’s efforts to facilitate the prevention and control of the COVID-19 and to ensure the health and safety of the Group’s employees in the PRC, the Group has also extended the Chinese New Year holidays of its employees in the PRC. The operation of the Group’s factories at Shenzhen and Yichun had further suspended temporarily for approximately two weeks in February 2020. The Group had also implemented various safety protocols throughout all manufacturing operations and offices. The operation of all of the Group’s factories had resumed gradually by end of February. Though the production and sales revenue during the first quarter of the year have been significantly affected by the COVID-19, the manufacturing operation had quickly resumed to normal during the second quarter and the demand from customers in the second half of the year had increased consistently, especially the demand for the Group’s electrostatic disinfectant sprayers.

During the year, the Group continued to focus on its electronic products business. 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 increased significantly by 75.2% from HK\$1,255.8 million to HK\$2,199.8 million. During the year, the demand for the Group's electrostatic disinfectant sprayers has surged to a total sales revenue of approximately HK\$972.3 million, compared to HK\$6.9 million for the year 2019. Sales revenue from the Group's irrigation controller products had also increased from HK\$457.7 million in 2019 to HK\$496.6 million in 2020. Management expects that the sales revenue from these products will continue to dominate the income stream of the Group in the year ahead. On the other hand, sales of walkie-talkie products had dropped by approximately HK\$43.4 million during the year. Total revenue from sales of components for electronic products, including transformers, adapters and solenoids, had increased by approximately HK\$10.3 million and sales of plastic moulds and plastic components had decreased by approximately HK\$15.8 million.

The operation of the biodiesel products and energy efficient gas stoves business segment in Hong Kong had been significantly affected by the COVID-19 and total sales revenue dropped from approximately HK\$3.4 million to approximately HK\$1.3 million.

Regarding the energy saving business segment, total revenue recognised during the year was HK\$2.6 million, as compared to HK\$1.6 million in 2019. The revenue mainly represented the energy saving revenue generated from retail stores of Suning.com Co., Ltd. ("Suning"). During the year, with a view to focus more of its resources on the core manufacturing business, the Group has agreed with Suning to cease the installation work at retail stores of Suning. The Group has also offered a discount to Suning to secure a prompt settlement of all energy saving revenue receivable from Suning. The discontinuance of the installation work at Suning stores has not resulted in any significant impact on the overall operation and performance of the Group.

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 79.8% of the total revenue for the year (2019: 47.7%). The significant increase in percentage of sales to customers in the United States was due to the increase in sales of electrostatic disinfectant sprayers to a customer located in the United States. On the other hand, sales to customers in all other locations had dropped during the year.

Gross profit

The overall gross profit margin from continuing operations had increased from 14.6% for the year 2019 to 18.8% for the year 2020. The increase in overall gross profit margin was mainly due to the significant increase in total sales revenue during the year and the production costs and overheads had increased in a lesser extent than the increase in sales revenue. The Group will continue its effort to tighten controls over production costs and overheads, and to improve production efficiency to improve the overall gross profit margin.

Expenses and finance costs

Distribution costs had increased significantly from HK\$13.0 million in the year 2019 to HK\$61.7 million in the year 2020. The increase was mainly due to the increase in sales commission in relation to the sales of electrostatic disinfectant sprayers.

Administrative expenses had increased by HK\$7.0 million during the year. The increase in administrative expenses was mainly due to the increase in overall administrative staff costs as a result annual salary increment and increase in headcount. Total administrative staff costs for the year, including directors' emoluments, had increased by approximately HK\$9.9 million when compared to prior year.

Total finance costs had decreased by HK\$1.1 million which was mainly due to the decrease in bank interests when compared to prior year.

Other operating (expenses)/income, net

During the year, the net other operating expenses amounted to approximately HK\$17.3 million which was mainly due to exchange losses.

Discontinued operation

On 20 December 2018, the Group entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) for the disposal (the “Disposal”) of the entire issued share capital of Bonroy Limited (together with its subsidiaries, the “Bonroy Group”), being an indirect wholly-owned subsidiary of the Company which recorded all of the Group’s investment properties business, at a consideration (the “Consideration”) of RMB100 million.

On 20 March 2019, an extraordinary general meeting of the Company was held and the resolution for the Disposal was duly approved by the shareholders of the Company. The Disposal was completed on 15 April 2019 (the “Completion Date”) and the results of the investment properties business segment up to the Completion Date were reported as a discontinued operation in the consolidated statement of profit or loss for the year ended 31 December 2019.

Despite extensions were granted to the purchaser (the “Purchaser”) of Bonroy Limited for settlement of the Consideration, the Purchaser has defaulted the payment of the Consideration on the agreed due date. On 14 November 2019, the Group has served a statutory demand against the Purchaser for the immediate settlement of the overdue Consideration and interests thereon. In view of the uncertainty on the recoverability of the Consideration, full impairment loss of approximately HK\$113.7 million was recognised in the consolidated statement of profit or loss. In July 2020, the Group has engaged a lawyer in Beijing to commence arbitration proceedings against the Purchaser and the Guarantor to recover the overdue Consideration and interests thereon. The arbitration hearing was conducted on 12 March 2021 and the judgement on the arbitration hearing is still pending.

The debt (the “Debt”) due from a disposed subsidiary of the Bonroy Group (the “Borrower”) was overdue and remained unsettled despite the efforts made by the Group to recover the Debt, including legal proceedings implemented against the Borrower. The Company is of the view that recovery of the full amount of the Debt in the foreseeable future is not likely and full impairment loss of approximately HK\$255.4 million was recognised in the consolidated statement profit or loss for the year ended 31 December 2019.

The Group has taken legal actions to recover the outstanding Consideration and the Debt, together with the accrued interests. As at the date of this announcement, these legal actions were still in progress and no court decision has been made.

Profit/(Loss) attributable to owners of the Company

The profit for the year attributable to owners of the Company was HK\$122.4 million, compared to a loss of HK\$262.0 million for the year 2019. The turnaround from a net loss to a net profit for the year was mainly due to the significant increase in sales revenue during the year. Furthermore, there were impairment losses on the Consideration and the Debt of approximately HK\$113.7 million and HK\$255.4 million respectively, and a net profit from a discontinued operation of HK\$73.4 million for the year 2019. However, there were no such impairment losses or profit during the year 2020.

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\$8.5 million to acquire property, plant and equipment to enhance its production capacity.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2020, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$189.0 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2020, total borrowings of the Group amounted to HK\$232.3 million, comprising bank overdrafts of HK\$0.9 million, bank loans of HK\$229.4 million and trust receipt loans of HK\$2.0 million, of which HK\$40.0 million were denominated in United States dollars, HK\$134.5 million were denominated in Hong Kong dollars and HK\$57.8 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 46 days, 63 days and 51 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 2020, the Group's total current assets were HK\$982.2 million compared to HK\$626.5 million as at 31 December 2019, and the Group's total current liabilities were HK\$812.4 million compared to HK\$594.4 million as at 31 December 2019. The current ratio (current assets/current liabilities) as at 31 December 2020 was 1.21 times, compared to 1.05 times as at 31 December 2019.

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 2020, 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 31 December 2020, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2020 was HK\$189.0 million, which had increased by HK\$151.7 million compared to the balance at 31 December 2019.

The net cash generated from operating activities for the year was HK\$200.3 million. The net cash used in investing activities amounted to HK\$20.8 million, which was mainly due to HK\$8.4 million being paid for the acquisition of property, plant and equipment.

On the other hand, there was a net cash outflow of HK\$33.4 million from financing activities. During the year, new borrowings of HK\$248.1 million were obtained, and HK\$267.7 million was used to repay borrowings and principal repayment of lease liabilities. During the year, the Company paid dividend of HK\$14.2 million to its shareholders.

CAPITAL EXPENDITURE

During the year, the Group acquired property, plant and equipment at a total cost of HK\$8.5 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 2020, the Group had total bank borrowings of HK\$232.3 million, out of which HK\$107.3 million were secured by the land and buildings and right-of-use assets of HK\$167.5 million in aggregate, HK\$4.4 million were secured by short-term bank deposits of HK\$4.8 million, and HK\$3.6 million were secured by plant and machinery of HK\$11.2 million.

DEBT POSITION AND GEARING

As at 31 December 2020, the Group has net debts (being total bank and other borrowings excluding trade debts and net of cash and cash equivalents) of approximately HK\$40.2 million (At 31 December 2019: HK\$191.4 million). The total equity was approximately HK\$465.6 million (At 31 December 2019: HK\$329.1 million). The gearing percentage as at 31 December 2020 was approximately 8.6% (At 31 December 2019: 58.2%).

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.

LITIGATIONS AND CONTINGENT LIABILITIES

During the year ended 31 December 2020 and as at 31 December 2020 and 2019, the Group was not a defendant in any of the legal proceedings against the Group. The Group did not have any material contingent liabilities as at both 31 December 2020 and 31 December 2019.

During the fourth quarter of the year, 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 available, the Group believes that the root cause of the fire is most likely the defective design and manufacturing of the lithium-ion battery pack which powers the sprayer. The battery pack was designed and manufactured by a supplier designated by the customer. However, not all the electrostatic disinfectant sprayers sold by the customer were embedded with the subject lithium-ion battery pack. The customer also informed the Group that there were some other reports of property damage but no reports of injury involving the subject lithium-ion battery pack. In February 2021, in view of the potential risk that the battery pack can overheat and melt and potentially causing a fire or an explosion, the customer decided to recall voluntarily in the market four models of electrostatic sprayers embedded with the subject lithium-ion battery pack.

Management currently is of the view that the issue is the direct result of the defective design and manufacturing of the lithium-ion battery pack and the customer is well aware that the Group had no involvement with the design and manufacturing of the subject battery pack. The supplier of the subject battery pack was chosen and introduced to the Group by the customer and the Group cannot change the supplier of the subject battery pack unless written consent from the customer is obtained. Management believes that the Group does not have any significant potential liability on this issue. The Group has engaged a lawyer firm and a cause and origin expert in the United States to handle the issue. The Company will closely monitor the situation and announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development as and when appropriate.

UPDATE ON SETTLEMENT OF OVERDUE CONSIDERATION AND DEBT

On 15 July 2020, the Group has engaged a solicitor firm at Beijing to commence arbitration proceedings against the Purchaser and the Guarantor in relation to the collection of the overdue Consideration and accrued interests thereon pursuant to the Sale and Purchase Agreement. On 12 March 2021, the arbitration hearing has been conducted at the Beijing Arbitration Commission. As at the date of this announcement, the judgement on the arbitration hearing is still pending and no agreement or material terms in relation to the settlement of the Consideration and the accrued interests thereon have been entered into or agreed between the Group and the Purchaser and/or the Guarantor. Full impairment loss on the Consideration has been made in the Group's audited consolidated financial statements for the year ended 31 December 2019.

On 2 January 2020, the Group has commenced civil action in the PRC by filing 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) to recover the overdue debt due from Beijing Wan Heng Da Investment Company Limited (北京萬恒達投資有限公司). The Complaint is currently being processed by the Shenzhen Intermediate People's Court and no date for hearing has been fixed nor any judgement obtained as at the date of this announcement.

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 2020, the Group had 2,891 employees, of which 72 were employed in Hong Kong and 2,819 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 2020, there were no share options remained outstanding.

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

FOREIGN EXCHANGE EXPOSURE

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

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Management will consider various actions to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. These were for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. As at 31 December 2020, 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 on its business performance in the year 2021 though the impacts of the COVID-19 and global economy instability will continue to pose threats to the Group. The ongoing trade disputes between the United States and the PRC may further escalate geopolitical tensions and may lead to negative impact to the global economy. The effects of the various sanctions imposed or to be imposed on Hong Kong by the United States and other countries are still uncertain. On the other hand, the risk of fluctuation in exchange rate of Renminbi against United States dollars and Hong Kong dollars and the risk of fluctuation in interest rate will also affect the performance of the Group's electronic products segment. The management of the Group is of the view that the difficult business environment due to the above factors may last for some time. The Group will continue its efforts to manage these factors and to tighten controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin.

The COVID-19 has led to significant increase in demand for the Group's electrostatic disinfectant sprayers during the second half of the year 2020. However, the commencement of the COVID-19 vaccination programs in most parts of the world would mean the pandemic may be under control and the global economy may enter into a phase of moderate recovery. This may affect the demand for the Group's electrostatic disinfectant sprayers and it may not have the growth momentum as experienced in the year 2020. Furthermore, the recall of some of the electrostatic disinfectant sprayers by the Group's customer in February 2021 may also led an adverse impact on the overall demand for electrostatic disinfectant sprayers. It is still too early to predict the demand for the Group's electrostatic disinfectant sprayers in the year ahead. Despite of this, management has confidence that the demand for the Group's irrigation controllers and other electronic products will remain strong with stable growth in the year 2021. The Group expects the overall performance of the electronic products segment in the first half of the year 2021 will remain stable when compared to the same period in 2020.

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

Yichun Yilian Print Tech. Co., Ltd. ("Yichun Yilian") is an associate of the Group, which is established in the PRC and engaged in the printer business and the provision of printing services. During the year, the performance of Yichun Yilian has been affected by the COVID-19 and based on operation needs, it has changed its business model to subcontract its manufacturing operation to a third party. However, management expects the printer business will gain growth momentum in 2021.

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

Biodiesel products and energy saving gas stoves segment

The Group foresees that the revenue from biodiesel products and energy efficient gas stoves will remain at a low level in the year 2021.

Energy saving business

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

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

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 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 announcement, in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of 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 maximise 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. Mr. Lam Yin Kee previously held both positions until 12 June 2020. On 12 June 2020, Mr. Lam Chee Tai, Eric, an executive Director, was appointed as the Chief Executive of the Company and Mr. Lam Yin Kee continued to be an executive Director and the Chairman of the Company.

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, the Company confirms that all Directors have complied with the required standard set out in the Model Code during the year ended 31 December 2020.

CHANGES IN INFORMATION OF DIRECTORS

During the year ended 31 December 2020 and up to the date of this announcement, the changes in directors' information since publication of the 2019 annual report of the Company are as follows:

- (a) At the annual general meeting of the Company held on 5 June 2020, Ms. Liu Jing and Mr. Meng Fei, being executive Directors who retired by rotation in accordance with the articles of association of the Company, were not re-elected as executive Directors by the shareholders at the annual general meeting. They retired as Directors with effect from the close of the annual general meeting;
- (b) Ms. Lam Oi Yan, Ivy was appointed as an executive Director with effect from 12 June 2020; and
- (c) Mr. Lam Yin Kee, being an executive Director, has resigned as the Chief Executive of the Company and Mr. Lam Chee Tai, Eric, being an executive Director, was appointed as the Chief Executive of the Company with effect from 12 June 2020.

Save as disclosed above, there were no other changes in directors' information since publication of the 2019 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.

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, namely Mr. Pang Kwong Wah (Chairman), Mr. Yau Ming Kim, Robert and Mr. Yen Yuen Ho, Tony.

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2020 at a meeting held on 30 March 2021, which is of the opinion that the consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Company’s auditors to the amounts set out in the Group’s financial statements for the year. The work performed by the Company’s auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditors on the preliminary announcement.

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.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of this preliminary announcement of the Group’s results for the year ended 31 December 2020 have been agreed by the Company’s auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Grant Thornton Hong Kong Limited on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the year ended 31 December 2020. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the year.

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 annual report for the year ended 31 December 2020 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 March 2021

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

Executive Directors

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

Non-executive Director

Mr. Fan, William Chung Yue

Independent Non-executive Directors

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