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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 2018

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 2018, 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 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	**1,284,813**	1,275,221
Cost of sales		**(1,098,871)**	(998,655)
Gross profit		**185,942**	276,566
Distribution costs		**(18,648)**	(20,715)
Administrative expenses		**(96,921)**	(101,729)
Other operating income/(expenses), net		**8,707**	(8,620)
Gain on deemed disposal of partial interests in an associate		**17,963**	8,370
Realised gain on disposal of partial interests in an associate		**18,406**	–
Impairment losses on financial assets		**(328)**	(688)
Finance income		**3,728**	3,897
Finance costs	6	**(15,618)**	(10,029)
Share of profits and losses of associates		**(1,750)**	(794)
Profit before tax from continuing operations	5	**101,481**	146,258
Income tax expense	7	**(22,561)**	(29,586)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**78,920**	116,672
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	8	**28,813**	2,297
PROFIT FOR THE YEAR		**107,733**	118,969

	Notes	2018	2017
		HK$'000	*HK$'000*
			(Restated)
ATTRIBUTABLE TO:			
Owners of the parent		**104,241**	110,998
Non-controlling interests		**3,492**	7,971
		107,733	118,969
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		***HK Cents***	*HK Cents*
			(Restated)
Basic			
– For profit for the year	*9*	**11.02**	11.73
– For profit from continuing operations	*9*	**7.97**	11.49
Diluted			
– For profit for the year	*9*	**11.02**	11.73
– For profit from continuing operations	*9*	**7.97**	11.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**107,733**	118,969
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(29,507)**	13,673
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(29,507)**	13,673
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**78,226**	132,642
Attributable to:		
Owners of the parent	**74,222**	125,453
Non-controlling interests	**4,004**	7,189
	78,226	132,642

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018	2017
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**238,660**	240,115
Prepaid land lease payments		**1,570**	1,620
Investment properties		**–**	2,350,822
Goodwill		**11,672**	11,672
Investments in associates		**47,216**	37,324
Prepayments, other receivables and other assets		**13,110**	17,934
Long term receivables	*11*	**8,367**	17,804
Equity investments designated at fair value through other comprehensive income		**2,273**	–
Deferred tax assets		**2,006**	4,530
Total non-current assets		**324,874**	2,681,821
CURRENT ASSETS			
Inventories		**306,213**	246,341
Trade receivables	*12*	**246,469**	200,493
Long term receivables – current portion	*11*	**23,322**	32,524
Prepayments, other receivables and other assets		**302,939**	177,038
Pledged deposits		**6,569**	8,720
Cash and cash equivalents		**64,820**	172,464
		950,332	837,580
Assets of a disposal group classified as held for sale	*13*	**2,647,636**	–
Total current assets		**3,597,968**	837,580
CURRENT LIABILITIES			
Trade and bills payables	*14*	**246,440**	211,889
Other payables and accruals		**63,614**	100,993
Deferred revenue		**2,004**	2,676
Tax payable		**8,767**	12,553
Interest-bearing bank and other borrowings		**398,044**	579,267
		718,869	907,378
Liabilities directly associated with the assets classified as held for sale	*13*	**2,621,453**	–
Total current liabilities		**3,340,322**	907,378

	Notes	2018 *HK$'000*	2017 *HK$'000*
NET CURRENT ASSETS/(LIABILITIES)		**257,646**	(69,798)
TOTAL ASSETS LESS CURRENT LIABILITIES		**582,520**	2,612,023
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**–**	1,561,235
Deferred revenue		**1,951**	4,193
Deferred tax liabilities		**789**	497,735
Total non-current liabilities		**2,740**	2,063,163
NET ASSETS		**579,780**	548,860
EQUITY			
Equity attributable to owners of the parent			
Share capital		**9,461**	9,461
Reserves		**564,191**	537,275
		573,652	546,736
Non-controlling interests		**6,128**	2,124
TOTAL EQUITY		**579,780**	548,860

NOTES TO 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 owned 46.48% of the Company's issued shares as at 31 December 2018 (At 31 December 2017: 46.48%). In the opinion of the directors, the Company's ultimate holding company is Profit International Holdings Limited and the ultimate controlling party is Mr. Lam Yin Kee.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2019.

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.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

The adoption of the above new and revised standards has had no significant financial effect on these 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 three reportable continuing 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; and

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

On 20 December 2018, the Group has entered into a sale and purchase agreement to disposal of its entire interests in Bonroy Limited which carried out all of the Group's investment properties business. The segment revenue and results reported in this note does not include any amounts for the investment properties segment which was discontinued, more details are set out in Note 8.

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

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

Segment assets exclude cash and cash equivalents, prepayments and deposits and 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.

Year ended 31 December 2018

	Electronic products *HK$'000*	Biodiesel products *HK$'000*	Energy saving business *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	**1,277,160**	**4,161**	**992**	**1,282,313**
Revenue from services	**–**	**–**	**2,500**	**2,500**
Revenue from continuing operations	**1,277,160**	**4,161**	**3,492**	**1,284,813**
Segment results				
Operating profit before interest and tax	**94,430**	**402**	**(9,120)**	**85,712**
Share of profits and losses of associates	**(1,750)**	**–**	**–**	**(1,750)**
Gain on deemed disposal of partial interests in an associate	**17,963**	**–**	**–**	**17,963**
Realised gain on disposal of partial interests in an associate	**18,406**	**–**	**–**	**18,406**
Finance costs	**(15,613)**	**–**	**(5)**	**(15,618)**
Finance income	**1,317**	**–**	**2,411**	**3,728**
Income tax expense	**(22,561)**	**–**	**–**	**(22,561)**
	92,192	**402**	**(6,714)**	**85,880**
Unallocated operating costs				**(6,960)**
Profit for the year from continuing operations				**78,920**
Segment assets	**970,186**	**3,308**	**70,582**	**1,044,076**
Unallocated:				
Cash and cash equivalents				**827**
Prepayments and deposits				**230,303**
Assets related to a discontinued operation				**2,647,636**
Total assets				**3,922,842**
Segment liabilities	**716,100**	**196**	**4,336**	**720,632**
Unallocated:				
Other payables and accruals				**977**
Liabilities related to a discontinued operation				**2,621,453**
Total liabilities				**3,343,062**
Other segment information:				
Investments in associates	**47,216**	**–**	**–**	**47,216**
Depreciation and amortisation	**(18,765)**	**(170)**	**(14)**	**(18,949)**
Capital expenditure *	**24,096**	**–**	**69**	**24,165**
Gain on deemed disposal of partial interests in an associate	**17,963**	**–**	**–**	**17,963**
Realised gain on disposal of partial interests in an associate	**18,406**	**–**	**–**	**18,406**

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

	Electronic products HK$'000	Biodiesel products HK$'000	Energy saving business HK$'000	Total HK$'000
Year ended 31 December 2017 (Restated)				
Segment revenue:				
Sales to external customers	1,235,370	3,828	31,195	1,270,393
Revenue from services	–	–	4,828	4,828
Revenue from continuing operations	1,235,370	3,828	36,023	1,275,221
Segment results				
Operating profit before interest and tax	147,223	422	1,728	149,373
Share of profits and losses of associates	(794)	–	–	(794)
Gain on deemed disposal of partial interests in an associate	8,370	–	–	8,370
Finance costs	(10,029)	–	–	(10,029)
Finance income	1,398	–	2,499	3,897
Income tax expense	(29,586)	–	–	(29,586)
	116,582	422	4,227	121,231
Unallocated operating costs				(4,559)
Profit for the year from continuing operations				116,672
Segment assets	953,475	2,932	98,956	1,055,363
Unallocated:				
Cash and cash equivalents				27
Prepayments and deposits				1,255
Assets related to investment properties business reported as discontinued operation in 2018				2,462,756
Total assets				3,519,401
Segment liabilities	633,259	230	7,516	641,005
Unallocated:				
Other payables and accruals				1,104
Liabilities related to investment properties business reported as discontinued operation in 2018				2,328,432
Total liabilities				2,970,541
Other segment information:				
Investments in associates	37,324	–	–	37,324
Depreciation and amortisation	(16,627)	(185)	(6,367)	(23,179)
Capital expenditure *	27,869	6	–	27,875
Gain on deemed disposal of partial interests in an associate	8,370	–	–	8,370

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

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
The United States	**608,175**	606,986
Hong Kong	**307,000**	303,449
Europe	**228,146**	197,437
Mainland China	**100,008**	132,060
Other overseas countries	**41,484**	35,289
	1,284,813	1,275,221

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

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**255,608**	251,539
Mainland China	**67,260**	2,425,752
	322,868	2,677,291

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

Information about major customers

For the year ended 31 December 2018, revenues of approximately HK$433,643,000 (2017: HK$448,470,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

An analysis of revenue is as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Sale of goods	**1,282,313**	1,270,393
Maintenance services	**2,500**	4,828
	1,284,813	1,275,221

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2018

Segments	**Electronic products** *HK$'000*	**Biodiesel products** *HK$'000*	**Energy saving business** *HK$'000*	**Total** *HK$'000*
Goods transferred at a point in time	**1,277,160**	**4,161**	**992**	**1,282,313**
Services transferred over time	**–**	**–**	**2,500**	**2,500**
Total revenue from contracts with customers	**1,277,160**	**4,161**	**3,492**	**1,284,813**

(ii) *Performance obligations*

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

Sale of industrial products

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

Maintenance services

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

5 PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold and services provided	**748,796**	721,878
Depreciation	**18,949**	17,024
Amortisation of prepaid land lease payments	**50**	50
Auditors' remuneration	**2,148**	2,050
Amortisation of non-current prepayments	**4,038**	6,161
(Written back)/written off of inventories to net realisable value	**(8,945)**	9,510
Minimum lease payments under operating leases	**16,230**	17,670
Directors' and chief executive's remuneration	**15,847**	17,860
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**257,385**	198,382
Pension scheme contributions	**1,059**	1,031
Staff welfare and allowances	**14,412**	13,969
	272,856	213,382
Gain on bargain purchase	**–**	(6,263)
Gain on deemed disposal of partial interests in an associate	**(17,963)**	(8,370)
Realised gain on disposal of partial interests in an associate	**(18,406)**	–
(Gain)/loss on disposal of property, plant and equipment	**(36)**	1
Foreign exchange differences, net	**(7,163)**	6,090
Impairment of trade receivables, net	**328**	688
Realised gain on disposal of equity investments at fair value through profit or loss	**–**	(5)
Interest income from bank deposits and others	**(1,347)**	(1,429)
Interest income from long term receivables	**(2,381)**	(2,468)

6. FINANCE COSTS

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans and other borrowings	**15,594**	9,969
Interest element of finance leases	**24**	60
Total finance costs	**15,618**	10,029

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% (2017: 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% (2017: 25%) on the taxable income.

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Current – Mainland China	**10,553**	21,059
Current – Hong Kong	**11,050**	11,632
Overprovision in prior years	**(263)**	(319)
Deferred	**1,221**	(2,786)
Total tax charge for the year from continuing operations	**22,561**	29,586
Total tax charge for the year from a discontinued operation	**65,899**	35,521
Total tax charge for the year	**88,460**	65,107

8 DISCONTINUED OPERATION

On 20 December 2018, the Group entered into a sale and purchase agreement for the disposal of the entire issued share capital of Bonroy Limited, being an indirect wholly-owned subsidiary of the Company which carried out all of the Group's investment properties business, at a consideration of RMB100 million. On 20 March 2019, an extraordinary general meeting of the Company was held and the resolution for the disposal transaction of Bonroy Limited was duly approved by the shareholders of the Company. The disposal of Bonroy Limited is expected to be completed in the first half of 2019. The investment properties business segment is reported as a discontinued operation in the Group's consolidated financial statements.

The consolidated results for the year ended 31 December 2018 from the discontinued investment properties business are set out below. The comparative figures in the consolidated statement of profit and loss have been restated to re-present the investment properties business as a discontinued operation.

	2018	2017
	HK$'000	*HK$'000*
Revenue	**249,339**	65,698
Gain on changes in fair value of investment properties	**89,550**	121,104
Expenses	**(126,996)**	(37,301)
Finance costs	**(117,181)**	(111,683)
Profit before tax from the discontinued operation	**94,712**	37,818
Income tax:		
Related to pre-tax profit	**(65,899)**	(35,521)
Profit for the year from the discontinued operation	**28,813**	2,297

9 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 (2017: 946,116,360) in issue during the year. The weighted average number of ordinary shares in 2017 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 calculations of basic and diluted earnings per share are based on the following data:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**75,428**	108,701
From a discontinued operation	**28,813**	2,297
Profit attributable to ordinary equity holders of the parent	**104,241**	110,998

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**946,116,360**	946,116,360
Basic earnings per share for profit for the year (HK cents)	**HK11.02 cents**	HK11.73 cents
Basic earnings per share for profit from continuing operations (HK cents)	**HK7.97 cents**	HK11.49 cents

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

From discontinued operation

For the two years ended 31 December 2018 and 2017, basic and diluted earnings per share for the discontinued operation are HK3.05 cents and HK0.24 cents per share, respectively, based on the profit for the year from the discontinued operation of HK$28,813,000 and HK$2,297,000 respectively, and the denominators detailed above for both basic and diluted earnings per share.

Diluted earnings per share presented is the same as basic earnings per share as the Company did not have dilutive potential ordinary shares in issue for the years ended 31 December 2018 and 2017.

10 DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 December 2018 (2017: Final dividend of HK5 cents per share).

11 LONG TERM RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Non-current		
Gross receivables	**11,305**	23,382
Less: unearned income	**(2,938)**	(5,578)
	8,367	17,804
Current		
Gross receivables	**25,645**	35,049
Less: unearned income	**(2,323)**	(2,525)
	23,322	32,524
Long term receivables	**31,689**	50,328

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.

12 TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**247,485**	201,181
Impairment	**(1,016)**	(688)
	246,469	200,493

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. As at 31 December 2018, the Group's largest customer accounted for approximately 19.3% of total trade receivables (31 December 2017: 20.1%). This customer has long term trading relationship with the Group with no defaults in the past and hence the Group does not consider there is any significant credit risk in this regard. The Group's other trade receivables 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 aging analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**116,906**	109,250
31 to 60 days	**77,449**	55,410
61 to 90 days	**37,841**	32,939
Over 90 days	**14,273**	2,894
	246,469	200,493

As at 31 December 2018, the Group's trade receivables of approximately HK$0.8 million (2017: HK$1.0 million) were pledged with banks to secure banking facilities granted to the Group.

13 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The assets and liabilities attributable to the investment properties business, which are expected to be sold within twelve months, have been classified as assets and liabilities associated with assets classified as held for sale and are separately presented in the consolidated statement of financial position.

Assets and liabilities of the investment properties business classified as held for sale are as follows:

	HK$'000
Assets	
Property, plant and equipment	117
Investment properties	2,314,214
Trade receivables	241,618
Prepayments, other receivables and other assets	91,038
Cash and cash equivalents	649
Assets classified as held for sale	2,647,636
Liabilities	
Other payables and accruals	(141,361)
Due to the Group *(note)*	(237,965)
Interest-bearing bank borrowings	(1,707,067)
Deferred tax liabilities	(535,060)
Liabilities directly associated with the assets classified as held for sale	(2,621,453)
Net assets directly associated with the disposal group	26,183

Note: Pursuant to the sale and purchase agreement between the Group and the purchaser of Bonroy Limited, the balance will be settled within one year from the completion date of the disposal.

14 TRADE AND BILLS PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**92,005**	76,853
31 to 60 days	**93,184**	86,694
61 to 90 days	**49,829**	34,399
Over 90 days	**11,422**	13,943
	246,440	211,889

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

DIVIDENDS

In order to retain more cash to finance the working capital requirements and future development of the Group, the Board does not recommend the payment of any final dividend for the year ended 31 December 2018 (2017: Final dividend of HK5 cents per share). The Board will consider future dividend distribution in due course according to dividend policy.

ANNUAL GENERAL MEETING

The Annual General Meeting 2019 (the "AGM") of the Company will be held at Tactic Room 2, 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 6 June 2019 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 3 June 2019 to 6 June 2019 (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 31 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

CONTINUING OPEREATIONS

Revenue

Total revenue from continuing operations for the year ended 31 December 2018 had increased slightly by 0.8% to HK$1,284.8 million, as compared to HK$1,275.2 million for the year 2017. The increase was mainly due to the increase in revenue from electronic products segment during the year.

The turnover analysis by business segments for the two years ended 31 December 2018 and 2017 respectively are as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue from sales of electronic products	**1,277,160**	1,235,370
Revenue from biodiesel products and energy efficient gas stoves	**4,161**	3,828
Revenue from energy saving business	**3,492**	36,023
	1,284,813	1,275,221

Sales of electronic products comprise sales of finished electronic products; plastic moulds; plastic and other components for electronic products. The demand for the Group's finished electronic products remained stable during the year, and had decreased slightly from HK$991.6 million in 2017 to HK$959.6 million in 2018. During the year, sales revenue from the Group's major products, irrigation controllers, to the largest customer of the Group in the United States had decreased by HK$14.8 million. Sales of walkie-talkie products had decreased by approximately HK$26.4 million. On the other hand, the total sales revenue from components for electronic products, including transformers and adapters, had increased by approximately HK$91.9 million, from HK$164.8 million in 2017 to HK$256.7 million in 2018. Sales revenue from plastic moulds and plastic components for electronic products had dropped from HK$79.0 million in 2017 to HK$72.0 million in 2018.

The demand for biodiesel products continued to remain at a low level during the year with total sales revenue of approximately HK$1.7 million. On the other hand, total revenue from energy efficient gas stoves was HK$2.4 million.

Regarding the energy saving business segment, total revenue recognised during 2018 was HK$3.5 million, as compared to HK$36.0 million in 2017. 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 decrease in energy saving revenue during the year was mainly due to the drop in the number of retail stores of Suning which had completed inspection procedures and commenced to generate energy saving revenue during the year. As of 31 December 2018, over 650 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 2019. As of 31 December 2018, 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 47.3% of the total revenue for the year (2017: 47.6%). Revenue from customers in the PRC had decreased by HK32.1 million. Sales to customers in Hong Kong had increased slightly by HK$3.6 million while sales to customers in Europe had increased by HK$30.7 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 from continuing operations had declined from 21.7% for the year ended 31 December 2017 to 14.5% for 2018. The decrease in overall gross profit margin was mainly due to the drop in the gross profit margin of certain electronic products as a result of fluctuation in raw material prices and increasing labour costs and overheads. In addition, certain production facilities for the manufacture of component products had been relocated from Yangxi and Shenzhen to Yichun, which had caused additional costs, temporary production halt and interruption. The efficiency level of the new production facilities at the early stage of operations was also low. These factors had affected the average gross profit margin for the year. In view of the challenging market conditions, the Group will continue its effort to tighten the controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin for the electronic product segment.

Expenses and finance costs

Administrative expenses had decreased by HK$4.8 million which was mainly due to the decrease in directors' remuneration and legal and professional fees. Distribution costs had decreased by HK$2.1 million during the year which was mainly due to reduction in sales commission paid.

Total finance costs had increased by HK$5.6 million which was mainly due to the increase in borrowings for the continuing operations during the year.

Other income/expenses

During the year, the Group has disposed of partial interests in an associate and resulted in a gain of HK$18.4 million. In addition, a gain on deemed disposal of partial interests in another associate of HK$18.0 million has been recognised.

Profit attributable to owners of the parent

Profit attributable to owners of the Company from continuing operations for the year was HK$75.4 million, compared to HK$108.7 million for the year 2017. The decrease was mainly due to the drop in overall gross profit margin on electronic products.

SIGNIFICANT DISPOSAL AND DISCONTINUED OPERATION

On 20 December 2018, the Group had entered into a sale and purchase agreement to dispose of the entire issued share capital of Bonroy Limited ("Bonroy"). Bonroy and its subsidiaries (the "Bonroy Group") carried out all of the Group's investment properties business and the principal asset of the Bonroy Group is the investment properties known as "Sunshine Plaza" located at Beijing, The People's Republic of China (the "PRC"). At the extraordinary general meeting of the Company held on 20 March 2019, the resolution for the disposal transaction was duly approved by the shareholders of the Company. The disposal transaction is expected to be completed in the first half of 2019. For details, please refer to the announcements of the Company dated 20 December 2018 and 20 March 2019 and the circular dated 27 February 2019 issued by the Company.

During the year, the net profit from the discontinued investment properties business segment was HK$28.8 million.

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$24.2 million as capital expenditure to enhance its production capacity.

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

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2018, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$37.9 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2018, total borrowings of the Group amounted to HK$398.0 million, comprising bank overdrafts of HK$27.5 million, bank loans of HK$367.6 million, trust receipt loans of HK$2.5 million, and obligations under finance leases of HK$0.4 million, all of which are denominated in Hong Kong dollars. The average effective interest rates for each of these borrowings at 31 December 2018 ranged from approximately 3.2% to 5.5%.

The Group's trade receivable turnover, inventory turnover and trade payable turnover for the year were approximately 63 days, 92 days and 75 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 2018, the Group's total current assets were HK$3,598.0 million, compared to HK$837.6 million as at 31 December 2017, and the Group's total current liabilities were HK$3,340.3 million compared to HK$907.4 million as at 31 December 2017. The current ratio (current assets/current liabilities) as at 31 December 2018 was 1.08 times, compared to 0.92 times as at 31 December 2017. The increases in current assets and current liabilities as at 31 December 2018 were mainly due to the inclusion of the assets and liabilities of the discontinuing investment properties business as assets and associated liabilities held for sale.

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 2018, the Company had in issue a total of 946,116,360 ordinary shares. A new share option scheme (the "2016 Share Option Scheme") has been adopted by the shareholders of the Company at the annual general meeting of the Company held on 7 June 2016. There were no share options granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 31 December 2018, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2018 was HK$37.9 million, which had decreased by HK$115.0 million compared to the balance at 31 December 2017.

The net cash used in operating activities for the year was HK$137.2 million. The net cash generated from investing activities amounted to HK$11.7 million, which was mainly due to sales proceeds of HK$23.4 million received from disposal of partial interest in an associate.

On the other hand, there was a net cash inflow of HK$5.1 million from financing activities. During the year, new borrowings of HK$248.7 million were obtained and HK$198.5 million was used to repay borrowings and finance leases, and HK$47.3 million was paid to shareholders as dividends.

CAPITAL EXPENDITURE

During the year, the Group acquired property, plant and equipment at a total cost of HK$24.2 million, mainly financed by internal resources of the Group.

PLEDGE OF ASSETS

At 31 December 2018, the Group had total bank borrowings (excluding obligations under finance leases) of HK$397.6 million, out of which HK$62.2 million were secured by the leasehold property of HK$173.5 million and HK$15.0 million were secured by short-term bank deposits of HK$6.6 million and trade receivables of HK$0.8 million.

DEBT POSITION AND GEARING

As at 31 December 2018, the Group has net debts (being total bank and other borrowings excluding trade debts and net of cash and cash equivalents) of approximately HK$330.8 million. The total equity was approximately HK$579.8 million. The gearing ratio as at 31 December 2018 was approximately 57.1%. For the year ended 31 December 2017, the gearing ratio for the continuing operations (excluding borrowings of the investment properties business segment) was approximately 30.2%.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the maintaining appropriate debt and equity balance. The directors 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.

LITIGATION AND CONTINGENT LIABILITIES

On 15 November 2016, 北京金馬長城房產建設有限責任公司(Beijing Jinma Changcheng Real Estate Construction Co., Ltd.) ("Jinma Changcheng") as plaintiff instituted litigation against Beijing Wan Heng Da Investment Company Limited ("Beijing Wan Heng Da"), being an indirect wholly-owned subsidiary of the Group, as defendant in respect of the dispute on possession of properties, to claim for (i) Beijing Wan Heng Da to vacate the premises located at 2-05, 2-06, second floor of the Pretty Shopping Centre, the venue of 286.09 sq.m. at the west exit on the first floor of the Pretty Shopping Centre, the venue with an additional floor area of 501.74 sq.m. on the elevated corridor on the first floor of the Pretty Shopping Centre and the venue with an additional floor area of 212.02 sq.m. at the westside tunnel on the second floor of the Pretty Shopping Centre (the "Disputed Properties"); (ii) payment of a daily occupation fee of RMB19,719.3 by Beijing Wan Heng Da for the period from 1 January 2016 and until the date of actual relocation; and (iii) costs of the litigation in respect of the case shall be borne by Beijing Wan Heng Da.

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

Taking into account of the fact that the Disputed Properties were auctioned to涿州市萬豐商貿有限公司("萬豐商貿")by Baoding Intermediate People's Court of Hebei Province on 12 December 2017, Beijing Chaoyang People's Court added 萬豐商貿as a third party in this case according to law. The case was heard by Beijing Chaoyang People's Court on 28 August 2018 and a final decision was made by the Beijing Intermediate People's Court III on 24 December 2018. The final decision ruled that Beijing Wan Heng Da (i) has to pay a compensation of RMB3,859,336 to Jinma Changcheng; (ii) has to return the Disputed Properties to 萬豐商貿; (iii) has to pay a daily rental of RMB5,490.90 to 萬豐商貿for the period from 26 January 2018 up to the date the Disputed Properties were returned to 萬豐商貿; and (vi) has to bear the relevant property valuation and legal costs. As at the date of this announcement, the Disputed Properties have been returned to 萬豐商貿. The total amount of compensation and costs payable by Beijing Wan Heng Da up to 31 December 2018, which amounted to approximately RMB5.9 million, has been fully accounted for in the consolidated statement of profit or loss for the year ended 31 December 2018.

As at 31 December 2018, the Group did not have any material litigation and contingent liability.

EMPLOYEES

At 31 December 2018, the Group had 3,456 employees, of which 76 were employed in Hong Kong and 3,380 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 2018, there were no share options remained outstanding.

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

FOREIGN EXCHANGE EXPOSURE

Most of the Group's 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. 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 2018, 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 is cautiously optimistic for the year 2019 though the global economic environment will remain uncertain. Factors such as the ongoing global trade disputes, the limited supply of certain critical electronic components, the risk of fluctuation of exchange rate of Renminbi against United States dollars and Hong Kong dollars and the risk of fluctuation of interest rate will continue to affecting the performance of the Group's electronic products segment. The Group will continue its efforts to manage these factors and to tighten controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin.

Management foresees that the demand for the Group's irrigation controllers and other major electronic products will remain stable in 2019. New models of walkie-talkie products and intelligent educational toys will provide strong momentum for the growth in revenue in 2019. The new production facilities at Yichun for its electronic products and components will expand the Group's overall production capacity to cope with the increasing demand from customers and for production of new products to be launched. The Group has confidence that the overall performance of the electronic products segment will remain strong in the near future.

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

In terms of geographical market, the Group foresees that United States will still be the major market for its products in 2019. The Group will continue to devote efforts to explore new markets and new customers to broaden its customer base.

Yichun Yilian Print Tech. Co., Ltd. ("Yichun Yilian") is an associate of the Group, which is established in the PRC and principally engaged in the manufacturing and sale of printers and other accessory products. During the year, new investors had injected additional capital into Yichun Yilian and the equity interests of the Group in Yichun Yilian had been diluted to 40.4% as at 31 December 2018. During the year, Yichun Yilian had also established new channels to sell its printers and printing services through internet platforms. Management expects that profit contribution from Yichun Yilian to the Group will increase in 2019.

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.

Energy saving business

The LED lighting equipment installation work for the retail stores of Suning continued during the year and as at 31 December 2018, over 650 retail stores of Suning have completed the installation work and generating energy saving revenue. The Group will continue the installation work at other retail stores of Suning during 2019.

Biodiesel products and energy saving gas stoves segment

The Group expects that the revenue from biodiesel products will remain stable during 2019, and expects the operations of the energy efficient gas stoves business will have a steady growth in 2019.

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.

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, except for Mr. Meng Fei, being an executive Director, have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2018. The Company has not been able to reach Mr. Meng Fei and therefore cannot obtain confirmation from him.

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 2017 annual report of the Company are as follows:

(a) Mr. Lau Fai Lawrence has been resigned from the office as a non-executive Director of the Company effective from 31 December 2018; and

(b) the executive duties of Mr. Meng Fei, being an executive Director of the Company, have been suspended on 28 March 2019. For more details, please refer to the announcement dated 28 March 2019 issued by the Company.

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

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 2018 at a meeting held on 27 March 2019, 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 or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 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 2018. 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 2018 containing the information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 28 March 2019

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 (executive duties suspended), Ms. Liu Jing, Mr. Lam Chee Tai, Eric and Mr. So Kin Hung

Non-executive Director
Mr. Fan, William Chung Yue

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