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 2016

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 2016 (the "Period") together with comparative figures for the corresponding period in 2015 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		For the six months ended 30 June	
	Notes	**2016**	2015
		(Unaudited)	(Unaudited)
			(Restated)
		HK$'000	*HK$'000*
Revenue	*4*	**471,075**	436,156
Cost of sales		**(377,068)**	(356,855)
Gross profit		**94,007**	79,301
Distribution costs		**(3,997)**	(3,865)
Administrative expenses		**(47,527)**	(40,465)
Other operating income/(expenses), net		**2,996**	(1,033)
Operating profit		**45,479**	33,938
Share of losses of an associate		**(315)**	–
Finance costs	*6*	**(4,439)**	(2,621)
Profit before tax	*5*	**40,725**	31,317
Income tax expense	*7*	**(9,138)**	(8,301)
Profit for the period		**31,587**	23,016

	Notes	For the six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) (Restated) HK$'000
Attributable to:			
Owners of the Company		**29,210**	22,756
Non-controlling interests		**2,377**	260
		31,587	23,016
Earnings per share attributable to ordinary equity holders of the Company	*8*		
– Basic		**HK6.50 cents**	HK5.98 cents
– Diluted		**HK6.50 cents**	HK5.98 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**31,587**	23,016
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**–**	243
Other comprehensive income for the period, net of tax	**–**	243
Total comprehensive income for the period	**31,587**	23,259
Attributable to:		
Owners of the Company	**29,210**	22,999
Non-controlling interests	**2,377**	260
	31,587	23,259

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) (Restated) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**226,552**	37,548
Prepaid land lease payments		**1,695**	1,720
Goodwill		**11,672**	11,672
Investments in an associate		**18,111**	18,426
Available-for-sale investment		**5,000**	5,000
Prepayments and deposits		**24,957**	58,804
Long term receivables	*10*	**6,933**	6,561
Deferred tax assets		**1,561**	1,463
Total non-current assets		**296,481**	141,194
CURRENT ASSETS			
Inventories		**157,957**	196,680
Long term receivables – current portion	*10*	**21,426**	19,979
Trade receivables	*11*	**138,097**	113,754
Prepayments, deposits and other receivables		**39,742**	40,636
Amounts due from non-controlling shareholders of a subsidiary		**644**	651
Financial assets at fair value through profit or loss		**214**	256
Tax recoverable		**23**	23
Pledged deposits		**11,538**	10,527
Cash and cash equivalents		**209,804**	204,505
Total current assets		**579,445**	587,011

	Notes	**30 June 2016 (Unaudited)** *HK$'000*	31 December 2015 (Audited) (Restated) *HK$'000*
CURRENT LIABILITIES			
Trade and bills payables	*12*	**147,768**	160,578
Other payables and accruals		**45,661**	45,529
Deferred revenue		**1,443**	1,176
Tax payable		**8,579**	6,305
Interest-bearing bank and other borrowings		**298,694**	145,759
Derivative financial instruments		**–**	3,876
Total current liabilities		**502,145**	363,223
NET CURRENT ASSETS		**77,300**	223,788
TOTAL ASSETS LESS CURRENT LIABILITIES		**373,781**	364,982
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,364**	1,837
Deferred revenue		**1,880**	1,518
Deferred tax liabilities		**17**	213
Total non-current liabilities		**3,261**	3,568
Net assets		**370,520**	361,414
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,496**	4,496
Reserves		**372,700**	365,971
		377,196	370,467
Non-controlling interests		**(6,676)**	(9,053)
Total equity		**370,520**	361,414

NOTES TO THE INTERIM CONDENSED 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, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together the "Group") are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products, the trading of biodiesel products, 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's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 July 2005.

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 56.5% of the Company's issued shares as at 30 June 2016 (31 December 2015: 56.5%). 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.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the revised standards as of 1 January 2016, noted below:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale of contribution assess between an investor and its Associate or Joint Venture
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations Venture

The adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") has had no significant financial effect on the interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4 OPERATING SEGMENT INFORMATION

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 2016, 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 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 condensed 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 executive Directors is measured in a manner consistent with that in the interim condensed consolidated financial statements.

Six months ended 30 June 2016 (Unaudited)

	Electronic products *HK$'000*	Biodiesel products *HK$'000*	Energy saving business *HK$'000*	Total *HK$'000*
Total segment revenue and revenue from external customers for:				
– Sales of goods	**465,407**	**1,862**	**3,047**	**470,316**
– Revenue from services	**–**	**–**	**759**	**759**
Total revenue	**465,407**	**1,862**	**3,806**	**471,075**
Segment result				
Operating profit/(loss)	**50,576**	**(1,067)**	**(2,485)**	**47,024**
Reconciliation:				
Share of losses of an associate	**(315)**	**–**	**–**	**(315)**
Finance costs	**(4,439)**	**–**	**–**	**(4,439)**
Interest income	**478**	**–**	**611**	**1,089**
Income tax expense	**(9,138)**	**–**	**–**	**(9,138)**
				34,221
Unallocated operating costs				**(2,634)**
Profit for the period				**31,587**
Other information:				
Depreciation and amortisation	**(7,544)**	**(200)**	**(1,712)**	**(9,456)**
Fair value gain on derivative instruments – net	**3,876**	**–**	**–**	**3,876**

Six months ended 30 June 2015 (Unaudited)

	Electronic products *HK$'000*	Biodiesel products *HK$'000*	Energy saving business *HK$'000*	Total *HK$'000*
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
Segment result				
Operating profit/(loss)	49,584	(10,264)	(3,575)	35,745
Reconciliation:				
Finance costs	(2,336)	(2)	(283)	(2,621)
Interest income	75	–	185	260
Income tax expense	(8,301)	–	–	(8,301)
				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 instruments – net	6,487	–	–	6,487
Impairment on goodwill	–	(8,259)	–	(8,259)

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:

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The United States	**268,837**	238,245
Hong Kong	**72,828**	63,358
Europe	**92,910**	104,128
Mainland China	**27,745**	15,443
Other countries	**8,755**	14,982
	471,075	436,156

For the six months ended 30 June 2016, revenues of approximately HK$203,835,000 (2015: HK$173,798,000) 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 assets are located, is as follows:

	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
		(Restated)
	HK$'000	*HK$'000*
Hong Kong	**252,774**	99,281
Mainland China	**43,707**	41,913
	296,481	141,194

5 PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	*HK$'000*
Cost of inventories sold and services provided	**258,433**	241,337
Auditors' remuneration	**1,565**	982
Depreciation	**7,844**	5,803
Amortisation of non-current prepayments	**1,587**	1,746
Impairment on goodwill	**–**	8,259
Amortisation of prepaid land lease payments	**25**	25
Written (back)/off of inventories to net realisable value	**(226)**	15
Wages and salaries (including directors' emoluments)	**94,190**	91,639
Loss/(gain) on disposal of property, plant and equipment	**696**	(79)
Foreign exchange differences, net	**(762)**	(678)
Realised loss on derivative instruments – net	**2,410**	632
Fair value gain on derivative instruments – transactions not qualifying as hedge	**(3,876)**	(6,487)
Operating lease payments on rented premises	**8,136**	8,725
Fair value loss on equity investments at fair value through profit or loss	**42**	84
Interest income from bank deposits	**(477)**	(78)
Interest income from long term receivables	**(612)**	(182)

6 FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and bank overdrafts	**4,400**	2,534
Interest element of finance leases	**39**	87
Total finance costs	**4,439**	2,621

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. Subsidiaries in Mainland China are subject to income tax rate of 25% on tax profits generated in Mainland China.

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax expense		
– Hong Kong	**3,564**	5,640
– Mainland China	**5,868**	3,025
Deferred income tax credit	**(294)**	(364)
Total tax expense for the period	**9,138**	8,301

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 449,620,200 (2015:380,448,200) in issue during the period.

The Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2016 and 2015.

9 INTERIM DIVIDEND

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend, proposed, of HK$0.05 (2015: HK$0.05) per ordinary share	**22,481**	19,022

The Board recommends the payment of an interim dividend of HK$0.05 per ordinary share for the six months ended 30 June 2016. The interim condensed consolidated financial statements 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 2016 has been approved by the Board on 30 August 2016.

10 LONG TERM RECEIVABLES

	30 June 2016 (Unaudited) *HK$'000*	31 December 2015 (Audited) *HK$'000*
Non-current long term receivables:		
Gross receivables	**9,155**	8,833
Less: unearned income	**(2,222)**	(2,272)
	6,933	6,561
Current long term receivables:		
Gross receivables	**23,004**	21,493
Less: unearned income	**(1,578)**	(1,514)
	21,426	19,979
Gross long term receivables:		
– No later than 1 year	**23,004**	21,493
– Later than 1 year and no later than 5 years	**9,155**	8,833
	32,159	30,326
Unearned future interest income from long term receivables	**(3,800)**	(3,786)
	28,359	26,540

11 TRADE RECEIVABLES

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
	HK$'000	*HK$'000*
Trade receivables	**138,097**	113,754
Less: provision for impairment of receivables	**–**	–
	138,097	113,754

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. As at 30 June 2016, the Group's largest customer accounted for approximately 23.3% of the total trade receivables (31 December 2015: 24.8%). This customer has long term trading relationship with the Group with no defaults in the past and hence the Group does not consider there is any significant credit risk in this regard. The Group's other trade receivables related to a large number of diversed customers, there is no significant concentration of credit risk.

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
	HK$'000	*HK$'000*
Within 1 month	**82,200**	73,510
1 to 2 months	**35,934**	28,366
2 to 3 months	**15,463**	8,420
Over 3 months	**4,500**	3,458
Total	**138,097**	113,754

12 TRADE AND BILLS PAYABLES

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

	30 June 2016 (Unaudited)	31 December 2015 (Audited) (Restated)
	HK$'000	*HK$'000*
Within 1 month	**61,904**	72,041
1 to 2 months	**45,607**	56,982
2 to 3 months	**24,698**	22,686
Over 3 months	**15,559**	8,869
Total	**147,768**	160,578

Trade payables are non-interest bearing and are normally settled on 30 to 90 day terms.

13 EVENTS AFTER THE REPORTING PERIOD

(i) On 30 June 2016, the Company has entered into a non-legally binding memorandum of understanding (the "Memorandum") with two independent third parties in relation to the possible acquisition of certain commercial properties located at Beijing, the People's Republic of China (the "PRC") for investment purposes. Details of the Memorandum are set out in the announcement issued by the Company dated 30 June 2016. As at the date of this announcement, the negotiations with the independent third parties are in progress and there is no formal sale and purchase agreement signed.

(ii) On 17 August 2016, the Company has entered into a subscription agreement (the "Subscription Agreement") with an independent third party for subscription of 52,562,020 new shares of the Company at the subscription price of HK$1.49 per each subscription share. Details of the Subscription Agreement are set out in the announcement issued by the Company dated 17 August 2016. The subscription shares shall be allotted and issued under the specific mandate to be sought at an extraordinary general meeting to be convened by the Company.

14 COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment.

INTERIM DIVIDEND

The Board declared an interim dividend of HK5.0 cents per ordinary share for the six months ended 30 June 2016, payable on or about 13 October 2016, to the shareholders whose names appear on the register of members of the Company on 23 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 September 2016 to 23 September 2016, 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 19 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Total turnover for the six months ended 30 June 2016 (the "Period") had increased by 8.0% to HK$471.1 million, as compared to HK$436.2 million for the same period in 2015. The turnover analysis by business segment for the two periods is as follows:

	For the six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Revenue from sales of electronic products	**465,407**	432,231
Revenue from sales of biodiesel products	**1,862**	2,859
Revenue from energy saving business	**3,806**	1,066
	471,075	436,156

Sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. The increase in total sales revenue from electronic products was mainly due to the increase in sales of finished electronic products, which had increased from HK$324.6 million in 2015 to HK$351.3 million in 2016. Sales of irrigation controller products to the largest customer of the Group in the United States had increased by approximately HK$30.0 million. 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$4.4 million and HK$2.1 million respectively during the Period.

The sales revenue from biodiesel products had dropped by 34.9%. After the closure of the Group's biodiesel production facilities located at Tuen Mun since September last year, the revenue from biodiesel business segment remains at low levels.

Regarding the energy saving business segment, total revenue generated during the Period was HK$3.8 million, as compared to HK$1.1 million in 2015. The total revenue represented mainly the energy saving revenue generated from retail stores of Suning Commerce Group Co., Ltd. ("Suning") and hotels operated by the HNA Group Co., Ltd. with LED lighting equipment installed. During the Period, the inspection procedures for the LED installation work at a hotel at Beijing operated by HNA Group Co., Ltd. were completed and revenue was generated since January this year. During the Period, the LED lighting equipment project (the "Suning EMC Project") with Suning continued.

In terms of geographical market, the United States continued to be the major market for the Group's products and accounted for approximately 57.1% of the total turnover for the Period (2015: 54.6%). Sales to customers in Hong Kong had increased by HK$9.5 million while sales to customers in Europe had decreased by HK11.2 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 18.2% for the six months period ended 30 June 2015 to 20.0% for 2016. The increase in overall gross profit margin was mainly due to 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, and adjustment in selling prices.

Expenses and other operating income/expenses

During the Period, total administrative expenses had increased by HK$7.1 million, whilst total distribution costs had remained stable. The increase in administrative expenses was mainly due to increase in wages and salaries by HK$2.6 million due to annual salary adjustment, and the depreciation of HK$3.1 million for the new head office in Hong Kong acquired in January this year. Total finance costs had increased by HK$1.8 million mainly due to the interests paid for the mortgage loan for the new head office and increase in other bank borrowings. Included in the net other operating income/expenses of HK$3.0 million for the Period was a fair value gain on derivative instruments of HK$3.9 million. There was a fair value gain on derivative instruments of HK$6.5 million for the corresponding period in 2015. Furthermore, 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 in 2015.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the Period was HK$29.2 million, compared to HK$22.8 million for 2015. The increase was mainly due to the increase in revenue generated during the year and the improvement in gross profit margin.

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$2.7 million to acquire plant and machinery, approximately HK$1.0 million to acquire motor vehicles and spent approximately HK$1.4 million on leasehold improvements to enhance its production capacity.

The Group believes that the current production facilities for the electronic 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 2016, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$207.0 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2016, total borrowings of the Group amounted to HK$300.1 million, comprising bank overdrafts of HK$2.8 million, bank loans of HK$294.5 million, trust receipt loans of HK$0.4 million and obligations under finance leases of HK$2.4 million, all of which are denominated in Hong Kong dollars.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 49 days, 86 days and 91 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 2016, the Group's total current assets had decreased by 1.3% to HK$579.4 million compared to HK$587.0 million as at 31 December 2015, and the Group's total current liabilities had increased by 38.2% to HK$502.1 million compared to HK$363.2 million as at 31 December 2015. The current ratio (current assets/current liabilities) as at 30 June 2016 was 1.15 times, compared to 1.62 times as at 31 December 2015. The drop in current ratio was mainly due to the increase in mortgage loan and other bank borrowings as included in current liabilities at 30 June 2016.

During the Period, the Company had not issued any 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 2016, the Company had in issue a total of 449,620,200 ordinary shares. During the Period, a new share option scheme (the "2016 Share Option Scheme") was adopted by the shareholders 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 30 June 2016, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2016 was HK$207.0 million, which had increased by HK$10.3 million compared to the balance at 31 December 2015.

The net cash generated from operating activities for the Period was HK$40.9 million. The net cash used in investing activities amounted to HK$96.0 million, which was mainly due to HK$94.9 million paid for the acquisition of the new head office in Hong Kong and other property, plant and equipment.

On the other hand, there was a net cash inflow of HK$65.4 million from financing activities. During the Period, new borrowings of HK$104.5 million were obtained and HK$16.7 million was used to repay borrowings and finance leases, and HK$22.5 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$197.8 million, mainly financed by mortgage loan, finance leases and internal resources of the Group.

PLEDGE OF ASSETS

At 30 June 2016, the Group had total bank borrowings (excluding obligations under finance leases) of HK$297.7 million, out of which HK$79.6 million were secured by short-term bank deposits of HK$11.5 million, trade receivables of HK$0.5 million and leasehold property of HK$188.9 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 interim condensed consolidated statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as 'equity', as shown in the interim condensed consolidated statement of financial position.

As at 30 June 2016, the gearing ratio of the Group was 24.3% (2015: 14.2%).

CONTINGENT LIABILITIES

At both 30 June 2016 and 31 December 2015, the Group did not have any material contingent liabilities.

EMPLOYEES

At 30 June 2016, the Group had 2,589 employees, of which 78 were employed in Hong Kong and 2,511 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.

During the Period, the Company has adopted the 2016 Share Option Scheme. No share options had been granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 30 June 2016, there were no share options remained outstanding.

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

FOREIGN EXCHANGE EXPOSURE

Most of the Group's 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 will consider various action to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. As at 30 June 2016, the Group did not have any outstanding forward foreign exchange contracts. 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 were 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 withdrawal of the United Kingdom from the European Union, and fluctuations in the global stock markets and foreign exchange rates, the Group foresees that the global economic environment in the second half of 2016 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 uncertain consequences of the withdrawal of the United Kingdom from the European Union will continue to 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.

The Wi-Fi equipment project with a Shenzhen subsidiary of China Unicom (Hong Kong) Limited ("China Unicom") continued during the Period and the Wi-Fi equipment is in the final stage of pilot testing. The Group expects to commence the installation work for China Unicom during the last quarter of 2016. The Group's equity investment in a private entity incorporated in Hong Kong, which is classified as available-for-sale investment, will provide a strong base for the Group's development in Wi-Fi equipment business.

The demand for the Group's irrigation controllers and other major electronic products will remain to be strong. On the other hand, some new products are expected to be launched during the last quarter of 2016. The Group has confidence that the overall performance of the electronic business segment will remain strong during the second half of 2016.

In terms of geographical market, the sales to United States customers accounted for over 50% of the total sales for the year. The Group foresees that United States will still be the major market for its products in 2016. The Group will continue to devote efforts to explore new markets and new customers to broaden its customer base.

Regarding the 49% owned associate established in the PRC for the manufacture and sale of printers and other accessory products, the factory located at Yi Chun had commenced operations in the second half of 2015. However, the contribution from this associate is not expected to be significant for the year 2016.

The demand for the Group's biodiesel products remained at low levels during the Period and management expects that the revenue from biodiesel products will remain stable during the second half of 2016.

As of 30 June 2016, about 50 energy efficient gas stoves had been installed for customers in Hong Kong. The Group expects that the total number of energy efficient gas stoves installed by the end of 2016 will be about 100.

Regarding the Suning EMC Project, the installation work continued during the Period and management expects the Group will complete the installation work at approximately 200 retail stores of Suning during the year 2016. The Group will continue the installation work at other retail stores of Suning in 2017.

On 30 June 2016, the Company has entered a non-legally binding memorandum of understanding (the "Memorandum") with two independent third parties in relation to the possible acquisition of certain commercial properties located at Beijing, the PRC for investment purposes. The Group expects that through such acquisition it will be benefited from the long term investment in the PRC property market and the rental income derived from the properties. Details of the Memorandum are set out in the announcement issued by the Company dated 30 June 2016. If the acquisition is materialised, it may constitute a notifiable transaction and further announcement will be made by the Company if a formal agreement has been signed or as and when appropriate pursuant to the requirements of the Listing Rules.

On 17 August 2016, the Company has entered into a subscription agreement (the "Subscription Agreement") with an independent third party for subscription of 52,562,020 new shares of the Company at a subscription of HK$1.49 per each subscription share. The Board considered that this will strengthen the capital base and financial position for the Group's future business development and broaden the shareholder base of the Company. The subscription will also help to enhance the further development of the Group's business in the PRC market, in terms of both the scope and scale of the business. Details of the Subscription Agreement are set out in the announcement issued by the Company dated 17 August 2016. The subscription shares shall be allotted and issued under the specific mandate to be sought at an extraordinary general meeting (the "EGM") to be convened by the Company. A circular containing further details of the Subscription Agreement, together with the notice convening the EGM, will be dispatched to the shareholders of the Company pursuant to the requirements of the Listing Rules.

Looking forward, the Group will continue to explore opportunities for new products and projects with other potential customers, both in the PRC and in Hong Kong, and will 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. Yen Yuen Ho, Tony.

The interim condensed consolidated financial statement have been reviewed by the Audit Committee at a meeting held on 30 August 2016, which is of the opinion that the interim condensed 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.

CHANGES IN INFORMATION OF DIRECTORS

During the Period and up to the date of this announcement, the changes in directors' information since publication of the 2015 annual report of the Company are as follows:

(a) Mr. Leung Kam Wah has resigned as an independent non-executive director, a member of the audit committee, the remuneration committee, and the nomination committee of the Company with effect from 12 August 2016; and

(b) Mr. Yen Yuen Ho, Tony was appointed as an independent non-executive director, a member of the audit committee, the remuneration committee and the nomination committee of the Company with effect from 12 August 2016.

Save as disclosed above, there were no other changes in directors' information since publication of the 2015 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 2016 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, 30 August 2016

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

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

Non-executive Director
Mr. Fan, William Chung Yue

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