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 2017

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 2017, 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 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
For the year ended 31 December 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000* (Restated)
REVENUE	*4*	**1,340,919**	1,023,550
Cost of sales		**(998,655)**	(810,038)
GROSS PROFIT		**342,264**	213,512
Distribution costs		**(23,065)**	(11,122)
Administrative expenses		**(131,502)**	(104,530)
Other operating (expenses)/income, net		**(14,486)**	10,697
OPERATING PROFIT		**173,211**	108,557
Gain on changes in fair value of investment properties		**121,104**	–
Gain on deemed disposal of partial interests in an associate		**8,370**	–
Finance income		**3,897**	2,171
Finance costs	*6*	**(121,712)**	(9,155)
Share of profits and losses of associates		**(794)**	(3,135)
PROFIT BEFORE TAX	*5*	**184,076**	98,438
Income tax expense	*7*	**(65,107)**	(21,848)
PROFIT FOR THE YEAR		**118,969**	76,590

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Attributable to:			
Owners of the parent		**110,998**	71,758
Non-controlling interests		**7,971**	4,832
		118,969	76,590
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		*HK Cents*	*HK Cents* (Restated)
Basic	*8*	**11.73**	8.69
Diluted	*8*	**11.73**	8.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
PROFIT FOR THE YEAR	**118,969**	76,590
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**13,673**	(19,130)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**13,673**	(19,130)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**132,642**	57,460
Attributable to:		
Owners of the parent	**125,453**	53,472
Non-controlling interests	**7,189**	3,988
	132,642	57,460

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**240,115**	227,449
Prepaid land lease payments		**1,620**	1,670
Investment properties		**2,350,822**	–
Goodwill		**11,672**	11,672
Investments in associates		**37,324**	30,507
Prepayments, deposits and other receivables		**17,934**	20,567
Long term receivables	*10*	**17,804**	3,541
Deferred tax assets		**4,530**	1,859
Total non-current assets		**2,681,821**	297,265
CURRENT ASSETS			
Inventories		**246,341**	210,799
Trade receivables	*11*	**200,493**	185,101
Long term receivables – current portion	*10*	**32,524**	19,673
Prepayments, deposits and other receivables		**177,038**	33,987
Financial assets at fair value through profit or loss		**–**	427
Pledged deposits		**8,720**	8,698
Cash and cash equivalents		**172,464**	333,629
Total current assets		**837,580**	792,314
CURRENT LIABILITIES			
Trade and bills payables	*12*	**211,889**	202,137
Other payables and accruals		**100,993**	63,069
Deferred revenue		**2,676**	1,385
Tax payable		**12,553**	8,333
Interest-bearing bank and other borrowings		**579,267**	325,738
Total current liabilities		**907,378**	600,662

	2017	2016
	HK$'000	*HK$'000*
NET CURRENT (LIABILITIES)/ASSETS	**(69,798)**	191,652
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,612,023**	488,917
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,561,235**	1,097
Deferred revenue	**4,193**	1,054
Deferred tax liabilities	**497,735**	115
Total non-current liabilities	**2,063,163**	2,266
NET ASSETS	**548,860**	486,651
EQUITY		
Equity attributable to owners of the parent		
Share capital	**9,461**	5,256
Reserves	**537,275**	486,460
	546,736	491,716
Non-controlling interests	**2,124**	(5,065)
TOTAL EQUITY	**548,860**	486,651

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

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

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

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 July 2005.

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 46.48% of the Company's issued shares as at 31 December 2017 (At 31 December 2016: 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 have been approved for issue by the Board of Directors on 28 March 2018.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements have been prepared under the historical cost convention, except for certain equity investments and investment properties 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.

As at 31 December 2017, the Group had net current liabilities of HK$69,798,000. The Group's ability to repay its debts when they fall due heavily relies on its future operating cash flows and its ability to renew the bank loans.

In view of the above, the directors of the Company have carefully assessed the Group's liquidity position having taken into account (i) the estimated operating cash inflows of the Group for the next twelve months from the end of the current reporting year; (ii) the unutilised banking facilities of the Group amounting to HK$312 million as at 31 December 2017; and (iii) the directors of the Company consider that it is highly probable that the bank loans can be renewed in the next twelve months.

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	*Disclosure of interests in Other Entities: Clarification of the Scope of HKFRS 12*

The adoption of the revised HKFRSs has had no significant financial effect on these consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4 OPERATING SEGMENT INFORMATION

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

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

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

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

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

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 tax recoverable 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.

	Electronic products HK$'000	Biodiesel products HK$'000	Energy saving business HK$'000	Investment properties HK$'000	Total HK$'000
Year ended 31 December 2017					
Segment revenue:					
Sales to external customers	1,235,370	3,828	31,195	–	1,270,393
Revenue from services	–	–	4,828	–	4,828
Rental income	–	–	–	65,698	65,698
Total revenue	1,235,370	3,828	36,023	65,698	1,340,919
Segment results					
Operating profit before interest and tax	147,223	422	1,728	28,389	177,762
Gain on changes in fair value of investment properties	–	–	–	121,104	121,104
Gain on bargain purchase	–	–	–	6,263	6,263
Gain on deemed disposal of partial interests in an associate	8,370	–	–	–	8,370
Share of profits and losses of associates	(794)	–	–	–	(794)
Finance costs	(10,031)	–	–	(111,681)	(121,712)
Interest income	1,398	–	2,499	–	3,897
Income tax expense	(29,586)	–	–	(35,521)	(65,107)
	116,580	422	4,227	8,554	129,783
Unallocated operating costs					(10,814)
Profit for the year					118,969
Segment assets	953,475	2,932	98,956	2,462,756	3,518,119
Unallocated:					
Cash and cash equivalents					27
Prepayments and deposits					1,255
Total assets					3,519,401
Segment liabilities	633,259	230	7,516	2,328,432	2,969,437
Unallocated:					
Accruals and other payables					1,104
Total liabilities					2,970,541
Other segment information:					
Investments in associates	37,324	–	–	–	37,324
Depreciation and amortisation	(16,627)	(185)	(6,367)	(56)	(23,235)
Capital expenditure *	27,869	6	–	2,351,931	2,379,806
Gain on changes in fair value of investment properties	–	–	–	121,104	121,104
Gain on bargain purchase	–	–	–	6,263	6,263
Gain on deemed disposal of partial interests in an associate	8,370	–	–	–	8,370

* Capital expenditure consists of additions to property, plant and equipment and investment properties, including assets from acquisition of subsidiaries.

	Electronic products *HK$'000*	Biodiesel products *HK$'000*	Energy saving business *HK$'000*	Total *HK$'000*
Year ended 31 December 2016				
Segment revenue:				
Sales to external customers	1,015,877	3,084	2,946	1,021,907
Revenue from services	–	–	1,643	1,643
Total revenue	1,015,877	3,084	4,589	1,023,550
Segment results				
Operating profit/(loss) before interest and tax	124,628	(1,210)	(5,759)	117,659
Share of profits and losses of associates	(3,135)	–	–	(3,135)
Finance costs	(9,155)	–	–	(9,155)
Interest income	798	–	1,373	2,171
Income tax expense	(21,848)	–	–	(21,848)
	91,288	(1,210)	(4,386)	85,692
Unallocated operating costs				(9,102)
Profit for the year				76,590
Segment assets	893,687	2,850	95,291	991,828
Unallocated:				
Cash and cash equivalents				97,557
Prepayments and deposits				194
Total assets				1,089,579
Segment liabilities	595,478	780	5,669	601,927
Unallocated:				
Accruals and other payables				1,001
Total liabilities				602,928
Other segment information:				
Investments in associates	30,507	–	–	30,507
Depreciation and amortisation	(15,283)	(307)	(3,732)	(19,322)
Capital expenditure *	209,297	10	–	209,307
Fair value gain on derivative instruments – transactions not qualifying as hedges	3,876	–	–	3,876

* Capital expenditure consists of additions of property, plant and equipment.

Geographical information

(a) *Revenue from external customers*

	2017	2016
	HK$'000	*HK$'000*
The United States	**606,986**	527,619
Hong Kong	**303,449**	202,738
Europe	**197,437**	207,792
Mainland China	**197,758**	65,201
Other overseas countries	**35,289**	20,200
	1,340,919	1,023,550

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

Information about major customers

For the year ended 31 December 2017, revenues of approximately HK$448,470,000 (2016: HK$392,449,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

(b) *Non-current assets*

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**251,539**	259,182
Mainland China	**2,425,752**	36,224
	2,677,291	295,406

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

5 PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold and services provided	**721,878**	543,869
Depreciation	**17,024**	15,786
Amortisation of prepaid land lease payments	**50**	50
Auditors' remuneration	**2,050**	2,092
Amortisation of non-current prepayments	**6,161**	3,486
Written off non-current prepayments	**–**	920
Impairment of trade receivables	**688**	–
Written off of inventories to net realisable value	**9,510**	284
Minimum lease payments under operating leases	**17,670**	15,592
Directors' and chief executive's remuneration	**17,860**	16,749
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**198,382**	179,915
Pension scheme contributions	**1,031**	1,042
Staff welfare and allowances	**13,969**	13,496
	213,382	194,453
Gain on changes in fair value of investment properties	**(121,104)**	–
Gain on bargain purchase	**(6,263)**	–
Gain on deemed disposal of partial interests in an associate	**(8,370)**	–
Losses on disposal of property, plant and equipment	**1**	138
Foreign exchange differences, net	**6,161**	(7,644)
Realised loss on derivative instruments - net	**–**	1,688
Fair value gain on derivative instruments – transactions not qualifying as hedges	**–**	(3,876)
Fair value gain on equity investments at fair value through profit or loss	**–**	(171)
Realised gain on disposal of equity investments at fair value through profit or loss	**(5)**	–
Interest income from bank deposits	**(1,429)**	(801)
Interest income from long term receivables	**(2,468)**	(1,370)

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings	**121,652**	9,048
Interest element of finance leases	**60**	107
Total finance costs	**121,712**	9,155

7 INCOME TAX EXPENSE

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

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% (2016: 25%) on the taxable income.

	2017	2016
	HK$'000	*HK$'000*
Current – Mainland China	**21,059**	14,293
Current – Hong Kong	**11,632**	8,057
Overprovision in prior years	**(319)**	(8)
Deferred	**32,735**	(494)
Total tax charge for the year	**65,107**	21,848

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 946,116,360 (2016: 826,066,456) in issue during the year. The weighted average number of ordinary shares is adjusted to reflect the effect of 420,496,160 bonus shares issued by the Company on the basis of eight bonus shares for every ten shares held by the shareholders on 9 June 2017. The issue of the bonus shares was completed on 23 June 2017. The weighted average number of ordinary shares in issue for the prior year was restated on the assumption that the bonus issue had been in place in prior year.

The calculations of basic and diluted earnings per share are based on:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent	**110,998**	71,758

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**946,116,360**	826,066,456
Basic earnings per share *(HK cents)*	**11.73 cents**	8.69 cents

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

9 DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim – HK3.0 cents (2016: HK5.0 cents) per ordinary share	**28,383**	22,481
Proposed final – HK5.0 cents (2016: HK8.0 cents) per ordinary share	**47,306**	42,050
	75,689	64,531

The Board recommends the payment of a final dividend of HK5.0 cents per ordinary share for the year ended 31 December 2017. These consolidated financial statements do not reflect the above proposed dividend as dividend payable but account for it as proposed dividend from the reserves. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10 LONG TERM RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Non-current		
Gross receivables	**23,382**	4,739
Less: unearned income	**(5,578)**	(1,198)
	17,804	3,541
Current		
Gross receivables	**35,049**	21,430
Less: unearned income	**(2,525)**	(1,757)
	32,524	19,673
Long term receivables	**50,328**	23,214

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

11 TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**201,181**	185,101
Impairment	**(688)**	–
	200,493	185,101

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 2017, the Group's largest customer accounted for approximately 20.1% of total trade receivables (31 December 2016: 13.6%). This customer has long term trading relationship with the Group with no defaults in the past and hence the Group does not consider there is any significant credit risk in this regard. The Group's other trade receivables related to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**109,250**	114,290
31 to 60 days	**55,410**	45,204
61 to 90 days	**32,939**	18,825
Over 90 days	**2,894**	6,782
	200,493	185,101

As at 31 December 2017, the Group's trade receivables of approximately HK$1.0 million (2016: HK$3.1 million) were pledged with banks to secure banking facilities granted to the Group.

12 TRADE AND BILLS PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**76,853**	92,201
31 to 60 days	**86,694**	79,553
61 to 90 days	**34,399**	20,182
Over 90 days	**13,943**	10,201
	211,889	202,137

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

PROPOSED DIVIDENDS

The Board proposes the payment of a final dividend of HK5.0 cents per share. Together with the interim dividend of HK3.0 cents per share paid in October 2017, the total dividends paid or payable for the year 2017 will be HK8.0 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 HK5.0 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 15 June 2018. 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 2018.

ANNUAL GENERAL MEETING

The Annual General Meeting 2018 (the "AGM") of the Company will be held at Unit 2401-02, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 7 June 2018 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 4 June 2018 to 7 June 2018 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 1 June 2018.

The register of members of the Company will also be closed from 13 June 2018 to 15 June 2018 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 12 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Total revenue for the year ended 31 December 2017 had increased by 31.0% to HK$1,340.9 million, as compared to HK$1,023.6 million for the year 2016. The increase was mainly due to the increase in revenue from electronic products segment and the rental income recognised from the investment properties acquired during the year. The diversity of the Group's business has allowed the Group to maintain its revenue growth momentum in the year 2017.

The turnover analysis by business segments for the two years ended 31 December 2017 and 2016 respectively are as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue from sales of electronic products	**1,235,370**	1,015,877
Rental income from investment properties held	**65,698**	–
Revenue from biodiesel products and energy efficient gas stoves	**3,828**	3,084
Revenue from energy saving business	**36,023**	4,589
	1,340,919	1,023,550

Sales of electronic products comprise sales of finished electronic products; plastic moulds; plastic and other components for electronic products. The increase in total sales revenue from electronic products was mainly due to the strong demand for the Group's finished electronic products, which had increased from HK$746.9 million in 2016 to HK$991.6 million in 2017. During the year, the sales revenue from the Group's major products, irrigation controllers, to the largest customer of the Group in the United States had increased by HK$56.0 million. Sales of walkie-talkie products had increased by approximately HK$101.8 million, of which HK$45.0 million being sales of walkie-talkie products to a new customer, Xian Feng Yu Technology Limited ("Xian Feng Yu"), which is one of the companies within the Xiaomi Ecosystem. On the other hand, as the Group had focused more resources on finished electronic products during the year, the total sales revenue from components for electronic products, including transformers and adapters, had dropped slightly from HK$169.5 million in 2016 to HK$164.8 million in 2017. Sales revenue from plastic moulds and plastic components for electronic products had also dropped from HK$99.5 million in 2016 to HK$79.0 million in 2017.

On 24 January 2017, the Group had completed the acquisition of Bonroy Limited and its subsidiaries (the "Bonroy Group"). The principal asset of the Bonroy Group is the investment properties known as "Pretty Shopping Centre" located at Beijing, The People's Republic of China (the "PRC"). The Group regards the holding of the investment properties for rental income as a new business segment for the year. Total rental income from Pretty Shopping Centre recognised during the year was HK$65.7 million. The investment properties were under renovation work since July 2017 and no rental income had been recognised since then. The renovation work is expected to be completed in the second quarter of 2018.

The demand for biodiesel products continued to remain at a low level during the year with total sales revenue of approximately HK$1.5 million. On the other hand, total revenue from energy efficient gas stoves was HK$2.3 million.

Regarding the energy saving business segment, total revenue recognised during 2017 was HK$36.0 million, as compared to HK$4.6 million in 2016. The revenue represented the energy saving revenue generated from retail stores of Suning Commerce Group Co., Ltd. ("Suning") and hotels operated by the HNA Group Co., Ltd. with LED lighting equipment installed. The increase in energy saving revenue during the year was mainly due to the increase in number of retail stores of Suning which had completed the inspection procedures and commenced to generate energy saving revenue during the year. As of 31 December 2017, over 600 retail stores of Suning had completed the installation work and the inspection procedures. The Group will continue the installation work at other Suning retail stores in 2018. As of 31 December 2017, the Group had completed the installation work and inspection procedures at two hotels operated by the HNA Group Co., Ltd.

In terms of geographical market, the United States continued to be the major market for the Group's products and accounted for approximately 45.3% of the total revenue for the year (2016: 51.5%). Revenue from customers in the PRC had increased by HK$132.6 million mainly due to the rental income recognised from the investment properties located at Beijing and the sales of walkie-talkie products to Xian Feng Yu. Sales to customers in Hong Kong had increased by HK$100.7 million while sales to customers in Europe had decreased by HK$10.4 million. Sales to other geographical locations had remained stable. The Group will continue its efforts to secure new customers in different markets so that the revenue by geographical location can be spread more evenly.

Gross profit

The overall gross profit margin had improved from 20.9% for the year ended 31 December 2016 to 25.5% for 2017. The increase in overall gross profit margin was mainly due to the rental income of HK$65.7 million recognised during the year. During the year, the average gross profit margin for electronic products segment had remained stable at approximately 20.9%. In view of the challenging market conditions, the Group had to continue its effort to tighten the controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin for the electronic product segment.

Expenses and finance costs

Administrative expenses had increased by HK$27.0 million and distribution costs had increased by HK$11.9 million during the year. The increase in administrative expenses was mainly due to the administrative expenses of HK$29.1 million incurred by the Bonroy Group acquired during the year. Overall staff costs, including directors' emoluments, had increased by HK$20.0 million. The increase in distribution costs was mainly due to increase in business volume of electronic products and the distribution costs for investment properties.

Total finance costs had increased by HK$112.6 million which was mainly due to the interests of HK$111.7 million paid for the bank loans to finance the investment properties.

Other income/expenses

During the year, the acquisition of the Bonroy Group had resulted in a gain on bargain purchase of HK$6.3 million. The fair value of the investment properties held by the Bonroy Group had been reassessed as at 31 December 2017 and a fair value gain of HK$121.1 million was recognised. During the year, a gain on deemed disposal of partial interests in an associate of HK$8.4 million has been recognised. There were no such items in the prior year.

Profit attributable to owners of the parent

Profit attributable to owners of the Company for the year was HK$111.0 million, compared to HK$71.8 million for the year 2016. The increase was mainly due to the increase in revenue from the electronic products segment, the acquisition of the Bonroy Group which had resulted in a gain on bargain purchase of HK$6.3 million and a gain on changes in fair value of investment properties of HK$121.1 million, and the gain on deemed disposal of partial interests in an associate of HK$8.4 million.

PRODUCTION FACILITIES

The Group currently has four production facilities in the PRC for the manufacturing of electronic products and components, two of which are located in Shenzhen, one in Yangxi and one in Yichun. During the year, the Group spent approximately HK$28.8 million as capital expenditure to enhance its production capacity.

The Group will expand its production facilities for the electronic products segment at Yichun so as to cope with the increase in demand and for production of new products to be launched.

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

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2017, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$152.9 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2017, total borrowings of the Group amounted to HK$2,140.5 million, comprising bank overdrafts of HK$19.5 million, bank loans of HK$2,118.0 million, trust receipt loans of HK$2.2 million, and obligations under finance leases of HK$0.8 million, of which HK$339.6 million are denominated in Hong Kong dollars and HK$1,800.9 million are denominated in RMB. The average effective interest rates for each of these borrowings at 31 December 2017 ranged from 1-3.5% over HIBOR to 8.5% per annum.

The Group's trade receivable turnover, inventory turnover and trade payable turnover for the year were approximately 52 days, 84 days and 68 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 2017, the Group's total current assets had increased by 5.7% to HK$837.6 million compared to HK$792.3 million as at 31 December 2016, and the Group's total current liabilities had increased by 51.1% to HK$907.4 million compared to HK$600.7 million as at 31 December 2016. The current ratio (current assets/current liabilities) as at 31 December 2017 was 0.92 times, compared to 1.32 times as at 31 December 2016. The drop in current ratio was mainly due to the increase in mortgage loan and other bank borrowings as included in current liabilities at 31 December 2017.

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 1 June 2017, the Company had issued 420,496,160 bonus shares on 23 June 2017. During the year, the Company had not issued any other new shares and had not repurchased any of its own shares on the Stock Exchange.

At 31 December 2017, 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 2017, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2017 was HK$152.9 million, which had decreased by HK$176.9 million compared to the balance at 31 December 2016.

The net cash used in operating activities for the year was HK$72.2 million. The net cash used in investing activities amounted to HK$39.4 million, which was mainly due to HK$28.8 million paid for the acquisition of property, plant and equipment.

On the other hand, there was a net cash outflow of HK$74.2 million from financing activities. During the year, new borrowings of HK$95.6 million were obtained and HK$99.3 million was used to repay borrowings and finance leases, and HK$70.4 million was paid to shareholders as dividends.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

Share subscription under specific mandate

According to the Company's circular dated 25 November 2016, the net proceeds from the subscription of 23,437,980 new ordinary shares by Wealth Channel Global Limited of approximately HK$34.6 million was intended to be used for: (i) as to approximately HK$20 million for repayment of outstanding bank borrowings; and (ii) the remaining balance of approximately HK$14.6 million as general working capital for the Group's principal business and for future investment opportunities should the same arise.

During the year, HK$20 million has been utilised as intended for repayment of bank borrowings and HK$14.6 million has been utilised as intended for general working capital of the Group.

The Company did not have any fund raising activities during the year.

CAPITAL EXPENDITURE

During the year, the Group acquired property, plant and equipment at a total cost of HK$28.8 million, mainly financed by internal resources of the Group. The Group has also completed the acquisition of the Bonroy Group on 24 January 2017 at a cash consideration of United States dollar 1. The principal asset of the Bonroy Group is the investment properties located at Beijing. Details of the acquisition are set out in the circular dated 23 December 2016 issued by the Company.

PLEDGE OF ASSETS

At 31 December 2017, the Group had total bank borrowings (excluding obligations under finance leases) of HK$2,139.7 million, out of which HK$1,800.9 million were secured by the investment properties of HK$2,350.8 million; HK$65.0 million were secured by the leasehold property of HK$179.6 million and HK$11.7 million were secured by short-term bank deposits of HK$8.7 million and trade receivables of HK$1.0 million.

DEBT POSITION AND GEARING

As at 31 December 2017, the Group has net debts (being total bank and other borrowings net of cash and cash equivalents) of approximately HK$1,968.0 million. The total equity was approximately HK$548.9 million. As at 31 December 2016, the Group did not have a net debt position. The net debts at 31 December 2017 were mainly due to the bank loans of HK$1,800.9 million (RMB1,500 million) acquired from the Bonroy Group during the year. These bank loans are secured by the Group's investment properties with a carrying value of HK$2,350.8 million as at 31 December 2017.

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

CONTINGENT LIABILITIES

On 15 November 2016, 北京金馬長城房產建設有限責任公司 (Beijing Jinma Changcheng Real Estate Construction Co., Ltd) ("Jinma Changcheng") as plaintiff instituted litigation against Beijing Wan Heng Da Investment Company Limited ("Beijing Wan Heng Da"), being a wholly-owned subsidiary of the Bonroy Group, as defendant in respect of the dispute on possession of properties, to claim for (i) Beijing Wan Heng Da to vacate the premises located at 2-05, 2-06, second floor of the Pretty Shopping Centre, the venue of 286.09 sq.m. at the West Exit on the first floor of the Pretty Shopping Centre, the venue with an additional floor area of 501.74 sq.m. on the elevated corridor on the first floor of the Pretty Shopping Centre and the venue with an additional floor area of 212.02 sq.m. at the west-side tunnel on the second floor of the Pretty Shopping Centre (the "Disputed Properties"); (ii) payment of a daily occupation fee of Renminbi 19,719.3 by Beijing Wan Heng Da for the period from 1 January 2016 and until the date of actual relocation; and (iii) costs of the litigation in respect of the case shall be borne by Beijing Wan Heng Da. As at the date of this announcement, the above litigations are pending to be heard by court and final court decision has not been made. Taking into consideration of the legal opinion prepared by the legal advisor of Beijing Wan Heng Da, the Directors believe that the claims made by Jinma Changcheng are without legal grounds and will not have material impact to financial statements of Beijing Wan Heng Da and the Group.

Save as disclosed above, at both 31 December 2017 and 31 December 2016, the Group did not have any material contingent liabilities.

EMPLOYEES

At 31 December 2017, the Group had 3,258 employees, of which 76 were employed in Hong Kong and 3,182 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 2017, 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 revenue are denominated in United States dollars and Renminbi, and most of the purchases of raw materials and expenses are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. The Group's investment properties are located at Beijing and all rental income are denominated in Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Although the foreign currency risk is not considered to be significant, management has taken action 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. As at 31 December 2017, the Group did not have any outstanding forward foreign exchange contracts for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. Management will continue to evaluate the Group's foreign currency exposure and take actions as appropriate to minimise the Group's exposure whenever necessary.

OUTLOOK

Electronic Products Segment

The Group foresees that the global economic environment in 2018 will remain uncertain. Factors such as the risk of fluctuation of exchange rate of Renminbi against United States dollars and Hong Kong dollars; the risk of rise in interest rate; and the uncertain international trading environment will affect the performance of the Group's electronic products segment. The Group will continue its efforts to tighten controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin.

Management foresees that the demand for the Group's irrigation controllers and other major electronic products will remain to be strong in 2018. In addition, new products including new model of walkie-talkie products manufactured for Xian Feng Yu and a newly developed photolysis air purifiers are expected to provide strong momentum for the growth in revenue in 2018. The Group has confidence that the overall performance of the electronic business segment will remain strong.

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

Yichun Yilian Print Tech. Co., Ltd. ("Yichun Yilian') currently is a 42.34% owned associate of the Group, which is established in the PRC and principally engaged in the manufacturing and sale of printers and other accessory products, and the provision of on-line printing services on a charge-by-page basis. As at 31 December 2017, Yichun Yilian has distributed approximately 10,000 printers to over 400 locations in the PRC to provide on-line printing services on a charge-by-page basis. Yichun Yilian foresees that revenue from its on-line printing services will become the major source of revenue in future. The Group also expects that contribution from Yichun Yilian to the Group will become more and more significant.

During the year, Yichun Yilian was granted with the right to use an industrial park (the "Industrial Park") located in Yuanzhou, the PRC, with total gross floor area of approximately 200,000 square meters. Yichun Yilian has the right to use the Industrial Park for 50 years. The Government of Yuanzhou District will be responsible for the infrastructure and construction costs of the Industrial Park, including construction of the workers dormitory. Yichun Yilian will be responsible for setting up production facilities for printers and accessories products in the Industrial Park, with annual output of approximately 800,000 laser printers and 10,000,000 cartridges for laser printers. Yichun Yilian would introduce other manufacturers to set up production facilities in the Industrial Park so as to increase the employment rate of the local workers and to increase the tax revenue of the local government.

As the Group's production facilities for electronic products and components currently located in Shenzhen are close to full capacity, the Group will set up new production facilities at four factory blocks in the Industrial Park for the production of its electronic products and components, so as to expand its overall production capacity to cope with the increase in demand and for production of new products to be launched. Two of the factory blocks have already commenced operations and the remaining two factory blocks will commence operations during the second quarter of 2018.

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

Investment properties segment

In order to attract more prominent and prestigious tenants and to increase the future rental income, the Group has decided to carry out renovation work at Pretty Shopping Centre. As at the date of this announcement, the renovation work is still in progress and is expected to be completed in the second quarter of 2018. The previous tenancy agreements signed with two tenants had been terminated and a new tenancy agreement has been entered into with a new tenant in January 2018 for a period of ten years. The new tenant is a renowned property management group and operates several shopping malls in different locations in the PRC. The new tenant will lease the entire property and then sub-lease out to sub-tenants.

Energy saving business

The installation of LED lighting equipment for Suning retail stores continued during the year and as at 31 December 2017, over 600 retail stores of Suning have completed the installation work and inspection procedures. The Group will continue the installation work at other retail stores of Suning during 2018.

Biodiesel products segment

The demand for the Group's biodiesel products remained at low levels during the year and management expects that the revenue from biodiesel products will remain stable in 2018.

As of 31 December 2017, about 100 energy efficient gas stoves had been installed for customers in Hong Kong. The Group expects that the operations of the energy efficient gas stoves business will growth steady in 2018.

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

CORPORATE GOVERNANCE

The Board believes that corporate governance is essential to the success of the Group. The Group keeps abreast of the best practices in the corporate governance areas and strives to implement such practices as appropriate. None of the Directors of the Company is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not at any time during the 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 Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"), except for the limited deviations 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. The Company does not have a separate Chairman and Chief Executive and Mr. Lam Yin Kee currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies.

Code Provision I (f) and Rule 3.10A of the Listing Rules stipulate that the Company is required to appoint independent non-executive directors representing at lease one-third of the Board. Following the appointment of Mr. Lau Fai Lawrence as a non-executive director of the Company effective from 1 March 2017 and during the period from 1 March 2017 to 31 May 2017, the number of independent non-executive directors for the composition of the Board had fallen below the minimum number required by the Listing Rules. Since the appointment of Mr. Lin Kam Sui as an independent non-executive director on 1 June 2017, the Company has complied with this requirement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors of the Company, the Company confirms that all Directors of the Company have complied with the required standard set out in the Model Code during the year ended 31 December 2017.

CHANGES IN INFORMATION OF DIRECTORS

During the year and up to the date of this announcement, the changes in directors' information since publication of the 2016 annual report of the Company are as follows:

(a) Mr. Lau Fai Lawrence has been appointed as a non-executive director of the Company effective from 1 March 2017.

(b) Mr. Meng Fei was appointed as an executive director of the Company with effect from 1 June 2017; and

(c) Mr. Lin Kam Sui was appointed as an independent non-executive director of the Company with effect from 1 June 2017.

Save as disclosed above, there were no other changes in directors' information since publication of the 2016 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 of the Company, 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 2017 at a meeting held on 28 March 2018, 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 2017 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.

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 2017. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PUBLICATION OF FINAL RESULTS AND DISPATCH OF ANNUAL REPORT

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 2017 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, 28 March 2018

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

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

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

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