ALLTRONICS HOLDINGS LIMITED
華訊股份有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 833)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the "Board") of directors ("Directors") of Alltronics Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 (the "Period") together with comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2015

	Note	**Six months ended 30 June** **2015** ***HK$'000*** **(Unaudited)**	2014 *HK$'000* (Unaudited)
Revenue	*5*	**436,156**	489,926
Cost of sales	*6*	**(354,997)**	(402,951)
Gross profit		**81,159**	86,975
Distribution costs	*6*	**(3,865)**	(3,700)
Administrative expenses	*6*	**(42,323)**	(42,882)
Other losses – net	*7*	**(1,293)**	(38,640)
Operating profit		**33,678**	1,753
Finance income		**260**	127
Finance costs		**(2,621)**	(2,916)
Profit/(loss) before income tax		**31,317**	(1,036)
Income tax expense	*8*	**(8,301)**	(1,058)
Profit/(loss) for the period		**23,016**	(2,094)

	Note	Six months ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Profit/(loss) attributable to:			
Owners of the Company		**22,756**	(3,820)
Non-controlling interests		**260**	1,729
		23,016	(2,094)
		HK Cents	*HK Cents* (Restated)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company			
– basic	*9*	**5.98**	(1.00)
– diluted	*9*	**5.98**	(1.00)
		HK$'000	*HK$'000*
Dividend attributable to the period:			
Interim dividend	*10*	**19,022**	17,293

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**23,016**	(2,094)
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss		
Currency translation differences	**243**	260
Total other comprehensive income for the period	**243**	260
Total comprehensive income/(loss) for the period	**23,259**	(1,834)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**22,999**	(3,560)
Non-controlling interests	**260**	1,726
	23,259	(1,834)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

		As at	
	Note	**30 June 2015**	31 December 2014
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**40,076**	38,816
Leasehold land and land use rights		**1,745**	1,770
Intangible assets		**11,672**	19,931
Interest in an associate		**6,282**	6,282
Available-for-sale financial asset		**5,000**	–
Prepayments		**28,548**	31,686
Finance lease receivable	*11*	**16,602**	19,631
Deferred income tax assets		**2,211**	1,873
Total non-current assets		**112,136**	119,989
Current assets			
Inventories		**165,027**	174,494
Finance lease receivable	*11*	**11,095**	8,234
Trade receivables	*12*	**132,143**	135,222
Prepayments, deposits and other receivables		**40,124**	42,005
Amounts due from non-controlling shareholders of a subsidiary		**1,207**	535
Financial assets at fair value through profit or loss		**350**	434
Pledged bank deposits		**10,517**	10,507
Tax recoverable		**77**	316
Cash and cash equivalents (excluding bank overdrafts)		**101,811**	64,371
Total current assets		**462,351**	436,118
Total assets		**574,487**	556,107

	Note	As at 30 June 2015 HK$'000 (Unaudited)	As at 31 December 2014 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,804**	3,459
Reserves			
Proposed dividend		**19,022**	27,669
Others		**229,400**	225,768
		252,226	256,896
Non-controlling interests		**(11,542)**	(11,802)
Total equity		**240,684**	245,094
LIABILITIES			
Non-current liabilities			
Borrowings		**2,408**	831
Deferred revenue		**3,538**	4,396
Deferred income tax liabilities		**1,321**	1,347
Total non-current liabilities		**7,267**	6,574
Current liabilities			
Trade payables	*13*	**88,288**	107,804
Accruals and other payables		**42,808**	42,301
Deferred revenue		**1,562**	1,433
Amounts due to non-controlling shareholders of a subsidiary		**37**	37
Current income tax liabilities		**8,388**	4,068
Borrowings		**180,077**	136,933
Derivative financial instruments		**5,376**	11,863
Total current liabilities		**326,536**	304,439
Total liabilities		**333,803**	311,013
Total equity and liabilities		**574,487**	556,107
Net current assets		**135,815**	131,679
Total assets less current liabilities		**247,951**	251,668

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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 Group are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products, the manufacturing and trading of biodiesel products, and the provision of energy saving business solutions. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 July 2005.

This condensed consolidated interim financial information ("Interim Financial Information") is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board on 31 August 2015 and has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2015 (the "Period") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting'. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

In the current period, the Group has adopted all the new standards, amendments, interpretations and improvements to standards issued by the HKICPA which are mandatory and relevant to the Group's operations for the accounting period beginning on 1 January 2015. The adoption of these new standards, amendments, interpretations and improvements to standards has not had any material impact on the Group's reported result and financial position.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

The Group has commenced an assessment of the impact of the new standards and amendments that have been issued but are not effective for the financial period beginning 1 January 2015 but is not yet in a position to state whether they would have a significant impact on its results of operations and financial position.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

There have been no changes in the risk management policies since year end.

4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2015 (unaudited).

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Assets				
Financial assets at fair value through profit or loss	**350**	**–**	**–**	**350**
Derivative financial instruments	**–**	**–**	**–**	**–**
Total assets	**350**	**–**	**–**	**350**
Liabilities				
Derivative financial instruments	**–**	**–**	**5,376**	**5,376**
Total liabilities	**–**	**–**	**5,376**	**5,376**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014 (audited).

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Assets				
Financial assets at fair value through profit or loss	434	–	–	434
Derivative financial instruments	–	–	–	–
Total assets	434	–	–	434
Liabilities				
Derivative financial instruments	–	–	11,863	11,863
Total liabilities	–	–	11,863	11,863

(a) *Financial instruments in level 1*

The financial assets at fair value through profit or loss are based on quoted market prices at the statement of financial position date without any deduction for transaction costs.

(b) *Financial instruments in level 3*

The fair values of derivative financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

Specific valuation technique used to value the financial instruments includes using forward exchange rates at the statement of financial position date to discount back to the present value. The key unobservable data includes the interbank forward exchange rate and the volatility of forward exchange rate. Change in these unobservable data will materially affect the fair value of the financial instruments.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2015 (unaudited).

	Derivative financial instruments – net *HK$'000*
Opening balance	**(11,863)**
Fair value gain recognised in condensed consolidated income statement	**6,487**
Closing balance	**(5,376)**
Total gain for the period included in profit or loss for assets held at the end of the reporting period	**6,487**

The following table presents the changes in level 3 instruments for the six months ended 30 June 2014 (unaudited).

	Available-for-sale financial assets and derivative financial instruments – net *HK$'000*
Opening balance	3,232
Disposal during the period	(2,834)
Fair value loss recognised in condensed consolidated income statement	(39,071)
Closing balance	(38,673)
Total loss for the period included in profit or loss for assets held at the end of the reporting period	(39,071)

For the six months ended 30 June 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. Market rate is used as the discount rate to compute the fair value of level 3 instruments. The higher the discount rate, the lower the fair value.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. For the six months ended 30 June 2015, there were no reclassifications of financial assets nor transfer between levels.

There were no other changes in valuation techniques during the Period.

The carrying values of the Group's other financial assets, including finance lease receivable, trade receivables, deposits and other receivables, pledged bank deposits, cash and cash equivalents, amounts due from non-controlling shareholders of a subsidiary, and other financial liabilities, including borrowings, trade payables, accruals and other payables and amounts due to non-controlling shareholders of a subsidiary, approximate to their fair values due to their short maturities.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by executive Directors that are used to make strategic decisions and assess performance.

For the six months ended 30 June 2015, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide.

The Group considers the business from both a geographic and product perspective. From a product perspective, management assesses the performance of

(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 manufacturing and trading of biodiesel products in Hong Kong; and

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

Revenue is allocated based on the places/countries in which the customers are located.

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 Interim Financial Information.

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 executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

	Electronic products *HK$'000*	**Biodiesel products** *HK$'000*	**Energy saving business** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2015 (Unaudited)				
Total segment revenue and revenue from external customers for:				
– sales of goods	**432,231**	**2,859**	**338**	**435,428**
– revenue from services	**–**	**–**	**728**	**728**
Total revenue	**432,231**	**2,859**	**1,066**	**436,156**
Operating profit/(loss) before interest and tax	**49,584**	**(10,264)**	**(3,575)**	**35,745**
Finance income	**75**	**–**	**185**	**260**
Finance costs	**(2,336)**	**(2)**	**(283)**	**(2,621)**
Income tax expense	**(8,301)**	**–**	**–**	**(8,301)**
	39,022	**(10,266)**	**(3,673)**	**25,083**
Unallocated operating costs				**(2,067)**
Profit for the period				**23,016**
Other information:				
Depreciation and amortisation	**(5,500)**	**(243)**	**(1,831)**	**(7,574)**
Fair value gain on derivative financial instruments – net	**6,487**	**–**	**–**	**6,487**
Impairment on goodwill	**–**	**(8,259)**	**–**	**(8,259)**

	Electronic products HK$'000	Biodiesel products HK$'000	Energy saving business HK$'000	Total HK$'000
Six months ended 30 June 2014 (Unaudited)				
Total segment revenue and revenue from external customers for:				
– sales of goods	479,659	7,527	2,636	489,822
– revenue from services	–	–	104	104
Total revenue	479,659	7,527	2,740	489,926
Operating profit/(loss) before interest and tax	9,071	(2,489)	(1,965)	4,617
Finance income	125	–	2	127
Finance costs	(2,544)	(179)	(193)	(2,916)
Income tax expense	(1,058)	–	–	(1,058)
	5,594	(2,668)	(2,156)	770
Unallocated operating costs				(2,864)
Loss for the period				(2,094)
Other information:				
Depreciation and amortisation	(5,914)	(235)	(366)	(6,515)
Fair value loss on derivative financial instruments – net	(39,071)	–	–	(39,071)
Impairment on goodwill	–	–	–	–

The Group is domiciled in Hong Kong. The Group's revenue by geographical location, which is determined by the places/countries in which the customer is located, is as follows:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The United States	**238,245**	270,143
Hong Kong	**63,358**	103,511
Europe	**104,128**	80,633
The People's Republic of China (the "PRC")	**15,443**	19,413
Other countries	**14,982**	16,226
	436,156	489,926

For the six months ended 30 June 2015, revenues of approximately HK$173,798,000 (2014: HK$202,665,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

The Group's non-current assets by geographical location, which is determined by the places/countries in which the asset is located, is as follows:

	As at	
	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**59,725**	63,321
The PRC	**52,411**	56,668
	112,136	119,989

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Analysis of revenue by category:		
Sale of goods	**435,428**	489,822
Revenue from services	**728**	104
Total revenue and turnover	**436,156**	489,926

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of leasehold land and land use rights	**25**	25
Amortisation of non-current prepayments	**1,746**	129
Depreciation		
– Owned property, plant and equipment	**5,500**	5,805
– Leased property, plant and equipment	**303**	556
Staff costs (including directors' emoluments)	**91,639**	98,608
Cost of inventories sold	**241,352**	282,602
Operating leases on rented premises	**8,725**	7,509
Other expenses	**51,895**	54,299
Total of cost of sales, distribution costs and administrative expenses	**401,185**	449,533

7 OTHER LOSSES – NET

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain/(loss)	**678**	(1,028)
Gain/(loss) on disposal of property, plant and equipment	**79**	(436)
Realised (loss)/gain on derivative financial instruments – net	**(632)**	1,294
Fair value gain/(loss) on derivative financial instruments – net	**6,487**	(39,071)
Impairment on goodwill for biodiesel business segment	**(8,259)**	–
Gain on disposal of available-for-sale financial assets	**–**	287
Fair value loss on financial assets at fair value through profit or loss	**(84)**	(14)
Others	**438**	328
	(1,293)	(38,640)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax *(Note a)*	**5,640**	–
PRC enterprise income tax *(Note b)*	**3,025**	3,974
Under-provision in prior years	**–**	66
Deferred income tax credit	**(364)**	(2,982)
Income tax expense	**8,301**	1,058

Note:

(a) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the Period. No provision for Hong Kong profits tax has been made for the six months ended 30 June 2014 as the Group had no estimated assessable profits for that period.

(b) PRC enterprise income tax has been calculated on the estimated assessable profit at the rates of taxation prevailing in the PRC. As at 30 June 2015, the Company has six subsidiaries operating in the PRC, namely Shenzhen Allcomm Electronic Co. Ltd., 華泰電器制品(深圳)有限公司, 陽江華訊電子制品有限公司, Alltronics Energy Saving (Shenzhen) Limited, 南盈科技發展(深圳)有限公司 and 南華匯盈科技發展(深圳)有限公司. During the period ended 30 June 2015, these subsidiaries were subject to an income tax rate of 25% (2014: 25%) in accordance with the relevant applicable tax laws.

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited) (Restated)
Profit/(loss) attributable to owners of the Company *(HK$'000)*	**22,756**	(3,820)
Weighted average number of ordinary shares in issue *(thousand)* *(Note (a)(i))*	**380,448**	380,448
Basic earnings/(loss) per share *(HK cents per share)*	**5.98**	(1.00)

Note (a)(i): The weighted average number of ordinary shares in issue is adjusted to reflect the effect of bonus issue for the issue of 34,586,200 bonus shares by the Company on the basis of one new bonus share for every ten shares held by the shareholders on 8 June 2015 and allotted on 29 June 2015. Weighted average number of ordinary shares in issue was restated on the assumption that the bonus issue had been in place in prior period.

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the six months ended 30 June 2015, the Company had no dilutive potential ordinary shares.

10 INTERIM DIVIDEND

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend, proposed, of HK$0.05 (2014: HK$0.045, as restated*) per ordinary share	**19,022**	17,293

* As restated on the assumption that the bonus issue had been in place in prior period.

The Board recommends the payment of an interim dividend of HK$0.05 per ordinary share for the six months ended 30 June 2015. The Interim Financial Information does not reflect the above proposed dividend as dividend payable but account for it as proposed dividend from the reserves. The declaration of the interim dividend for the six months ended 30 June 2015 has been approved by the Board on 31 August 2015.

11 FINANCE LEASE RECEIVABLE

	As at	
	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current finance lease receivable:		
Gross receivable	**21,073**	24,490
Less: unearned income	**(4,471)**	(4,859)
	16,602	19,631
Current finance lease receivable:		
Gross receivable	**11,769**	8,719
Less: unearned income	**(674)**	(485)
	11,095	8,234
Gross receivable from finance lease:		
– No later than 1 year	**11,769**	8,719
– Later than 1 year and no later than 5 years	**21,073**	24,490
	32,842	33,209
Unearned future finance income on finance leases	**(5,145)**	(5,344)
Net investment in finance lease	**27,697**	27,865
The net investment in finance lease may be analysed as follows:		
– No later than 1 year	**11,095**	8,234
– Later than 1 year and no later than 5 years	**16,602**	19,631
	27,697	27,865

12 TRADE RECEIVABLES

	As at	
	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**132,143**	135,222
Less: provision for impairment of receivables	**–**	–
	132,143	135,222

As at 30 June 2015 and 31 December 2014, the fair values of trade receivables approximated their carrying amounts.

The Group's sales to corporate customers are entered into on credit terms of up to 90 days, except for certain credit worthy customers to whom a longer credit period is allowed. The ageing analysis of trade receivables at the statement of financial position dates is as follows:

	As at	
	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**73,317**	77,406
31 – 60 days	**35,353**	37,361
61 – 90 days	**19,465**	16,536
91 – 120 days	**2,409**	3,165
121 – 365 days	**1,564**	723
Over 365 days	**35**	31
	132,143	135,222

13 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at	
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**47,052**	52,330
31 – 60 days	**28,177**	38,082
61 – 90 days	**8,783**	12,966
91 – 120 days	**2,838**	2,562
121 – 365 days	**1,249**	1,366
Over 365 days	**189**	498
	88,288	107,804

The fair values of trade payables approximated their carrying amounts.

14 ULTIMATE HOLDING COMPANY

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 66.8% of the Company's issued shares as at 30 June 2015 (2014: 66.8%). In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company and Mr. Lam Yin Kee is the ultimate controlling party of the Company.

INTERIM DIVIDEND

The Board declared an interim dividend of HK5 cents per ordinary share for the six months ended 30 June 2015, payable on or about 20 October 2015, to the shareholders whose names appear on the register of members of the Company on 30 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 September 2015 to 30 September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates 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 24 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Total turnover for the six months ended 30 June 2015 (the "Period") had decreased by 11.0% to HK$436.2 million, as compared to HK$489.9 million for the same period in 2014. The turnover analysis by business segment for the two periods is as follows:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Revenue from sales of electronic products	**432,231**	479,659
Revenue from sales of biodiesel products	**2,859**	7,527
Revenue from energy saving business	**1,066**	2,740
	436,156	489,926

Sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. The decrease in total sales revenue from electronic products was mainly due to the drop in sales of finished electronic products, which had decreased from HK$383.0 million in 2014 to HK$324.6 million in 2015, due to less orders from customers in the United States and Hong Kong. Demand from customers in other geographical locations had remained stable. On the other hand, sales revenue from plastic moulds and components; and other components for electronic products had increased by HK$8.4 million and HK$2.6 million respectively during the Period.

The sales revenue from biodiesel products had dropped by 62.0%. In May 2015, the Group has submitted the tender documents for the renewal contract for the supply of B5 biodiesel to the Hong Kong Government. The Group has failed to bit the tender for the renewal contract. The global oil commodity prices had dropped continuously and this had led to reduction in the unit selling prices for biodiesel products. Furthermore, biodiesel products will be less attractive to customers when oil commodity prices drop and there is less incentive for customers to shift from fossil-based diesel to biodiesel. In view of the uncertainties for the operations of the biodiesel business segment, an impairment provision of HK$8.3 million on the goodwill for biodiesel business segment had been made.

Regarding the energy saving business segment, total revenue generated during the Period was HK$1.1 million, as compared to HK$2.7 million in 2014. During the Period, the LED lighting equipment project (the "Suning EMC Project") with Suning Commerce Group Co., Ltd. ("Suning") continued and over 100 retail stores of Suning had completed the installation work, pending for completion of the inspection procedures with Suning. The inspection procedures for these retail stores will be completed in the second half of 2015. During the Period, the Group had also completed the installation work at a hotel at Beijing operated by HNA Group Co., Ltd. and the Group expects to complete the inspection procedures at this hotel during the second half of 2015. The total revenue generated during the Period was the energy saving revenue sharing from retail stores and hotel with LED lighting equipment installed and inspected.

In terms of geographical market, the United States continued to be the major market for the Group's products and accounted for approximately 54.6% of the total turnover for the Period (2014: 55.1%). Sales to customers in Hong Kong had decreased by HK$40.2 million while sales to customers in Europe had increased by HK$23.5 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 turnover by geographical location can be spread more evenly.

Gross profit

The overall gross profit margin had improved from 17.8% for the six months period ended 30 June 2014 to 18.6% for 2015. The increase in overall gross profit margin was mainly due to adjustment in selling prices and the Group's continued effort to tighten the controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin.

Operating expenses and other gains/losses

During the Period, total administrative expenses had decreased slightly from HK$42.9 million in 2014 to HK$42.3 million in 2015, whilst total distribution costs and total finance costs had remained stable. Included in other losses of HK$1.3 million for the Period was a fair value gain on derivative financial instruments of HK$6.5 million. There was a fair value loss on derivative financial instruments of HK$39.1 million for the corresponding period in 2014. In view of the uncertainties for the operations of the biodiesel business, an impairment provision of HK$8.3 million on the goodwill for biodiesel business segment had been made.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK$22.8 million, compared to a loss of HK$3.8 million for 2014. The loss for 2014 was mainly due to the fair value loss on derivative financial instruments of HK$39.1 million recorded, whereas there was a fair value gain of HK$6.5 million for the Period.

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 Yangxi. During the Period, the Group spent approximately HK$2.3 million to acquire plant and machinery, approximately HK$3.2 million to acquire motor vehicles and spent approximately HK$0.7 million on leasehold improvements to enhance its production capacity.

The Group's biodiesel production facilities are located in Tuen Mun, Hong Kong with a current production capacity of approximately 18,000 tons of biodiesel on an annual basis.

The Group believes that the current production facilities for the electronic products segment and the biodiesel products segment are sufficient for their production requirements in the near future.

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 30 June 2015, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$81.6 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2015, total borrowings of the Group amounted to HK$182.5 million, comprising bank overdrafts of HK$20.2 million, bank loans of HK$112.4 million, bills payable and trust receipt loans of HK$46.4 million and obligations under finance leases of HK$3.5 million, all of which are denominated in Hong Kong dollars or Renminbi.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 55 days, 87 days and 76 days respectively for the Period. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

As at 30 June 2015, the Group's total current assets had increased by 6.0% to HK$462.4 million compared to HK$436.1 million as at 31 December 2014, and the Group's total current liabilities had increased by 7.3% to HK$326.5 million compared to HK$304.4 million as at 31 December 2014. The current ratio (current assets/current liabilities) as at 30 June 2015 was 1.42 times, which is at approximately the same level of 1.43 times as at 31 December 2014.

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 28 May 2015, the Company has allotted and issued 34,586,200 bonus shares, credited as fully paid at par, on the basis of one new bonus share for every ten shares held by the shareholders of the Company whose names appear on the register of members of the Company on 8 June 2015. During the Period, the Company had not issued any other new shares and had not repurchased any of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

At 30 June 2015, the Company had in issue a total of 380,448,200 ordinary shares. During the Period, there were no share options granted, exercised, lapsed or cancelled. The Company's share option scheme as adopted on 22 June 2005 had expired on 21 June 2015. As at 30 June 2015, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2015 was HK$81.6 million, which had increased by HK$33.4 million compared to the balance at 31 December 2014.

The net cash generated from operating activities for the Period was HK$32.0 million. The net cash used in investing activities amounted to HK$9.6 million, which was mainly due to HK$4.4 million paid for the acquisition of property, plant and equipment; and HK$5.0 million paid for the purchase of available-for-sale financial asset.

On the other hand, there was a net cash inflow of HK$10.9 million from financing activities. During the Period, new borrowings of HK$45.0 million were obtained and HK$9.4 million was used to repay borrowings and finance leases, and HK$27.7 million was paid to shareholders as dividend.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK$7.1 million, mainly financed by finance leases and internal resources of the Group.

PLEDGE OF ASSETS

At 30 June 2015, the Group had total bank borrowings (excluding obligations under finance leases) of HK$179.0 million, out of which HK$25.9 million were secured by short-term bank deposits of HK$10.5 million and trade receivables of HK$1.4 million.

GEARING RATIO

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the condensed consolidated interim statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as ‘equity’, as shown in the condensed consolidated interim statement of financial position.

As at 30 June 2015, the gearing ratio of the Group was 14.2% (2014: 5.3%).

CONTINGENT LIABILITIES

At both 30 June 2015 and 31 December 2014, the Group did not have any material contingent liabilities.

EMPLOYEES

At 30 June 2015, the Group had 2,754 employees, of which 79 were employed in Hong Kong and 2,675 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. Total staff costs, including directors' emoluments, incurred by the Group for the Period amounted to HK$91.6 million.

The Company has also adopted a share option scheme on 22 June 2005. During the Period, no share options had been granted, exercised, lapsed or cancelled. The share option scheme had expired on 21 June 2015. As at 30 June 2015, there were no share options remained outstanding under the share option scheme.

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

FOREIGN EXCHANGE EXPOSURE

Most of the Group's sales are denominated in United States dollars and 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. Although the foreign currency risk is not considered to be significant, management has taken action to minimise the risk. In particular, the Group entered into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. As at 30 June 2015, the aggregate notional amount over the remaining contract periods of outstanding forward foreign exchange contracts to buy Renminbi is approximately US$24.0 million (equivalent to approximately HK$187.2 million). These are 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 further actions as appropriate to minimise the Group's exposure whenever necessary.

OUTLOOK

In view of the recent fluctuations in the global stock markets and foreign exchange rates, the Group foresees that the global economic environment in the second half of 2015 will remain uncertain. Factors such as the risk of fluctuation of exchange rate of Renminbi against United States dollars and Hong Kong dollars; the consistent upward adjustment on the minimum wage levels in the PRC; and the risk of global inflation will continue to be the critical elements affecting the performance of the Group's electronic products segment. The Group will continue its efforts to tighten controls over production costs and overheads, and to improve production efficiency so as to maximise the gross profit margin.

Negotiations with potential customers for Wi-Fi equipment and medical equipment are still in progress and product samples had been sent to potential customers for evaluation and approval. In August 2015, the Group has entered into a co-operative agreement with a subsidiary of China Unicom (Hong Kong) Limited ("China Unicom") in Shenzhen to develop Wi-Fi services and act as a sales agent for China Unicom 4G service plans in Shenzhen. The Group will invest, build and manage the Wi-Fi facilities for China Unicom and plans to target the factories in Shenzhen as pilot locations in the first stage.

The demand for the Group's irrigation controllers and other electronic products will remain to be strong, and the Group has confidence that the performance of the electronic business segment will remain stable during the second half of 2015.

Regarding the 49% owned associate established in the PRC for the manufacture and sale of printers and other accessory products, its factory located at Yi Chun had commenced trial production in the second quarter of 2015 and formal orders from customers are expected during the third quarter of 2015.

In terms of geographical market, the sales to the United States customers accounted for over 50% of the total sales for the Period. The Group foresees that the United States will still be the major market for its products in 2015. The Group will continue to devote efforts to explore new markets and new customers to broaden its customer base.

The demand for the Group's biodiesel products remained at low levels during the Period. The continual drop in the global oil commodity prices has resulted in downward adjustments to the unit selling prices of biodiesel products. Furthermore, customers are becoming less tempted to shift to use biodiesel products when the oil commodity prices drop. In view of the uncertainties ahead for the Group's biodiesel business segment, impairment on the goodwill on biodiesel business segment, amounting HK$8.3 million, had been made during the Period. However, the Group will continue to explore new customers in Hong Kong for its biodiesel products, so as to help to improve air quality and to make Hong Kong a cleaner place to live.

Regarding the energy efficient gas stoves business, approximately 20 energy efficient gas stoves had been installed for customers as of 30 June 2015, and the Group expects to install approximately 50 energy efficient gas stoves during the second half of 2015.

Regarding the Suning EMC Project, as of 30 June 2015, the Group had completed the installation work and the inspection procedures at over 200 retail stores of Suning, and over 100 retail stores of Suning had completed the installation work and pending for the inspection procedures. The Group will continue the installation work at other retail stores of Suning in the second half of 2015. The Group will also continue its negotiation with HNA Group Co., Ltd. for the provision of energy saving business solutions to other hotels managed by HNA Group Co., Ltd..

Energy saving products such as energy efficient gas stoves and LED lighting equipment can provide additional stable source of income to the Group. Looking forward, the Group will continue to explore opportunities for energy saving projects with other potential customers, both in the PRC and in Hong Kong, and will grasp every opportunity and continue to look for investment opportunity so as 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 Period 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 of Securities on the Stock Exchange (the "Listing Rules"), except for the limited deviation on the grounds and causes as explained below. The Board will review and update the current practices regularly to ensure compliance with the latest practices in corporate governance so as to protect and maximize 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 have complied with the required standard set out in the Model Code during the Period.

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. Leung Kam Wah.

The Interim Financial Information has been reviewed by the Audit Committee at a meeting held on 31 August 2015, which is of the opinion that the Interim Financial Information 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. Leung Kam Wah.

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. Leung Kam Wah.

CHANGES IN INFORMATION OF DIRECTORS

There were no changes in directors' information since publication of the 2014 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

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 interim report for the period ended 30 June 2015 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, 31 August 2015

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

Executive Directors
Mr. Lam Yin Kee, Ms. Yeung Po Wah, 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 and Mr. Leung Kam Wah