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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 2023**

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 2023, 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 2022 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	1,347,416	1,732,089
Cost of sales		<u>(1,065,275)</u>	<u>(1,403,508)</u>
Gross profit		282,141	328,581
Distribution costs		(12,170)	(20,623)
Administrative expenses		(109,419)	(95,184)
Other operating income/(expenses), net		7,203	(15,287)
Share of losses of associates		–	(6,108)
Gain on disposal of an associate	5	15,000	–
Impairment losses on trade receivables, net	5	(3,458)	(18,270)
Impairment losses on amount due from associates	5	(5,206)	(6,416)
Impairment losses on other receivables, net	5	(1,215)	(6,131)
Finance income	5	2,500	1,850
Finance costs	6	<u>(22,349)</u>	<u>(15,743)</u>
Profit before tax	5	153,027	146,669
Income tax expense	7	<u>(38,900)</u>	<u>(25,186)</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>114,127</u></b>	<b><u>121,483</u></b>
<b>Attributable to:</b>			
Owners of the Company		108,423	112,053
Non-controlling interests		<u>5,704</u>	<u>9,430</u>
		<b><u>114,127</u></b>	<b><u>121,483</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<b>2023</b>	<b>2022</b>
		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	8	<u>22.92</u>	<u>23.69</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<u>114,127</u>	<u>121,483</u>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>(15,467)</u>	<u>(21,329)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(15,467)</u>	<u>(21,329)</u>
Other comprehensive loss that will not be reclassified subsequently to profit or loss:		
Remeasurement of long service payment (“LSP”) liabilities	<u>(28)</u>	<u>–</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(28)</u>	<u>–</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<u>(15,495)</u>	<u>(21,329)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>98,632</u>	<u>100,154</u>
<b>Attributable to:</b>		
Owners of the Company	<u>93,089</u>	91,061
Non-controlling interests	<u>5,543</u>	<u>9,093</u>
	<u>98,632</u>	<u>100,154</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		172,944	185,433
Right-of-use assets		34,466	58,958
Goodwill		11,672	11,672
Financial assets at fair value through profit or loss (“FVTPL”)		43,982	21,786
Other receivables		3,148	–
Deferred tax assets		14,414	15,506
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>280,626</b>	<b>293,355</b>
<b>CURRENT ASSETS</b>			
Inventories		258,661	371,369
Trade receivables	<i>10</i>	163,971	217,639
Prepayments, other receivables and other assets		45,712	39,779
Tax recoverable		57	50
Pledged deposits		4,852	3,772
Restricted deposits		–	12,275
Cash and cash equivalents		426,043	289,877
		<hr/>	<hr/>
<b>Total current assets</b>		<b>899,296</b>	<b>934,761</b>

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	<b>134,156</b>	189,139
Other payables and accruals		<b>103,625</b>	111,713
Interest-bearing bank and other borrowings		<b>197,860</b>	232,163
Lease liabilities		<b>27,722</b>	27,476
Tax payable		<b>9,252</b>	15,145
<b>Total current liabilities</b>		<b>472,615</b>	575,636
<b>NET CURRENT ASSETS</b>		<b>426,681</b>	359,125
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>707,307</b>	652,480
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>10,030</b>	35,692
LSP obligations		<b>466</b>	–
Deferred tax liabilities		<b>8,070</b>	7,757
<b>Total non-current liabilities</b>		<b>18,566</b>	43,449
<b>NET ASSETS</b>		<b>688,741</b>	609,031
<b>EQUITY</b>			
Share capital		<b>9,461</b>	9,461
Reserves		<b>632,704</b>	579,625
Equity attributable to owners of the Company		<b>642,165</b>	589,086
Non-controlling interests		<b>46,576</b>	19,945
<b>TOTAL EQUITY</b>		<b>688,741</b>	609,031

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 CORPORATE AND GROUP INFORMATION

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

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

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 46.48% of the Company's issued shares as at 31 December 2023 (2022: 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 28 March 2024.

## 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.

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

These consolidated financial statements have been prepared under the historical cost convention, except for certain unlisted equity investments, unlisted convertible bond and investments in life insurance plans 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 on 1 January 2023

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 2023:

HKFRS 17	<i>Insurance Contracts with related amendments</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of these new and 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.

#### 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.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>1</sup></i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5<sup>1</sup></i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants<sup>1</sup></i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements<sup>1</sup></i>
Amendments to HKAS 21	<i>Lack of Exchangeability<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective date not yet determined

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

### **New HKICPA guidance on the accounting implication of the MPF-LSP offsetting mechanism**

In June 2022, the Hong Kong SAR Government (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will take effect on 1 May 2025 (the “Transition Date”). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset LSP in respect of an employee’s service from the Transition Date (the “Abolition”). In addition, the last month’s salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 (the “Practical Expedient”) to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “Guidance”) that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. The directors of the Company consider that the changes in the Group’s accounting policy in the current year had no material impact on the consolidated financial statements.



#### 4 OPERATING SEGMENT INFORMATION

For management purposes for the year ended 31 December 2022, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

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

For the year ended 31 December 2023, the Group has only one reportable segment, which is the electronic products segment. The biodiesel products segment and the energy saving business segment have been combined and disclosed in an “all other segments” category.

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

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

Segment assets exclude cash and cash equivalents, prepayments and deposits and financial assets at FVTPL as these assets are managed on a group basis.

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

**Year ended 31 December 2023**

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

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

**Year ended 31 December 2022**

	Electronic products <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	1,731,784	305	–	1,732,089
Total revenue	<u>1,731,784</u>	<u>305</u>	<u>–</u>	<u>1,732,089</u>
<b>Segment results</b>				
Operating profit/(loss) before interest and tax	177,220	(124)	(1,419)	175,677
Share of losses of associates	(6,108)	–	–	(6,108)
Finance costs (other than interests on lease liabilities)	(12,203)	–	–	(12,203)
Finance income	1,802	–	48	1,850
Income tax expense	(25,186)	–	–	(25,186)
	<u>135,525</u>	<u>(124)</u>	<u>(1,371)</u>	134,030
Unallocated operating costs				<u>(12,547)</u>
Profit for the year				<u>121,483</u>
<b>Segment assets</b>	1,179,777	824	23,492	1,204,093
Unallocated:				
Cash and cash equivalents				506
Prepayments and deposits				1,731
Financial asset at FVTPL				<u>21,786</u>
Total assets				<u>1,228,116</u>
<b>Segment liabilities</b>	610,816	278	213	611,307
Unallocated:				
Other payables and accruals				<u>7,778</u>
Total liabilities				<u>619,085</u>
<b>Other segment information:</b>				
Depreciation and amortisation	(47,561)	–	(272)	(47,833)
Additions to non-current assets*	12,014	–	–	12,014
Provision of impairment of				
– trade receivables, net	(18,270)	–	–	(18,270)
– amounts due from associates	(6,416)	–	–	(6,416)
– other receivables, net	(6,131)	–	–	(6,131)
Write-down of inventories to net realisable value	(28,111)	–	–	(28,111)
Reversal of warranties	31,258	–	–	<u>31,258</u>

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

## Geographical information

(a) *Revenue from external customers*

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The United States	<b>978,361</b>	1,295,174
Hong Kong	<b>147,925</b>	191,321
Europe	<b>90,336</b>	84,849
The People's Republic of China (the "PRC")	<b>124,038</b>	154,956
Other overseas countries	<b>6,756</b>	5,789
	<b><u>1,347,416</u></b>	<u>1,732,089</u>

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

(b) *Non-current assets*

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	<b>168,990</b>	174,470
PRC	<b>50,092</b>	81,593
	<b><u>219,082</u></b>	<u>256,063</u>

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

### Information about major customers

For the year ended 31 December 2023, revenues from customers which individually contributed over 10% of the Group's revenue is as follow:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	<b><u>690,501</u></b>	<u>761,452</u>

These revenues were attributable to the electronic products segment.

### Revenue from contracts with customers

(i) *Disaggregated revenue information*

#### For the year ended 31 December 2023

<b>Segments</b>	<b>Electronic products <i>HK\$'000</i></b>	<b>All other <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Type of goods or services</b>			
Sale of industrial products	<b><u>1,347,261</u></b>	<u>155</u>	<b><u>1,347,416</u></b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	<b><u>1,347,261</u></b>	<u>155</u>	<b><u>1,347,416</u></b>

**For the year ended 31 December 2022**

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>
<b>Type of goods or services</b>				
Sale of industrial products	<u>1,731,784</u>	<u>305</u>	<u>–</u>	<u>1,732,089</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	<u>1,731,784</u>	<u>305</u>	<u>–</u>	<u>1,732,089</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 volume rebates which give rise to variable consideration subject to constraint.

## 5 PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold and services provided	789,109	1,045,497
Provision/Write-down of inventories to net realisable value	1,626	28,111
Depreciation of property, plant and equipment	17,559	19,758
Depreciation of right-of-use assets	27,099	28,075
Auditors' remuneration		
– Audit services	2,150	2,050
– Non-audit services	295	275
Reversal of warranty	–	(31,258)
Changes in fair value of financial assets at FVTPL	4,033	6
Lease payments not included in the measurement of lease liabilities	148	158
Provision of impairment of:		
– trade receivables, net	3,458	18,270
– amounts due from associates	5,206	6,416
– other receivables, net	1,215	6,131
(Gain)/loss on disposal of property, plant and equipment	(308)	255
Foreign exchange differences, net	(9,926)	(4,459)
Interest income from bank deposits	(2,074)	(699)
Interest income from loan receivables	(208)	–
Interest income from associates	–	(701)
Interest income from a convertible bond	(218)	(450)
Rental income	(898)	(898)
Government grants ( <i>note (i)</i> )	(4,825)	(2,912)
Directors' and chief executive's remuneration	31,893	18,442
Compensations to suppliers ( <i>note (ii)</i> )	8,767	28,813
Loss on conversion of convertible bond	533	–
Gain on disposal of an associate	(15,000)	–
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
Wages and salaries	213,045	220,089
Pension scheme expenses		
– Contribution to defined benefit scheme	11,040	10,725
– Expenses arising from LSP obligations	367	–
Staff welfare and allowances	6,694	7,091
	<b>231,146</b>	<b>237,905</b>

*Notes:*

- (i) During the year ended 31 December 2023, the Group received unconditional subsidies of HK\$4,825,000 (2022: HK\$1,424,000) from PRC local government authorities. During the year ended 31 December 2023, the Group did not received any funding support (2022: HK\$1,488,000) 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.
- (ii) During the year ended 31 December 2023 and 2022, the Group signed settlement agreements with suppliers, whereas the parties compromised that the Group would make settlement payments to the suppliers in exchange for the termination of corresponding purchase orders made by the Group. The suppliers would have no obligation to fulfill the corresponding purchase orders by delivering any components to the Group. The agreed total sum of settlement compensations for the year ended 31 December 2023 was HK\$8,767,000 (2022: HK\$28,813,000), which was included in other operating expenses, net in the consolidated statement of profit or loss for the year.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank loans, overdrafts and other loans	<b>19,825</b>	12,203
Interest on lease liabilities	<b>2,453</b>	3,540
Interest on LSP obligations	<b>71</b>	–
	<hr/>	<hr/>
Total finance costs	<b><u>22,349</u></b>	<u>15,743</u>

## 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% (2022: 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 (2022: 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 2022.



Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in PRC are subject to Corporate Income Tax at a rate of 25% (2022: 25%) on the taxable income.

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current – PRC	<b>21,916</b>	11,994
Current – Hong Kong	<b>11,622</b>	12,006
Underprovision in prior years	<b>4,561</b>	648
Deferred tax	<b>801</b>	538
	<hr/>	<hr/>
Total tax charge for the year	<b><u>38,900</u></b>	<u>25,186</u>

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

The calculations of basic earnings per share are based on:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company	<b><u>108,423</u></b>	<u>112,053</u>

	<b>Number of shares</b>	
	<b>2023</b>	2022
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b><u>473,058,180</u></b>	<u>473,058,180</u>

Diluted earnings per share was the same as basic earnings per share for the year ended 31 December 2023 and 2022 as the Group had no potentially dilutive ordinary shares in existence during the years.

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share have been retrospectively adjusted for the effects of the share consolidation completed on 24 October 2022. Details of the share consolidation are set out in the circular dated 30 September 2022 issued by the Company.

## 9 DIVIDENDS

Dividends attributable to the year:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK2.0 cents per ordinary share (2022: HK2.0 cents*)	<b>9,461</b>	9,461
Proposed final dividend of HK2.0 cents per ordinary share (2022: HK2.0 cents)	<b>9,461</b>	9,461
	<b><u>18,922</u></b>	<u>18,922</u>

\* The respective dividend per ordinary share has been adjusted for the effects of the share consolidation completed on 24 October 2022. Details of the share consolidation are set out in the circular dated 30 September 2022 issued by the Company.

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

## 10 TRADE RECEIVABLES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>194,305</b>	244,515
Less: ECL allowance	<b>(30,334)</b>	(26,876)
	<b><u>163,971</u></b>	<u>217,639</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 2023, the Group's largest customer accounted for approximately 18.0% of the total trade receivables (2022: 31.6%). The 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 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:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Within 1 month	<b>74,622</b>	116,530
1 to 2 months	<b>47,499</b>	53,339
2 to 3 months	<b>26,174</b>	27,308
Over 3 months	<b>15,676</b>	20,462
	<b><u>163,971</u></b>	<u>217,639</u>

## 11 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:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 1 month	<b>53,602</b>	82,791
1 to 2 months	<b>59,921</b>	72,801
2 to 3 months	<b>17,007</b>	24,310
Over 3 months	<b>3,626</b>	9,237
	<b><u>134,156</u></b>	<u>189,139</u>

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

## 12 CONTINGENT LIABILITIES

### **Potential litigation related to a fire incidence in the United States**

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

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

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 31 December 2023 and 31 December 2022.

### **13 EVENT AFTER THE REPORTING PERIOD**

On 8 January 2024, a wholly-owned subsidiary of the Group entered into a share transfer agreement for the acquisition of a 30% equity interest in 雲鏈新能源(廣東)有限公司 (“Yunlian”) at a consideration of RMB1,500,000. Yunlian is principally engaged in the development of new energy projects in the PRC, including wind power and solar power projects. The Group believes that the investment in Yunlian will diversify its business into the high-growth potential new energy industry in the PRC.

## **PROPOSED DIVIDEND**

The Board proposes the payment of a final dividend of HK2.0 cents per share. Together with the interim dividend of HK2.0 cents per share paid in October 2023, the total dividends paid or payable for the year 2023 will be HK4.0 cents per share. All dividends are paid in cash from funds generated from the Group's operations. The Group will have sufficient funds for its future expansion after the payment of dividends.

The proposed final dividend of HK2.0 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 14 June 2024. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or about 28 June 2024.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting 2024 (the "AGM") of the Company will be held at Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Hong Kong on 3 June 2024 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 29 May 2024 to 3 June 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 28 May 2024.

The register of members of the Company will also be closed from 12 June 2024 to 14 June 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 11 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

The Group is principally engaged in the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products. Other businesses include the trading of biodiesel products, the provision of energy efficient gas stoves, and the provision of energy saving business solutions. Revenue from the sales of electronic products is the major source of income for the Group, which comprises sales of finished electronic products, plastic moulds and components, and other components for electronic products.

#### Revenue

Total turnover for the year ended 31 December 2023 had decreased by 22.2% to HK\$1,347.4 million, as compared to HK\$1,732.1 million for the year 2022. The decrease in turnover was mainly due to the decrease in sales of electronic products.

The turnover analysis by business segments for the two years ended 31 December 2023 and 2022 respectively is as follows:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from sales of electronic products	<b>1,347,261</b>	1,731,784
Revenue from other segment	<b>155</b>	305
	<b><u>1,347,416</u></b>	<u>1,732,089</u>

Sales of electronic products comprise sales of finished electronic products, plastic moulds and components, and other components for electronic products. The reduction in sales of electronic products was mainly due to the drop in sales of electronic component products, which had decreased from approximately HK\$278.7 million in 2022 to approximately HK\$166.8 million in 2023, as a result of the drop in demand from customers. The sales of the Group's irrigation controller products to a major customer had also decreased by approximately HK\$70.9 million to HK\$690.5 million, as compared to HK\$761.4 million for the year 2022. Sales of walkie-talkie products had decreased by approximately HK\$53.3 million to HK\$119.8 million. Sales of plastic and moulds for the year were approximately HK\$67.5 million, compared to HK\$85.7 million for the year 2022.

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

In terms of geographical market, customers in the United States continued to be the major market for the Group's products and services which accounted for approximately 72.6% of the total revenue for the year (2022: 74.8%). On the other hand, sales to customers in Hong Kong and in the PRC accounted for approximately 11.0% (2022: 11.0%) and 9.2% (2022: 8.9%) of the total revenue for the year respectively.

### **Gross profit**

Total gross profit for the year had decreased by HK\$46.4 million mainly due to the drop in total turnover for the year. However, the overall gross profit margin had improved from 19.0% for the year 2022 to 20.9% for the year 2023. The increase was mainly due to the reduction in unit costs of certain raw materials, including chips and plastic resins; the decrease in labour costs due to the reduction in the number of workers; and the increase in the sales proportion of electronic products which have a higher profit margin.

### **Expenses and finance costs**

Distribution costs had decreased by HK\$8.5 million mainly due to the drop in sales revenue and the reduction in sales commission and transportation costs. Total administrative expenses had increased by approximately HK\$14.2 million which was mainly due to the increase in staff costs. The total staff costs for the year, including directors' emoluments, had increased by approximately HK\$14.6 million. The increase was mainly due to the increase in discretionary bonuses paid to executive Directors by HK\$12.9 million during the year.

Finance costs had increased by HK\$6.6 million which was mainly due to the increase in interest rates when compared to the prior period.

### **Other operating income/expenses**

During the year, the Group's interest in an associate has been disposal of and resulted in a gain of HK\$15.0 million.

During the year, there was a net other operating income of approximately HK\$7.2 million which was mainly due to exchange gain, changes in the fair value of financial assets at FVTPL, and rental income.

### **Share of losses of associates**

There was no share of losses of associates for the year as the investment in associates has been fully impaired.

### **Profit attributable to owners of the Company**

The profit for the year attributable to owners of the Company was HK\$108.4 million, which has decreased by HK\$3.7 million when compared to a profit of HK\$112.1 million for the year 2022. Although the drop in revenue has led to a decrease in the gross profit for the year, there was an improvement in the overall gross profit margin and the impairment losses on trade receivables have also decreased by HK\$14.8 million during the year. Furthermore, there was a gain on disposal of an associate of HK\$ 15.0 million during the year.

### **PRODUCTION FACILITIES**

The Group currently has three production facilities in the PRC for the manufacturing of electronic products and components, two of which are located in Shenzhen, and one in Yichun. During the year, the Group spent approximately HK\$6.2 million to acquire property, plant and equipment to enhance its production capacity.

### **LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

At 31 December 2023, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$430.9 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2023, total borrowings of the Group amounted to HK\$197.9 million, comprising bank loans of HK\$197.0 million, trust receipt loans of HK\$0.8 million and bank overdrafts of HK\$0.1 million, of which HK\$25.5 million were denominated in United States dollars, HK\$119.2 million were denominated in Hong Kong dollars and HK\$53.2 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover for the year were approximately 52 days, 108 days and 61 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 2023, the Group's total current assets were HK\$899.3 million compared to HK\$934.8 million as at 31 December 2022, and the Group's total current liabilities were HK\$472.6 million compared to HK\$575.6 million as at 31 December 2022. The current ratio (current assets/current liabilities) as at 31 December 2023 was 1.90 times, compared to 1.62 times as at 31 December 2022.

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 2023, the Company had in issue a total of 473,058,180 ordinary shares. A share option scheme (the "2016 Share Option Scheme") has been adopted by the shareholders of the Company at the annual general meeting of the Company held on 7 June 2016. There were no share options granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 31 December 2023, the Company did not have any share options outstanding.

## **CASH FLOWS**

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2023 was HK\$430.9 million, which had increased by HK\$137.7 million compared to the balance at 31 December 2022.

The net cash generated from operating activities for the year was HK\$240.3 million. The net cash used in investing activities amounted to HK\$18.4 million, which was mainly due to HK\$6.2 million being paid for the acquisition of property, plant and equipment; HK\$12.4 million being paid for the acquisition of financial asset at FVTPL; decrease in restricted deposit of HK\$12.3 million and increase in loan receivables of HK\$12.8 million.

On the other hand, there was a net cash outflow of HK\$82.0 million from financing activities. During the year, new borrowings of HK\$220.6 million were obtained, and HK\$281.1 million was used to repay borrowings and principal repayment of lease liabilities. During the year, the Company paid dividend of HK\$18.9 million to its shareholders.

## **CAPITAL EXPENDITURE**

During the year, the Group acquired property, plant and equipment at a total cost of HK\$6.2 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 2023, the Group had total bank borrowings of HK\$197.9 million, out of which HK\$88.2 million were secured by the land and buildings and right-of-use assets of HK\$148.2 million in aggregate, HK\$0.8 million were secured by short-term bank deposits of HK\$4.9 million and HK\$5.5 million were secured by plant and machinery of HK\$6.2 million.

## **DEBT POSITION AND GEARING**

As at 31 December 2023, the Group was not in a net debts (being total bank loans and other borrowings and lease liabilities excluding trade debts and net of cash and cash equivalents) position (At 31 December 2022: net debts of approximately HK\$4.6 million). The total equity was approximately HK\$688.7 million (At 31 December 2022: HK\$609.0 million). There was no gearing percentage as at 31 December 2023 (At 31 December 2022: 0.8%).

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

## **CONTINGENT LIABILITIES**

### Potential litigation related to a fire incidence in the United States

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

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

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 31 December 2023 and 31 December 2022.

## **UPDATE ON SETTLEMENT OF OVERDUE CONSIDERATION AND DEBT**

On 15 April 2019, the Group has completed a very substantial disposal transaction (the “VSD Transaction”) in relation to the disposal of the Group’s investment properties business segment. On 15 July 2020, the Group has engaged a solicitor firm at Beijing to commence arbitration proceedings against the purchaser (the “Purchaser”) and the guarantor (the “Guarantor”) for collection of the overdue consideration of RMB100 million (the “Consideration”) and accrued interests in relation to the VSD Transaction. On 12 March 2021, the arbitration hearing was conducted at the Beijing Arbitration Commission (the “BAC”) and the arbitral award has been issued by the BAC on 5 August 2021. Under the arbitral award, it was decided by the BAC that, amongst other things, (i) the Purchaser and the Guarantor pay the overdue Consideration and accrued interests thereon to the Group, (ii) the Purchaser and the Guarantor bear the arbitration fees and the legal and other costs related to the arbitration, and (iii) the Purchaser and the Guarantor should settle all the amounts due to the Group within fifteen days from the date the arbitral award is delivered to the Purchaser and the Guarantor. As at the date of this announcement, the Group has not received the overdue Consideration and accrued interests thereon from the Purchaser and the Guarantor.

Alltronics Energy Saving (Shenzhen) Limited (“Alltronics Energy Saving”, being an indirect wholly-owned subsidiary of the Group) has filed an official civil complaint\* (民事起訴狀) (the “Complaint”) at the Shenzhen Intermediate People’s Court\* (深圳市中級人民法院) (the “Shenzhen court”) on 2 January 2020. Under the Complaint, Alltronics Energy Saving requested for immediate settlement of the debt of approximately RMB212 million (the “Debt”) and accrued interests thereon from the borrower (the “Borrower”) and the Guarantor in relation to the VSD Transaction.

On 28 April 2021, Alltronics Energy Saving has entered into a settlement agreement (the “Settlement Agreement”) with the Borrower and the Guarantor. Pursuant to the Settlement Agreement, the Borrower and the Guarantor have agreed to settle the Debt in accordance with the following schedule:

- (a) RMB20,000,000 on or before 31 May 2021;
- (b) RMB80,000,000 on or before 30 June 2021; and
- (c) the remaining balance on or before 31 December 2021.

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

In August 2021, the Group’s legal advisers in Beijing and Shenzhen advised that Henan Luohe Intermediate People’s Court\* (河南省漯河市中级人民法院) (the “Henan Court”) has accepted an application for bankruptcy liquidation against the Guarantor and a bankruptcy administrator of the Guarantor has been appointed by the Henan Court on 5 July 2021. The Group’s legal advisers in Beijing and Shenzhen have already filed the relevant documents for the declaration of creditor’s right to the bankruptcy administrator of the Guarantor to declare and to register all the amounts due from the Guarantor to the Group so as to protect the interests of the Group. As at the date of this announcement, the bankruptcy liquidation against the Guarantor is still in progress.

As at the date of this announcement, the Group has not received the overdue Consideration and the Debt from the Guarantor and the Borrower. Full impairment losses on the Consideration and the Debt have been made in the Group’s audited consolidated financial statements for the year ended 31 December 2019. The Company will closely monitor the situation and further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development as and when appropriate.

## **EMPLOYEES**

At 31 December 2023, the Group had 2,156 employees, of which 63 were employed in Hong Kong and 2,093 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 2023, there were no share options remained outstanding.

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

## **FOREIGN EXCHANGE EXPOSURE**

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

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Management will consider various actions to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. These were for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. As at 31 December 2023, the Group did not have any outstanding forward foreign exchange contracts. Management will continue to evaluate the Group's foreign currency exposure and take further actions as appropriate to minimise the Group's exposure whenever necessary.

## **OUTLOOK**

### **Electronic products segment**

During the year 2023, the overall performance of the Group's electronic products segment has remained stable when compared to the prior year. The reduction in total revenue was mainly due to the drop in demand from customers. The sales of component products have decreased by HK\$111.9 million, from HK\$278.7 million in 2022 to HK\$166.8 million in 2023. The sales of the Group's irrigation controller products to a major customer have also decreased by HK\$70.9 million. Management will keep alert and has to remain cautious on the performance in the year ahead.

Benefiting from the general trend of new energy transformation, management expects potential growth in demand for residential energy storage and outdoor energy storage products. During the year, the Group has acquired a 4% equity interest in a research and development company established in the PRC at a consideration of RMB11.2 million. The investee company is principally engaged in the research and development and sale of residential energy storage and outdoor energy storage products, and is also an existing customer of the Group. Management believes that the acquisition could help the Group to expand its product base to include energy storage products and will broaden the Group's revenue stream in the future. Management is striving to launch new products to provide new momentum for growth in revenue.

In general, factors including the uncertainties surrounding the coming United States presidential election and the ongoing trade disputes between the United States and the PRC may further escalate geopolitical tensions and have a 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 will continue to pose challenges to the Group's business. On the other hand, the risk of fluctuation in the exchange rate of Renminbi against United States dollars and Hong Kong dollars and the risk of high inflation and fluctuation in the interest rate will also affect the performance of the Group's electronic products segment. The Group will pay close attention to these factors and will continue to tighten controls over production costs and overheads and improve production efficiency to maximise the gross profit margin.

On 8 January 2024, a wholly-owned subsidiary of the Group entered into a share transfer agreement for the acquisition of a 30% equity interest in Yunlian at a consideration of RMB1,500,000. The Group believes that the investment in Yunlian will diversify its business into the high-growth potential new energy industry in the PRC, particularly in solar and wind power projects.

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

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

## **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 Director 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 as set out in Part 2 of Appendix C1 (formerly “Appendix 14”) of the Listing Rules. The Board will review and update the current practices regularly to ensure compliance with the latest practices in corporate governance to protect and maximize the interests of shareholders.

## **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 C3 (formerly “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 2023.

## **CHANGES IN INFORMATION OF DIRECTORS**

There were no changes in directors’ information since publication of the 2022 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 2023 at a meeting held on 28 March 2024, 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.

## **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 the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’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 opinion or assurance conclusion has been expressed by 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 2023. 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 of the Company for the year ended 31 December 2023 containing all the information as required by the Listing Rules will be dispatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

\* *For identification purpose only*

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

Hong Kong, 28 March 2024

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

### *Independent Non-executive Directors*

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