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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 2022**

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 2022, 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 2021 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

		2022	2021
	Notes	HK\$'000	HK\$'000
Revenue	4	1,732,089	1,656,388
Cost of sales		<u>(1,403,508)</u>	<u>(1,396,183)</u>
Gross profit		328,581	260,205
Distribution costs		(20,623)	(24,288)
Administrative expenses		(95,184)	(93,125)
Other operating expenses, net		(15,287)	(4,547)
Share of losses of associates		(6,108)	(27,029)
Loss on deemed disposal of partial interests in an associate	5	–	(60)
Impairment losses on financial assets, net	5	(30,817)	(4,867)
Finance income	5	1,850	2,133
Finance costs	6	<u>(15,743)</u>	<u>(13,107)</u>
Profit before tax	5	146,669	95,315
Income tax expense	7	<u>(25,186)</u>	<u>(28,173)</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>121,483</u></b>	<b><u>67,142</u></b>
<b>Attributable to:</b>			
Owners of the Company		112,053	69,347
Non-controlling interests		<u>9,430</u>	<u>(2,205)</u>
		<b><u>121,483</u></b>	<b><u>67,142</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<b>2022</b>	<b>2022</b>
		<b>HK cents</b>	<b>HK cents</b>
			<b>(Restated)</b>
Basic and diluted	8	<u>23.69</u>	<u>14.66</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<u>121,483</u>	<u>67,142</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(21,329)	13,383
Share of other comprehensive profit of an associate	<u>–</u>	<u>551</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u>(21,329)</u>	<u>13,934</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>	<u>(21,329)</u>	<u>13,934</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>100,154</u>	<u>81,076</u>
<b>Attributable to:</b>		
Owners of the Company	91,061	83,834
Non-controlling interests	<u>9,093</u>	<u>(2,758)</u>
	<u>100,154</u>	<u>81,076</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>185,433</b>	203,025
Right-of-use assets		<b>58,958</b>	86,277
Investments in associates		–	6,108
Goodwill		<b>11,672</b>	11,672
Financial assets at fair value through profit or loss ("FVTPL")		<b>21,786</b>	21,780
Deferred tax assets		<b>15,506</b>	14,245
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>293,355</b>	343,107
<b>CURRENT ASSETS</b>			
Inventories		<b>371,369</b>	452,679
Trade receivables	<i>10</i>	<b>217,639</b>	342,856
Prepayments, other receivables and other assets		<b>39,779</b>	64,450
Tax recoverable		<b>50</b>	–
Pledged deposits		<b>3,772</b>	3,759
Restricted deposits		<b>12,275</b>	13,246
Cash and cash equivalents		<b>289,877</b>	138,422
		<hr/>	<hr/>
<b>Total current assets</b>		<b>934,761</b>	1,015,412

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>11</i>	<b>189,139</b>	318,246
Other payables and accruals		<b>111,713</b>	131,887
Interest-bearing bank and other borrowings		<b>232,163</b>	265,619
Lease liabilities		<b>27,476</b>	27,780
Tax payable		<b>15,145</b>	27,948
<b>Total current liabilities</b>		<b>575,636</b>	771,480
<b>NET CURRENT ASSETS</b>		<b>359,125</b>	243,932
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>652,480</b>	587,039
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>35,692</b>	62,767
Deferred tax liabilities		<b>7,757</b>	5,934
<b>Total non-current liabilities</b>		<b>43,449</b>	68,701
<b>NET ASSETS</b>		<b>609,031</b>	518,338
<b>EQUITY</b>			
Share capital		<b>9,461</b>	9,461
Reserves		<b>579,625</b>	498,025
Equity attributable to owners of the Company		<b>589,086</b>	507,486
Non-controlling interests		<b>19,945</b>	10,852
<b>TOTAL EQUITY</b>		<b>609,031</b>	518,338

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together the “Group”) are the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products, the trading of biodiesel products and provision of energy efficient gas stoves, and the provision of energy saving business solutions. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Hong Kong.

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 46.48% of the Company’s issued shares as at 31 December 2022 (2021: 46.48%). In the opinion of the Directors, the Company’s ultimate holding company is Profit International Holdings Limited and the ultimate controlling party is Mr. Lam Yin Kee.

These consolidated financial statements were approved and authorised for issue by the board of directors (the “Board”) of the Company on 30 March 2023.

## 2 BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

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

These consolidated financial statements have been prepared under the historical cost convention, except for certain unlisted convertible bond and investments in life insurance plans which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

### 3 ADOPTION OF NEW AND AMENDED HKFRSs

#### Amended HKFRSs that are effective for annual periods beginning on 1 January 2022

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2022:

Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRS Standards 2018-2020</i>
Accounting Guideline 5 (Revised)	<i>Merger Accounting for Common Control Combination</i>

The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

#### Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	<i>Insurance Contracts and related amendments<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>2</sup></i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5<sup>2</sup></i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants<sup>2</sup></i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>1</sup></i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates<sup>1</sup></i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transactions<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

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

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

#### 4 OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

**Year ended 31 December 2022**

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

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

**Year ended 31 December 2021**

	Electronic products <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	1,654,180	477	1,091	1,655,748
Revenue from services	–	–	640	640
Total revenue	<u>1,654,180</u>	<u>477</u>	<u>1,731</u>	<u>1,656,388</u>
<b>Segment results</b>				
Operating profit/(loss) before interest and tax	138,012	(292)	(3,771)	133,949
Share of losses of associates	(27,029)	–	–	(27,029)
Loss on deemed disposal of partial interests in an associate	(60)	–	–	(60)
Finance costs (other than interests on lease liabilities)	(8,811)	–	–	(8,811)
Finance income	2,078	–	55	2,133
Income tax expense	(28,173)	–	–	(28,173)
	<u>76,017</u>	<u>(292)</u>	<u>(3,716)</u>	<u>72,009</u>
Unallocated operating costs				<u>(4,867)</u>
Profit for the year				<u>67,142</u>
<b>Segment assets</b>				
Unallocated:	1,310,077	900	24,192	1,335,169
Cash and cash equivalents				224
Prepayments and deposits				1,346
Financial asset at FVTPL				<u>21,780</u>
Total assets				<u>1,358,519</u>
<b>Segment liabilities</b>				
Unallocated:	831,992	268	240	832,500
Other payables and accruals				<u>7,681</u>
Total liabilities				<u>840,181</u>
<b>Other segment information:</b>				
Investments in associates	6,108	–	–	6,108
Depreciation and amortisation	(46,999)	–	(1,541)	(48,540)
Additions to non-current assets*	24,947	–	–	24,947
Loss on deemed disposal of partial interests in an associate	(60)	–	–	(60)
Provision of impairment of				
– trade receivables, net	(2,012)	–	–	(2,012)
– amounts due from associates	(1,701)	–	–	(1,701)
– other receivables, net	(1,154)	–	–	(1,154)
Write-down of inventories to net realisable value	(1,300)	–	–	(1,300)
Reversal of warranties	848	–	–	848

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

## Geographical information

(a) *Revenue from external customers*

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
The United States	<b>1,295,174</b>	1,226,183
Hong Kong	<b>191,321</b>	128,641
Europe	<b>84,849</b>	100,745
The People's Republic of China (the "PRC")	<b>154,956</b>	189,451
Other overseas countries	<b>5,789</b>	11,368
	<b><u>1,732,089</u></b>	<u>1,656,388</u>

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

(b) *Non-current assets*

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>174,470</b>	191,089
PRC	<b>81,593</b>	115,993
	<b><u>256,063</u></b>	<u>307,082</u>

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

## Information about major customers

For the year ended 31 December 2022, revenues from customers which individually contributed over 10% of the Group's revenue is as follow:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Customer A	<b>761,452</b>	608,346
Customer B ( <i>note</i> )	<b>138,936</b>	173,560

*Note:* The Group had transactions with this customer but the amount of the transactions was less than 10% of the Group's revenue for 2022.

These revenues were attributable to the electronic products segment.

## Revenue from contracts with customers

### (i) Disaggregated revenue information

#### For the year ended 31 December 2022

Segments	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
<b>Type of goods or services</b>				
Sale of industrial products	<u>1,731,784</u>	<u>305</u>	<u>–</u>	<u>1,732,089</u>
Total revenue from contracts with customers	<u>1,731,784</u>	<u>305</u>	<u>–</u>	<u>1,732,089</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	<u>1,731,784</u>	<u>305</u>	<u>–</u>	<u>1,732,089</u>
Total revenue from contracts with customers	<u>1,731,784</u>	<u>305</u>	<u>–</u>	<u>1,732,089</u>

**For the year ended 31 December 2021**

Segments	Electronic products <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Type of goods or services</b>				
Sale of industrial products	1,654,180	477	1,091	1,655,748
Maintenance services	–	–	640	640
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,654,180</u>	<u>477</u>	<u>1,731</u>	<u>1,656,388</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	1,654,180	477	1,091	1,655,748
Services transferred over time	–	–	640	640
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>1,654,180</u>	<u>477</u>	<u>1,731</u>	<u>1,656,388</u>

(ii) *Performance obligations*

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

**Sale of industrial products**

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

**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 is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold and services provided	1,045,497	996,360
Write-down of inventories to net realisable value	28,111	1,300
Depreciation of property, plant and equipment	19,758	20,528
Depreciation of right-of-use assets	28,075	26,528
Amortisation of prepayments	–	1,484
Auditors' remuneration		
– Audit services	2,050	1,890
– Non-audit services	275	257
Reversal of warranty	(31,258)	(848)
Changes in fair value of financial assets at FVTPL	6	3,151
Lease payments not included in the measurement of lease liabilities	158	195
Provision of impairment of:		
– trade receivables, net	18,270	2,012
– amounts due from associates	6,416	1,701
– other receivables, net	6,131	1,154
Loss on deemed disposal of partial interests in an associate ( <i>note (i)</i> )	–	60
Loss/(gain) on disposal of property, plant and equipment	255	(383)
Foreign exchange differences, net	(4,459)	12,813
Interest income from bank deposits	(699)	(801)
Interest income from associates	(524)	(367)
Interest income from loan receivables	(177)	(515)
Interest income from a convertible bond	(450)	(450)
Rental income	(898)	(898)
Government grants ( <i>note (ii)</i> )	(2,912)	(8,267)
Directors' and chief executive's remuneration	18,442	17,612
Compensation to suppliers ( <i>note (iii)</i> )	28,813	–
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
Wages and salaries	220,089	224,515
Pension scheme contributions	10,725	4,824
Staff welfare and allowances	7,091	6,419
	<b>237,905</b>	<b>235,758</b>

*Notes:*

- (i) Loss on deemed disposal of partial interests in an associate has been recorded as HK\$60,000 due to the new investment in P2 Mobile Technologies Limited from other investors in 2021.
- (ii) During the year ended 31 December 2022, the Group received funding support of HK\$1,488,000 (2021: Nil) from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. During the year ended 31 December 2022, the Group received unconditional subsidies of HK\$1,424,000 (2021: HK\$8,267,000) from PRC local government authorities.
- (iii) During the year ended 31 December 2022, the Group signed settlement agreements with suppliers, whereas the parties compromised that the Group would make settlement payments to the suppliers in exchange for the termination of corresponding purchase orders made by the Group. The suppliers would have no obligation to fulfill the corresponding purchase orders by delivering any components to the Group. The agreed total sum of settlement compensations was HK\$28,813,000, which was included in other operating expenses, net in the consolidated statement of profit or loss for the year ended 31 December 2022.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans, overdrafts and other loans	<b>12,203</b>	8,811
Interest on lease liabilities	<b>3,540</b>	4,296
Total finance costs	<b>15,743</b>	13,107

## 7 INCOME TAX

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

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of qualifying entity is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated at the same basis in 2021.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in PRC are subject to Corporate Income Tax at a rate of 25% (2021: 25%) on the taxable income.

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current – PRC	<b>11,994</b>	9,312
Current – Hong Kong	<b>12,006</b>	16,101
Under/(Overprovision) in prior years	<b>648</b>	(822)
Deferred tax	<b>538</b>	3,582
	<u><b>25,186</b></u>	<u>28,173</u>
Total tax charge for the year	<b>25,186</b>	28,173

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

The calculations of basic earnings per share are based on:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company	<b>112,053</b>	69,347
	<u><b>112,053</b></u>	<u>69,347</u>
	<b>Number of shares</b>	
	<b>2022</b>	2021
		(Restated)
<b>Shares</b>		
Weighted average number of ordinary shares in issue		
during the year used in the basic earnings per share calculation	<b>473,058,180</b>	473,058,180
	<u><b>473,058,180</b></u>	<u>473,058,180</u>

Diluted earnings per share was the same as basic earnings per share for the year ended 31 December 2022 and 2021 as the Group had no potentially dilutive ordinary shares in existence during the years.

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share have been adjusted for the effects of the share consolidation completed on 24 October 2022 on the basis that every two ordinary shares of HK\$0.01 each in the share capital of the Company would be consolidated into one ordinary share of HK\$0.02 each as if the consolidation had occurred at 1 January 2021, the beginning of the earliest period reported. Details of the share consolidation are set out in the circular dated 30 September 2022 issued by the Company.

## 9 DIVIDENDS

Dividends attributable to the year:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend of HK2.0 cents* per ordinary share (2021: HK2.0 cents*)	<b>9,461</b>	9,461
Proposed final dividend of HK2.0 cents per ordinary share (2021: HKNil cent)	<b>9,461</b>	–
	<b><u>18,922</u></b>	<b><u>9,461</u></b>

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

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (2021: Nil).

## 10 TRADE RECEIVABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	<b>244,515</b>	364,541
Less: ECL allowance	<b>(26,876)</b>	(21,685)
	<b><u>217,639</u></b>	<b><u>342,856</u></b>

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 2022, the Group's largest customer accounted for approximately 31.6% of the total trade receivables (2021: 27.6%). The customer has long term trading relationship with the Group with no defaults in the past and hence the Group does not consider there is any significant credit risk in this regard. The Group's other trade receivables relate to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	<b>116,530</b>	174,552
1 to 2 months	<b>53,339</b>	107,204
2 to 3 months	<b>27,308</b>	30,317
Over 3 months	<b>20,462</b>	30,783
	<b><u>217,639</u></b>	<b><u>342,856</u></b>

## 11 TRADE AND BILLS PAYABLES

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	<b>82,791</b>	143,238
1 to 2 months	<b>72,801</b>	125,070
2 to 3 months	<b>24,310</b>	37,762
Over 3 months	<b>9,237</b>	12,176
	<b>189,139</b>	318,246

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

## 12 CONTINGENT LIABILITIES

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

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

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

**b) Litigation related to alleged non-payment of four purchase orders**

Shenzhen Allcomm Electronic Co., Ltd. (“Shenzhen Allcomm”), being a wholly-owned subsidiary established by the Group in the PRC, received a “Writ of Summons” (傳票) attaching a “Civil Complaint” (民事起訴狀) (the “Litigation”) from the Dongguan No. 3 People’s Court\* (東莞市第三人民法院) (the “Court”) in relation to the claims made by Dongguan Hongjun Packaging Products Co., Ltd.\* (東莞市宏俊包裝製品有限公司) (the “Plaintiff”), a supplier of Shenzhen Allcomm, against Shenzhen Allcomm as the defendant for the alleged non-payment of four purchase orders (the “Purchase Orders”) for purchase of components for the Group’s electrostatic disinfectant sprayer products. The Plaintiff seeks for court order for payment of the purchase costs under the Purchase Orders and other related costs and costs incurred in connection with the Litigation amounting to approximately RMB10.8 million in aggregate. The Plaintiff has also obtained a property preservation order (the “Court Order”) from the Court to freeze deposit balances of Shenzhen Allcomm at a bank, amounting to approximately RMB10.8 million.

The Plaintiff is a designated supplier chosen and introduced to the Customer of the Group’s electrostatic disinfectant sprayer products and the Purchase Orders were placed with the Plaintiff under the instructions of the Customer. The Customer subsequently requested the Group to terminate the Purchase Orders with the Plaintiff. The Plaintiff also failed to deliver the ordered goods within the delivery dates as specified in the purchase orders. The first court hearing of the Litigation was held on 24 February 2022. Shenzhen Allcomm has engaged a law office in Shenzhen (the “Legal Advisor”) to handle the Litigation and the Legal Advisor has attended the first hearing held on 24 February 2022. The second court hearing of the Litigation was held on 29 April 2022 and the Legal Advisor has also attended the second hearing held on 29 April 2022.

Shenzhen Allcomm subsequently received a civil judgement dated 1 August 2022 (the “Judgement”) from the Court. In the Judgement, the Court has made the following rulings:

1. The contract between the Plaintiff and Shenzhen Allcomm in relation to the Purchase Orders be terminated;
2. Shenzhen Allcomm to pay RMB9,476,532.75 to the Plaintiff in compensation for the non-payment of finished goods and the loss incurred from production of partially finished goods and purchase of raw materials;
3. Shenzhen Allcomm to pay compensation for late payment to the Plaintiff, which is to be calculated at 5.775% per annum on RMB9,476,532.75 covering the period from 6 August 2021 to the date of full payment;
4. Shenzhen Allcomm to take back all the inventories (including finished goods, partially finished goods and raw materials) under the Purchase Orders, provided that if the actual type or quantity of any finished goods, partially finished goods and raw materials received by Shenzhen Allcomm deviates from the list of inventories as submitted by the Plaintiff to the Court, Shenzhen Allcomm is entitled to deduct the costs of such inventories from the compensation amount of RMB9,476,532.75 as mentioned above;

5. Shenzhen Allcomm to pay storage fee of finished goods, partially finished goods and raw materials to the Plaintiff, which is to be calculated at RMB22,240 per month and for the period from 1 November 2020 up to the date the inventories are taken back by Shenzhen Allcomm; and
6. All other claims made by the Plaintiff are dismissed.

The Court also ordered that Shenzhen Allcomm shall pay for application fee of RMB75,768 and property preservation fee of RMB4,479.

Shenzhen Allcomm has filed a civil appeal (the “Appeal”) against the rulings in the Judgement through Dongguan Intermediate People’s Court\* (東莞市中級人民法院) (the “Intermediate Court”). In the Appeal, Shenzhen Allcomm has requested the Intermediate Court to revoke the rulings in the Judgement and to dismiss all the claims made by the Plaintiff. Shenzhen Allcomm has also made an application to request the Intermediate Court to appoint a qualified appraiser to conduct an appraisal on all the finished goods, partially finished goods and raw materials related to the case.

Shenzhen Allcomm subsequently received a civil judgement dated 16 March 2023 (the “Appeal Judgement”) from the Intermediate Court in relation to the Appeal. In the Appeal Judgement, the Intermediate Court has revoked the rulings in the Judgement and the case was remanded to the Court for a retrial (the “Retrial”).

As at the date of this announcement, the hearing date of the Retrial has not been scheduled. Shenzhen Allcomm will vigorously defend the Plaintiff’s claims in the Retrial. The Group believes that the Retrial will not have any material adverse effect on the Group and the business and operations of the Group will remain normal. The Company will keep the shareholders and potential investors of the Company informed of any further material development by way of announcement as and when appropriate.

Save for the Litigation as disclosed above, the Group was not a defendant in any other legal proceedings against the Group during the year ended 31 December 2022 and as at 31 December 2022 and 31 December 2021.

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 31 December 2022 and 31 December 2021.

## **PROPOSED DIVIDEND**

The Board proposes the payment of a final dividend of HK2.0 cents per share. Together with the interim dividend of HK2.0 cents per share (as adjusted for the effects of the share consolidation completed on 24 October 2022) paid in October 2022, the total dividends paid or payable for the year 2022 will be HK4.0 cents per share. All dividends are paid in cash from funds generated from the Group's operations. The Group will have sufficient funds for its future expansion after the payment of dividends.

The proposed final dividend of HK2.0 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 12 June 2023. 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 2023.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting 2023 (the "AGM") of the Company will be held at Unit 408, 4/F, Citicorp Centre, 18 Whitfield Road, Hong Kong on 2 June 2023 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 30 May 2023 to 2 June 2023 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 29 May 2023.

The register of members of the Company will also be closed from 8 June 2023 to 12 June 2023 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the AGM), all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 7 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

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

#### Revenue

Total turnover for the year ended 31 December 2022 had increased slightly by 4.6% to HK\$1,732.1 million, as compared to HK\$1,656.4 million for the year 2021. The increase in turnover was mainly due to the increase in sales of electronic products.

The turnover analysis by business segments for the two years ended 31 December 2022 and 2021 respectively is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue from sales of electronic products	<b>1,731,784</b>	1,654,180
Revenue from biodiesel products and energy efficient gas stoves	<b>305</b>	477
Revenue from energy saving business	–	1,731
	<b><u>1,732,089</u></b>	<u>1,656,388</u>

During the year, the global economy continued to be affected by the new coronavirus (the “COVID-19”). Total sales revenue from electronic products during the year had increased by 4.7% from HK\$1,654.2 million to HK\$1,731.8 million. The sales of the Group’s irrigation controller products had increased by approximately HK\$153.1 million to HK\$761.4 million, as compared to HK\$608.3 million in the year 2021. Sales of walkie-talkie products had increased by approximately HK\$25.1 million to HK\$173.1 million. Total revenue from sales of components for electronic products, including transformers, adapters and solenoids, had decreased by approximately HK\$10.3 million and sales of plastic moulds and plastic components had also decreased by approximately HK\$4.3 million.

The operation of the biodiesel products and energy efficient gas stoves business segment in Hong Kong continued to be affected by the COVID-19 pandemic and had remained at a low level during the year, with total revenue of approximately HK\$0.3 million.

Regarding the energy saving business segment, as the installation work at the retail stores of Suning.com Co., Ltd. (“Suning”) had ceased since last year, there was no sales revenue from this business segment in the year 2022.

In terms of geographical market, customers in the United States continued to be the major market for the Group’s products and services which accounted for approximately 74.8% of the total revenue for the year (2021: 74.0%). On the other hand, sales to customers in the PRC accounted for approximately 8.9% of the total revenue for the year (2021: 11.4%).

### **Gross profit**

Total gross profit for the year had increased by HK\$68.4 million mainly due to the increase in overall gross profit margin. The overall gross profit margin had increased from 15.7% for the year 2021 to 19.0% for the year 2022. The increase was primarily due to the Group’s continued effort to tighten controls over production costs and overheads; an increase in the proportion of sales of products which generally have higher average profit margins; and the reversal of warranties of approximately HK\$31.3 million.

### **Expenses and finance costs**

Distribution costs had decreased by HK\$3.7 million mainly due to the reduction in sales commission on sales of electrostatic disinfectant sprayers. Total administrative expenses were comparable to prior year with a slight increase of HK\$2.1 million. The total staff costs for the year, including directors’ emoluments, had increased by approximately HK\$3.0 million due to increase in wages during the year.

Finance costs had increased by HK\$2.6 million which was mainly due to the increase in interests on bank loans and overdraft as a result of the increase in interest rate and utilisation of bank borrowings when compared to prior year.

### **Other operating expenses, net**

During the year, there was a net other operating expenses amounted to approximately HK\$15.3 million which was mainly due to exchange gain of HK\$4.5 million and compensations to suppliers of HK\$28.8 million.

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

Share of losses of associates for the year amounted to HK\$6.1 million as the associate at Yichun was still operating at loss due to the impact of COVID-19 in the PRC.

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

The profit for the year attributable to owners of the Company was HK\$112.1 million, compared to a profit of HK\$69.3 million for the year 2021. The increase in profit was mainly due to the increase in gross profit during the year.

### **PRODUCTION FACILITIES**

The Group currently has three production facilities in the PRC for the manufacturing of electronic products and components, two of which are located in Shenzhen, and one in Yichun. During the year, the Group spent approximately HK\$6.0 million to acquire property, plant and equipment to enhance its production capacity.

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

At 31 December 2022, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$289.4 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2022, total borrowings of the Group amounted to HK\$232.2 million, comprising bank loans of HK\$230.8 million, trust receipt loans of HK\$0.9 million and bank overdrafts of HK\$0.5 million, of which HK\$11.0 million were denominated in United States dollars, HK\$175.2 million were denominated in Hong Kong dollars and HK\$46.0 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover for the year were approximately 59 days, 107 days and 66 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 2022, the Group's total current assets were HK\$934.8 million compared to HK\$1,015.4 million as at 31 December 2021, and the Group's total current liabilities were HK\$575.6 million compared to HK\$771.5 million as at 31 December 2021. The current ratio (current assets/current liabilities) as at 31 December 2022 was 1.62 times, compared to 1.32 times as at 31 December 2021.

During the year, the Company had not issued any new shares and had not repurchased any of its own shares on the Stock Exchange. On 20 October 2022, the shareholders of the Company have passed an ordinary resolution for the consolidation of two existing ordinary shares of HK\$0.01 each into one consolidated ordinary share of HK\$0.02 each. The share consolidation has become effective on 24 October 2022. Details of the share consolidation are set out in the circular dated 30 September 2022 issued by the Company.

At 31 December 2022, the Company had in issue a total of 473,058,180 ordinary shares. A share option scheme (the "2016 Share Option Scheme") has been adopted by the shareholders of the Company at the annual general meeting of the Company held on 7 June 2016. There were no share options granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 31 December 2022, the Company did not have any share options outstanding.

## **CASH FLOWS**

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2022 was HK\$289.4 million, which had increased by HK\$156.5 million compared to the balance at 31 December 2021.

The net cash generated from operating activities for the year was HK\$227.1 million. The net cash generated from investing activities amounted to HK\$1.6 million, which was mainly due to HK\$6.0 million being paid for the acquisition of property, plant and equipment and the decrease in loan receivables by HK\$6.0 million.

On the other hand, there was a net cash outflow of HK\$61.0 million from financing activities. During the year, new borrowings of HK\$138.0 million were obtained, and HK\$189.6 million was used to repay borrowings and principal repayment of lease liabilities. During the year, the Company paid dividend of HK\$9.5 million to its shareholders.

## **CAPITAL EXPENDITURE**

During the year, the Group acquired property, plant and equipment at a total cost of HK\$6.0 million, mainly financed by internal resources of the Group.

## **SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the year, the Group did not have any significant investment nor any material acquisition or disposal of subsidiaries.

## **PLEDGE OF ASSETS**

At 31 December 2022, the Group had total bank borrowings of HK\$232.2 million, out of which HK\$86.6 million were secured by the land and buildings and right-of-use assets of HK\$154.6 million in aggregate, HK\$1.8 million were secured by short-term bank deposits of HK\$3.8 million and HK\$5.6 million were secured by plant and machinery of HK\$8.4 million.

## **DEBT POSITION AND GEARING**

As at 31 December 2022, the Group has net debts (being total bank and other borrowings and lease liabilities excluding trade debts and net of cash and cash equivalents) of approximately HK\$4.6 million (At 31 December 2021: HK\$216.7 million). The total equity was approximately HK\$609.0 million (At 31 December 2021: HK\$518.3 million). The gearing percentage as at 31 December 2022 was approximately 0.8% (At 31 December 2021: 41.8%).

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

## CONTINGENT LIABILITIES

(a) Potential litigation related to a fire incidence in the United States

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

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

(b) Litigation related to alleged non-payment of four purchase orders

Shenzhen Allcomm Electronic Co., Ltd. (“Shenzhen Allcomm”), being a wholly-owned subsidiary established by the Group in the PRC, received a “Writ of Summons” (傳票) attaching a “Civil Complaint” (民事起訴狀) (the “Litigation”) from the Dongguan No. 3 People’s Court\* (東莞市第三人民法院) (the “Court”) in relation to the claims made by Dongguan Hongjun Packaging Products Co., Ltd.\* (東莞市宏俊包裝製品有限公司) (the “Plaintiff”), a supplier of Shenzhen Allcomm, against Shenzhen Allcomm as the defendant for the alleged non-payment of four purchase orders (the “Purchase Orders”) for purchase of components for the Group’s electrostatic disinfectant sprayer products. The Plaintiff seeks for court order for payment of the purchase costs under the Purchase Orders and other related costs and costs incurred in connection with the Litigation amounting to approximately RMB10.8 million in aggregate. The Plaintiff has also obtained a property preservation order (the “Court Order”) from the Court to freeze deposit balances of Shenzhen Allcomm at a bank, amounting to approximately RMB10.8 million.

The Plaintiff is a designated supplier chosen and introduced to the Customer of the Group’s electrostatic disinfectant sprayer products and the Purchase Orders were placed with the Plaintiff under the instructions of the Customer. The Customer subsequently requested the Group to terminate the Purchase Orders with the Plaintiff. The Plaintiff also failed to deliver the ordered goods within the delivery dates as specified in the purchase orders. The first court hearing of the Litigation was held on 24 February 2022. Shenzhen Allcomm has engaged a law office in Shenzhen (the “Legal Advisor”) to handle the Litigation and the Legal Advisor has attended the first hearing held on 24 February 2022. The second court hearing of the Litigation was held on 29 April 2022 and the Legal Advisor has also attended the second hearing held on 29 April 2022.

Shenzhen Allcomm subsequently received a civil judgement dated 1 August 2022 (the “Judgement”) from the Court. In the Judgement, the Court has made the following rulings:

1. The contract between the Plaintiff and Shenzhen Allcomm in relation to the Purchase Orders be terminated;
2. Shenzhen Allcomm to pay RMB9,476,532.75 to the Plaintiff in compensation for the non-payment of finished goods and the loss incurred from production of partially finished goods and purchase of raw materials;

3. Shenzhen Allcomm to pay compensation for late payment to the Plaintiff, which is to be calculated at 5.775% per annum on RMB9,476,532.75 covering the period from 6 August 2021 to the date of full payment;
4. Shenzhen Allcomm to take back all the inventories (including finished goods, partially finished goods and raw materials) under the Purchase Orders, provided that if the actual type or quantity of any finished goods, partially finished goods and raw materials received by Shenzhen Allcomm deviates from the list of inventories as submitted by the Plaintiff to the Court, Shenzhen Allcomm is entitled to deduct the costs of such inventories from the compensation amount of RMB9,476,532.75 as mentioned above;
5. Shenzhen Allcomm to pay storage fee of finished goods, partially finished goods and raw materials to the Plaintiff, which is to be calculated at RMB22,240 per month and for the period from 1 November 2020 up to the date the inventories are taken back by Shenzhen Allcomm; and
6. All other claims made by the Plaintiff are dismissed.

The Court also ordered that Shenzhen Allcomm shall pay for application fee of RMB75,768 and property preservation fee of RMB4,479.

Shenzhen Allcomm has filed a civil appeal (the “Appeal”) against the rulings in the Judgement through Dongguan Intermediate People’s Court\* (東莞市中級人民法院) (the “Intermediate Court”). In the Appeal, Shenzhen Allcomm has requested the Intermediate Court to revoke the rulings in the Judgement and to dismiss all the claims made by the Plaintiff. Shenzhen Allcomm has also made an application to request the Intermediate Court to appoint a qualified appraiser to conduct an appraisal on all the finished goods, partially finished goods and raw materials related to the case.

Shenzhen Allcomm subsequently received a civil judgement dated 16 March 2023 (the “Appeal Judgement”) from the Intermediate Court in relation to the Appeal. In the Appeal Judgement, the Intermediate Court has revoked the rulings in the Judgement and the case was remanded to the Court for a retrial (the “Retrial”).

As at the date of this announcement, the hearing date of the Retrial has not been scheduled. Shenzhen Allcomm will vigorously defend the Plaintiff’s claims in the Retrial. The Group believes that the Retrial will not have any material adverse effect on the Group and the business and operations of the Group will remain normal. The Company will keep the shareholders and potential investors of the Company informed of any further material development by way of announcement as and when appropriate.

Save for the Litigation as disclosed above, the Group was not a defendant in any other legal proceedings against the Group during the year ended 31 December 2022 and as at 31 December 2022 and 31 December 2021.

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 31 December 2022 and 31 December 2021.

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

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

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

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

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

Alltronics Energy Saving has submitted the Settlement Agreement to the Shenzhen Court for judicial recognition and confirmation. On 28 May 2021, the Shenzhen Court has delivered its judgement on the Settlement Agreement and it has become effective and legally binding on all parties. As at the date of this announcement, the Borrower and the Guarantor have not settled the first payment of RMB20,000,000 and the second payment of RMB80,000,000 in accordance with the repayment terms in the Settlement Agreement. The full amount of the Debt and the accrued interests thereon became due immediately. On 15 July 2021, Alltronics Energy Saving has applied to the Shenzhen Court for execution of the Settlement Agreement and the Shenzhen Court has accepted the application for execution of the Settlement Agreement.

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

The Group is in discussion with its legal advisers in Beijing and Shenzhen to consider the further actions available against the Purchaser, the Borrower and the Guarantor to recover the overdue Consideration and the Debt and accrued interests thereon.

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

## **EMPLOYEES**

At 31 December 2022, the Group had 2,603 employees, of which 68 were employed in Hong Kong and 2,535 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 2022, there were no share options remained outstanding.

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

## **FOREIGN EXCHANGE EXPOSURE**

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

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Management will consider various actions to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. These were for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. As at 31 December 2022, the Group did not have any outstanding forward foreign exchange contracts. Management will continue to evaluate the Group's foreign currency exposure and take further actions as appropriate to minimise the Group's exposure whenever necessary.

## **OUTLOOK**

### **Electronic products segment**

The overall performance of the Group's electronic products segment during the year 2022 has remained stable when compared to the prior year. The total revenue has increased slightly by HK\$77.6 million to HK\$1,731.8 million, compared to HK\$1,654.2 million for the year 2021. Although most of the developed countries have already released all the COVID-19 related controls and measures, the impacts of the COVID-19 may continue to pose threats to the global economy. Management will keep alert and has to remain cautious on the performance in the coming year. Besides the uncertainties on the impacts of the COVID-19, the ongoing trade disputes between the United States and the PRC may further escalate geopolitical tensions and may lead to negative impact to the global economy. The effects of the various sanctions imposed or to be imposed on Hong Kong by the United States and other countries are still challenging. On the other hand, the risk of fluctuation in exchange rate of Renminbi against United States dollars and Hong Kong dollars, and the risk of high inflation and rise in interest rate will also affect the performance of the Group's electronic products segment. The management of the Group is of the view that the difficult business environment may last for some time. The Group will continue its efforts to manage these factors and to tighten controls over production costs and overheads, and to improve production efficiency to maximise the gross profit margin.

In terms of products, irrigation controllers have remained as the Group's core electronic products during the year 2022 and management expects that these products will continue to be the core product of the Group's electronic products segment in the near future. Management also expects that the performance of the Group's irrigation controller products will remain stable with steady growth. On the other hand, management is striving to launch new products to provide new momentum for growth in revenue.

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

The COVID-19 pandemic has affected the business operations of the Group's associated companies. Management expects that the share of profits or loss from associated companies in the coming year will not be significant when compare to the results of the core electronic business of the Group.

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

#### **Biodiesel products and energy saving gas stoves segment**

The Group foresees that the revenue from biodiesel products and energy efficient gas stoves will remain at low level during the year 2023.

#### **Energy saving business**

The Group foresees that the revenue from the energy saving business will remain at a low level during the year 2023 as the Group has already ceased the installation work at Suning stores.

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

## **CORPORATE GOVERNANCE**

The Board believes that corporate governance is essential to the success of the Group. The Group keeps abreast of the best practices in the corporate governance areas and strives to implement such practices as appropriate. None of the Directors is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not at any time during the year and up to the date of this announcement, in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The Board will review and update the current practices regularly to ensure compliance with the latest practices in corporate governance to protect and maximize the interests of shareholders.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code during the year ended 31 December 2022.

## **CHANGES IN INFORMATION OF DIRECTORS**

During the year ended 31 December 2022 and up to the date of this announcement, the changes in directors’ information since publication of the 2021 annual report of the Company are as follows:

- (a) Mr. Fan, William Chung Yue, in pursuit of his retirement plan, has resigned as a non-executive Director of the Company with effect from 29 October 2022.

Save as disclosed above, there were no other changes in directors’ information since publication of the 2021 annual report of the Company and there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

## **AUDIT COMMITTEE**

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

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2022 at a meeting held on 30 March 2023, which is of the opinion that the consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

## **REMUNERATION COMMITTEE**

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

## **NOMINATION COMMITTEE**

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

## **SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group’s auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Grant Thornton Hong Kong Limited on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Company has not redeemed any of its shares during the year ended 31 December 2022. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## **DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and our Company's website (<http://www.irasia.com/listco/hk/alltronics/index.htm>). The annual report for the year ended 31 December 2022 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.

\* *For identification purpose only*

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

Hong Kong, 30 March 2023

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

### *Executive Directors*

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

### *Independent Non-executive Directors*

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