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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Alltronics Holdings Limited (the “**Company**”) is pleased to present the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”) together with comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		For the six months ended 30 June	
	<i>Notes</i>	2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	4	613,594	527,492
Cost of sales		(491,729)	(428,406)
Gross profit		121,865	99,086
Distribution costs		(3,845)	(4,215)
Administrative expenses		(47,339)	(46,853)
Other operating income, net		1,650	5,552
Operating profit		72,331	53,570
(Provision of)/Reversal of impairment losses on trade receivables, net		(37)	1,245
Impairment losses on other receivables, net		(12,272)	–
Finance income		3,303	2,450
Finance costs	5	(6,252)	(7,699)

		For the six months ended	
		30 June	
	<i>Notes</i>	2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Profit before tax	6	57,073	49,566
Income tax expense	7	(12,546)	(9,064)
PROFIT FOR THE PERIOD		<u>44,527</u>	<u>40,502</u>
Attributable to:			
Owners of the Company		40,982	36,131
Non-controlling interests		3,545	4,371
		<u>44,527</u>	<u>40,502</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8	HK cents	HK cents
Basic and diluted		<u>8.7</u>	<u>7.6</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	44,527	40,502
Other comprehensive income		
<i>Other comprehensive income that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	8,447	3,892
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	8,447	3,892
Other comprehensive income for the period, net of tax	8,447	3,892
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	52,974	44,394
Attributable to:		
Owners of the Company	49,519	39,784
Non-controlling interests	3,455	4,610
	52,974	44,394

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		160,083	160,864
Right-of-use assets		35,571	19,205
Investment in associates		1,630	1,596
Goodwill		11,672	11,672
Other intangible assets		996	1,073
Financial assets at fair value through profit or loss ("FVTPL")		43,838	44,872
Other receivables		–	262
Deferred tax assets		12,902	11,190
Total non-current assets		266,692	250,734
CURRENT ASSETS			
Inventories		181,779	210,736
Trade receivables	10	189,700	185,304
Prepayments, other receivables and other assets		82,241	82,649
Tax recoverable		122	122
Pledged deposits		5,023	4,963
Cash and cash equivalents		487,058	445,069
Total current assets		945,923	928,843

	<i>Notes</i>	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	143,900	136,771
Other payables and accruals		68,701	79,914
Interest-bearing bank and other borrowings		165,038	191,387
Lease liabilities		23,302	14,308
Tax payable		23,698	14,818
Total current liabilities		424,639	437,198
NET CURRENT ASSETS		521,284	491,645
TOTAL ASSETS LESS CURRENT LIABILITIES		787,976	742,379
NON-CURRENT LIABILITIES			
Lease liabilities		11,347	4,778
Long service payment (“LSP”) obligations		590	590
Deferred tax liabilities		7,320	7,074
Total non-current liabilities		19,257	12,442
NET ASSETS		768,719	729,937
EQUITY			
Share capital		9,461	9,461
Reserves		700,392	665,065
Equity attributable to owners of the Company		709,853	674,526
Non-controlling interests		58,866	55,411
TOTAL EQUITY		768,719	729,937

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

Alltronics Holdings Limited 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 are the manufacture and trading of electronic products, plastic moulds, plastic and other components for electronic products. 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 30 June 2025 (At 31 December 2024: 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.

The interim condensed consolidated financial information for the six months ended 30 June 2025 were approved for issue by the Board on 28 August 2025.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "**Interim Financial Reporting**" as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the HKICPA, which collective term includes all applicable individual HKFRS accounting standards, HKAS and Interpretations ("**HKFRS Accounting Standards**").

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of amended standards effective as of 1 January 2025 noted below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Amended HKFRS Accounting Standards that are effective for annual period beginning on 1 January 2025

Amendments to HKAS 21

Lack of Exchangeability

The adoption of these amended HKFRS Accounting Standards 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.

3.2 Issued but not yet effective HKFRS Accounting Standards

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

HKFRS 18

Presentation and Disclosure in Financial Statements²

HKFRS 19

Subsidiaries without Public Accountability: Disclosures²

Amendments to HKFRS 9 and HKFRS 7

Amendments to the Classification and Measurement of Financial Instruments¹

Amendments to HKFRS 9 and HKFRS 7

Contracts Referencing Nature-dependent Electricity¹

Amendments to HKFRS 10 and

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³

HKAS 28

Amendments to HKFRS Accounting Standards

Annual Improvements to HKFRS Accounting Standards Volume 11¹

Amendments to Hong Kong Interpretation 5

Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause²

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ 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. The new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group's interim condensed consolidated financial statements.

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group only has one reportable segment, which is the electronic products segment. The biodiesel products segment and energy saving business segment have been combined and disclosed in an “all other segments” category.

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 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 Directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

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.

Period ended 30 June 2025 (Unaudited)	Electronic products HK\$'000	All other HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	<u>613,594</u>	<u>–</u>	<u>613,594</u>
Segment results			
Operating profit/(loss) before interest and tax	62,766	(107)	62,659
Finance costs (other than interests on lease liabilities)	(5,620)	–	(5,620)
Finance income	3,303	–	3,303
Income tax expense	<u>(12,546)</u>	<u>–</u>	<u>(12,546)</u>
	47,903	(107)	47,796
Unallocated operating costs			<u>(3,269)</u>
Profit for the period			<u>44,527</u>
Segment assets	1,145,622	2,872	1,148,494
Unallocated:			
Cash and cash equivalents			429
Prepayments and deposits			19,854
Financial asset at FVTPL			<u>43,838</u>
Total assets			<u>1,212,615</u>
Segment liabilities	436,955	282	437,237
Unallocated:			
Other payables and accruals			<u>6,659</u>
Total liabilities			<u>443,896</u>

Period ended 30 June 2024 (Unaudited)	Electronic products HK\$'000	All other HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	<u>527,492</u>	<u>–</u>	<u>527,492</u>
Segment results			
Operating profit/(loss) before interest and tax	57,628	(139)	57,489
Finance costs (other than interests on lease liabilities)	(6,936)	–	(6,936)
Finance income	2,430	20	2,450
Income tax expense	<u>(9,063)</u>	<u>(1)</u>	<u>(9,064)</u>
	44,059	(120)	43,939
Unallocated operating costs			<u>(3,437)</u>
Profit for the period			<u>40,502</u>
At 31 December 2024 (Audited)	Electronic products HK\$'000	All other HK\$'000	Total HK\$'000
Segment assets	1,108,976	4,729	1,113,705
Unallocated:			
Cash and cash equivalents			1,362
Prepayments and deposits			19,638
Financial asset at FVTPL			<u>44,872</u>
Total assets			<u>1,179,577</u>
Segment liabilities	440,473	1,250	441,723
Unallocated:			
Other payables and accruals			<u>7,917</u>
Total liabilities			<u>449,640</u>

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The United States	426,104	322,730
Hong Kong	36,731	48,611
Europe	68,997	86,075
The Peoples' Republic of China (the "PRC")	63,504	55,424
Other overseas countries	18,258	14,652
	<u>613,594</u>	<u>527,492</u>

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

(b) Non-current assets

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Hong Kong	166,529	167,973
The PRC	42,673	26,437
Other overseas countries	750	–
	<u>209,952</u>	<u>194,410</u>

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

Information about major customers

For the six months ended 30 June 2025, revenues from customers which individually contributed over 10% of the Group's revenue were as follows:

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Customer A	320,753	227,172
Customer B (<i>note a</i>)	N/A	57,090

These revenues were attributable to the electronic products segment.

Note a: For the six months ended 30 June 2025, the revenue from this customer contributed less than 10% of the Group's revenue.

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2025 (Unaudited)

Segments	Electronic products HK\$'000	All other HK\$'000	Total HK\$'000
Type of goods or services			
Sale of industrial products	613,594	–	613,594
Timing of revenue recognition			
Goods transferred at a point in time	613,594	–	613,594

For the six months ended 30 June 2024 (Unaudited)

Segments	Electronic products HK\$'000	All other HK\$'000	Total HK\$'000
Type of goods or services			
Sale of industrial products	527,492	–	527,492
Timing of revenue recognition			
Goods transferred at a point in time	527,492	–	527,492

5 FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and bank overdrafts	5,620	6,936
Interest on lease liabilities	632	763
	<u>6,252</u>	<u>7,699</u>
Total finance costs	<u>6,252</u>	<u>7,699</u>

6 PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold and services provided	354,319	293,837
Auditors' remuneration	1,151	1,066
Depreciation of property, plant and equipment	6,601	7,655
Depreciation of right-of-use assets	13,052	13,255
Amortisation of other intangible assets	77	–
Fair value loss/(gain) on financial assets at FVTPL, net	1,412	(305)
Write-down/(Write-back) of inventories to net realisable value	6,739	(2,581)
Wages and salaries (including directors' emoluments)	100,969	99,628
Foreign exchange differences, net	(1,072)	(4,653)
(Gain)/loss on disposal of property, plant and equipment	(242)	190
Interest income from bank deposits	(2,935)	(2,075)
Other interest income	(368)	(375)
	<u>(368)</u>	<u>(375)</u>

7 INCOME TAX EXPENSE

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

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period, 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 (2024: 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 2024.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in the PRC are subject to Corporate Income Tax at a rate of 25% (2024: 25%) on the taxable income.

	For the six months ended	
	30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong	6,169	4,940
Current – PRC	7,631	4,051
Under-provision in prior year	–	718
Deferred	(1,254)	(645)
	<u>12,546</u>	<u>9,064</u>
Total tax charge for the period	12,546	9,064

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 of HK\$40,982,000 (Six months ended 30 June 2024: HK\$36,131,000), and the weighted average number of ordinary shares of 473,058,180 (Six months ended 30 June 2024: 473,058,180) in issue during the six months ended 30 June 2025.

The Group had no potential dilutive ordinary shares in issue for the six months ended 30 June 2025 and 2024 and therefore, diluted earnings per share equals to basic earnings per share.

9 INTERIM DIVIDEND

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend, proposed, of HK\$0.03 (2024: HK\$0.03) per ordinary share	<u>14,192</u>	<u>14,192</u>

The Board recommends the payment of an interim dividend of HK\$0.03 per ordinary share for the six months ended 30 June 2025. The interim condensed consolidated 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 2025 has been approved by the Board on 28 August 2025.

10 TRADE RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	220,831	216,398
Less: ECL allowances	<u>(31,131)</u>	<u>(31,094)</u>
	<u>189,700</u>	<u>185,304</u>

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 2025, the Group's largest customer accounted for approximately 11.8% of total trade receivables (At 31 December 2024: 13.7%). This customer has long term trading relationship with the Group with no defaults in the past and hence the Group does not consider there is any significant credit risk in this regard. The Group's other trade receivables related to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	93,218	76,752
1 to 2 months	40,289	45,323
2 to 3 months	24,928	29,852
Over 3 months	31,265	33,377
	<hr/>	<hr/>
Total	189,700	185,304
	<hr/>	<hr/>

11 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 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	70,137	66,414
1 to 2 months	50,032	55,153
2 to 3 months	15,339	9,011
Over 3 months	8,392	6,193
	<hr/>	<hr/>
Total	143,900	136,771
	<hr/>	<hr/>

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

12 CONTINGENT LIABILITIES

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 be 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 law 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 had not received any writ of summons on this matter.

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 30 June 2025 and 31 December 2024.

13 EVENTS AFTER THE REPORTING PERIOD

- (a) On 1 August 2025, the Company entered into a non-legally binding letter of intent with an independent third party, in relation to the potential acquisition of a 51% equity interest (the **“Potential Acquisition”**) in a private limited company incorporated in Hong Kong and its subsidiaries (the **“Target Group”**). The Target Group is principally engaged in the research and development, manufacturing and sale of electronic products and owns and operates production facilities in the PRC. As at the date of this announcement, the negotiations with the independent third party are still in progress and no formal sale and purchase agreement has been signed. As the Potential Acquisition may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If the Potential Acquisition, if materialised, constitutes a notifiable transaction under Chapter 14 of the Listing Rules for the Company, further announcement(s) will be made by the Company as and when appropriate.
- (b) On 6 August 2025, Alltronics (BVI) Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Clearmoon International Limited, an independent third party of the Company and its connected persons (as defined under the Listing Rules), in relation to the acquisition of the entire issued share capital and a shareholder loan of Winner Sky Technology Hong Kong Limited (**“WSTHK”**), a company incorporated in Hong Kong with limited liability, at an aggregate consideration of RM4,392,546 (equivalent to approximately HK\$8,140,000*) (the **“Acquisition”**). The consideration is satisfied by internal resources of the Group and the Board expects that the Acquisition will not have any material adverse impact on the Group’s financial position or operations. WSTHK wholly owns a subsidiary incorporated in Malaysia, Winner Sky Technology Malaysia Sdn. Bhd., which in turn owns and operates production facilities at Penang, Malaysia. The principal business activities of WSTHK and its subsidiary are the manufacturing, assembling and sales of electronic products, components and parts. The Board considers that the Acquisition represents an important step in the Group’s strategic development to extend its production facilities to other Asian countries to meet the changing needs of its customers. The Acquisition will enable the Group to have its own production facilities in Malaysia and this will improve the flexibility of the Group’s production facilities to better serve its customers. As all the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules. All conditions precedent have been satisfied and completion of the Acquisition took place on 20 August 2025. Upon completion of the Acquisition, the Company indirectly owns the entire equity interest in WSTHK and its subsidiary, which have become indirectly wholly-owned subsidiaries of the Company and their financial results are to be consolidated into the Group’s financial statements.

INTERIM DIVIDEND

The Board declared an interim dividend of HK3.0 cents per ordinary share for the six months ended 30 June 2025, payable on or about 23 October 2025, to the shareholders whose names appear on the register of members of the Company on 25 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 September 2025 to 25 September 2025, 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 Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 22 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Revenue

Total turnover for the six months ended 30 June 2025 (the “**Period**”) had increased by 16.3% to HK\$613.6 million, as compared to HK\$527.5 million for the same period in 2024. The increase in turnover was due to the increase in demand from customers during the Period.

The turnover analysis by business segments for the two periods is as follows:

	For the six months ended	
	30 June	
	2025	2024
	HK\$'000	HK\$'000
Revenue from sales of electronic products	613,594	527,492
Revenue from other segment	<u>—</u>	<u>—</u>
	<u>613,594</u>	<u>527,492</u>

Sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. The sales of the Group's irrigation controller products had increased by approximately HK\$93.6 million to HK\$320.8 million, as compared to HK\$227.2 million for the same period in 2024. Sales of walkie-talkie products had decreased slightly by approximately HK\$1.5 million to HK\$54.2 million. On the other hand, sales of electronic component products had remained stable and increased by approximately HK\$0.5 million to HK\$106.0 million. Sales of plastic and moulds had increased by HK\$4.2 million to approximately HK\$32.4 million, compared to HK\$28.2 million for the same period in 2024.

There was no revenue from the other segment during the period.

In terms of geographical market, customers in the United States continued to be the major market for the Group's products which accounted for approximately 69.4% of the total revenue for the Period (2024: 61.2%). Management expected that United States will continue to be the dominant market for the Group's products during the second half of the year.

Gross profit

The overall gross profit margin had improved from 18.8% for the six months period ended 30 June 2024 to 19.9% for the Period. The improvement was mainly due to the increase in the proportion of sales of electronic products with higher profit margins.

Expenses and finance costs

Distribution costs had decreased by HK\$0.4 million which was mainly due to the drop in sales commission and transportation costs. Total administrative expenses increased slightly by approximately HK\$0.5 million mainly due to the increase in administrative salary costs and consultancy service fees during the Period. The total administrative staff costs for the Period, including directors' emoluments, had increased by approximately HK\$1.3 million.

Finance costs had decreased by HK\$1.4 million which was mainly due to the drop in interest on bank loans and borrowings during the Period.

Other operating income/expenses

During the Period, there was a net other operating income of approximately HK\$1.7 million which was mainly due to exchange gain and rental income.

Profit attributable to owners of the Company

The profit for the Period attributable to owners of the Company was HK\$41.0 million, compared to HK\$36.1 million for the same period in 2024. The increase in net profit was mainly due to the increase in sales revenue during 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 Yichun. During the Period, the Group spent approximately HK\$5.2 million to acquire property, plant and equipment to enhance its production capacity.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 June 2025, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$492.1 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2025, total borrowings of the Group amounted to HK\$165.0 million, which were all bank loans, of which HK\$15.1 million were denominated in United States dollars, HK\$139.0 million were denominated in Hong Kong dollars and HK\$10.9 million were denominated in Renminbi respectively.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 55 days, 72 days and 65 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 2025, the Group's total current assets were HK\$945.9 million compared to HK\$928.8 million as at 31 December 2024, and the Group's total current liabilities were HK\$424.6 million compared to HK\$437.2 million as at 31 December 2024. The current ratio (current assets/current liabilities) as at 30 June 2025 was 2.23 times, compared to 2.12 times as at 31 December 2024.

During the Period, the Company had not issued any new shares and had not repurchased any of its own shares on the Stock Exchange.

At 30 June 2025, 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 30 June 2025, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2025 was HK\$492.1 million, which had increased by HK\$42.1 million compared to the balance at 31 December 2024.

The net cash generated from operating activities for the Period was HK\$105.7 million. The net cash used in investing activities amounted to HK\$12.2 million, which was mainly due to HK\$5.2 million being paid for the acquisition of property, plant and equipment and the increase in loan receivables by HK\$7.5 million.

On the other hand, there was a net cash outflow of HK\$54.2 million from financing activities. During the Period, new borrowings of HK\$65.1 million were obtained, and HK\$105.1 million was used to repay borrowings and principal repayment of lease liabilities. During the Period, the Company paid a dividend of HK\$14.2 million to its shareholders.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK\$5.2 million, mainly financed by internal resources of the Group.

PLEDGE OF ASSETS

At 30 June 2025, the Group had total bank borrowings of HK\$165.0 million, out of which HK\$42.9 million were secured by the land and buildings and right-of-use assets of HK\$138.6 million in aggregate.

DEBT POSITION AND GEARING

As at 30 June 2025 and 31 December 2024, the Group was not in a net debt (being total bank loans and other borrowings and lease liabilities excluding trade debts and net of cash and cash equivalents) position. At 30 June 2025, the total equity was approximately HK\$768.7 million (At 31 December 2024: HK\$729.9 million). There was no gearing percentage as at 30 June 2025 and 31 December 2024.

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

CONTINGENT LIABILITIES

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 be 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 law 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 had not received any writ of summons on this matter.

Save as disclosed above, the Group did not have any other material contingent liabilities as at both 30 June 2025 and 31 December 2024.

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. The Borrower and the Guarantor have not settled the Debt in accordance with the repayment terms in the Settlement Agreement. 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.

In August 2021, 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 liquidation against the Guarantor is still in progress.

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 30 June 2025, the Group had 2,213 employees, of which 65 were employed in Hong Kong and 2,148 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 30 June 2025, 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 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 30 June 2025, 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

During the first half of the year 2025, the demand for the Group's electronic products remained strong and has resulted in an increase in revenue when compared to the same period in the prior year. However, management expects the operating environment to remain challenging in the second half of the year and will keep alert and remain cautious.

Factors including the ongoing trade disputes between the United States and the PRC may further escalate geopolitical tensions and have a negative impact on the global economy. The tariffs imposed by the United States may further reduce the demand for the Group's electronic products manufactured at its factories located in the PRC. The various sanctions imposed or to be imposed on Hong Kong by the United States and other countries will continue to pose challenges to the Group's business. On the other hand, the risk of fluctuation in the exchange rate of Renminbi against United States dollars and Hong Kong dollars and the risk of high inflation and fluctuation in the interest rate will also affect the performance of the Group's electronic products segment. The Group will pay close attention to these factors and will continue to tighten controls over production costs and overheads and improve production efficiency to maximise the gross profit margin.

The tariffs imposed by the United States have impacted trade dynamics globally. An increasing number of customers have requested the Group to have production facilities established outside the PRC. On 20 August 2025, the Group completed the acquisition of a private limited company incorporated in Malaysia with production facilities in Penang, Malaysia. The acquisition will strengthen the market position of the Group in the electronics industry and establish its presence in Malaysia as well as the Southeast Asia region. The acquisition will result in more business opportunities for the Group and will also provide flexibility to the customers of the Group. The Group is actively seeking business opportunities in acquiring production facilities in Vietnam. 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.

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

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 Director 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 as set out in Appendix C1 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 C3 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 Period.

CHANGES IN INFORMATION OF DIRECTORS

At the annual general meeting of the Company held on 29 May 2025 (the “**AGM**”), Mr. Yau Ming Kim, Robert (“**Mr. Yau**”) retired as an independent non-executive director of the Company and did not seek for re-election. Mr. Yau has retired as an independent non-executive director of the Company upon conclusion of the AGM, and has ceased to be a member of each of the audit committee, remuneration committee and nomination committee of the Company. Mr. Lin Kam Sui, being an independent non-executive director of the Company, has been appointed as a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect from the conclusion of the AGM to fill up the vacancy as a result of the retirement of Mr. Yau.

Save as disclosed above, there were no other changes in directors’ information since publication of the 2024 annual report of the Company and there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

AUDIT COMMITTEE

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

The interim condensed consolidated financial statements have been reviewed by the Audit Committee at a meeting held on 28 August 2025, 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. Yen Yuen Ho, Tony and Mr. Lin Kam Sui.

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. Yen Yuen Ho, Tony and Mr. Lin Kam Sui.

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 of the Company for the six months ended 30 June 2025 containing the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 28 August 2025

* Converted at an exchange rate of approximately RM1=HK\$1.85. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

For identification purpose only.

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. Yen Yuen Ho, Tony and Mr. Lin Kam Sui