ALLTRONICS HOLDINGS LIMITED
華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 833)

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

– Turnover of the Group for the year of 2007 was HK$575 million, down by 2.9%;

– Profit attributable to equity holders for the year was HK$49 million, up by 11.7%;

– Basic earnings per share was HK15.97 cents, up by 9.4%; and

– The Board declared a final dividend of HK4.0 cents per share for the year 2007

The Board (the "Board") of Directors ("Directors") of Alltronics Holdings Limited (the "Company") is pleased to announce the preliminary results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007, prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by The Hong Kong Institute of Certified Public Accountants, together with comparative figures for the corresponding year in 2006. The annual results have been reviewed by the audit committee of the Company.

RESULTS

The Board is pleased to report that the Group achieved a turnover amounting to HK$575,080,000 in the financial year ended 31 December 2007, representing a decrease of 2.9% as compared with HK$592,318,000 for the previous year. The net profit attributable to equity holders for the current year is HK$48,917,000, which has increased by 11.7% from the previous year's net profit of HK$43,785,000.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

		Year ended 31 December	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**575,080**	592,318
Cost of sales	*4*	**(441,582)**	(461,263)
Gross profit		**133,498**	131,055
Distribution costs	*4*	**(5,456)**	(5,820)
Administrative expenses	*4*	**(61,052)**	(63,180)
Other losses – net	*5*	**(1,533)**	(1,000)
Operating profit		**65,457**	61,055
Finance costs – net	*6*	**(3,565)**	(6,281)
Share of loss of an associate		**–**	(188)
Profit before income tax		**61,892**	54,586
Income tax expense	*7*	**(11,163)**	(9,439)
Profit for the year		**50,729**	45,147
Attributable to:			
Equity holders of the Company		**48,917**	43,785
Minority interest		**1,812**	1,362
		50,729	45,147
Earnings per share for profit attributable to the equity holders of the Company during the year *(expressed in HK cents per share)*			
– Basic	*8*	**15.97**	14.60
– Diluted	*8*	**15.92**	14.43
Dividends	*9*	**28,154**	21,000

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

		At 31 December	
		2007	2006
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**57,528**	56,061
Leasehold land and land use rights		**2,122**	2,172
Intangible asset		**11,672**	11,672
Available-for-sale financial assets		**3,482**	3,238
Prepayment for non-current assets		**1,683**	4,822
Deferred income tax assets		**54**	53
Total non-current assets		**76,541**	78,018
Current assets			
Inventories		**83,447**	88,237
Trade receivables	*10*	**64,516**	84,634
Prepayments, deposits and other receivables		**3,774**	23,403
Amount due from an associate		**–**	2
Amount due from a related company		**509**	919
Amount due from ultimate holding company		**29**	29
Amount due from minority shareholders of a subsidiary		**1,522**	1,640
Other financial assets at fair value through profit or loss		**–**	10,458
Pledged bank deposits		**2,376**	2,432
Cash and cash equivalents		**104,634**	55,511
Total current assets		**260,807**	267,265
Total assets		**337,348**	345,283
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**3,130**	3,000
Reserves			
Proposed final dividends		**12,520**	11,400
Others		**187,668**	149,444
		203,318	163,844
Minority interest		**6,956**	4,840
Total equity		**210,274**	168,684

	Note	At 31 December 2007 HK$'000	2006 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**7,205**	15,695
Deferred income tax liabilities		**1,568**	1,522
Total non-current liabilities		**8,773**	17,217
Current liabilities			
Trade payables	*11*	**51,253**	56,474
Accruals and other payables		**24,261**	18,153
Current income tax liabilities		**1,983**	22,912
Borrowings		**40,804**	61,843
Total current liabilities		**118,301**	159,382
Total liabilities		**127,074**	176,599
Total equity and liabilities		**337,348**	345,283
Net current assets		**142,506**	107,883
Total assets less current liabilities		**219,047**	185,901

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Minority interest HK$'000	Total HK$'000
Balance at 1 January 2006	3,000	51,960	72,354	4,500	3,258	135,072
Fair value gain on available-for-sale financial assets	–	171	–	–	164	335
Currency translation differences	–	560	–	–	56	616
Employee share option scheme – value of employee services	–	1,614	–	–	–	1,614
Profit for the year	–	–	43,785	–	1,362	45,147
Final dividend relating to 2005	–	–	–	(4,500)	–	(4,500)
Interim dividend paid	–	–	(9,600)	–	–	(9,600)
Proposed final dividend	–	(11,400)	–	11,400	–	–
Balance at 31 December 2006	3,000	42,905	106,539	11,400	4,840	168,684
Balance at 1 January 2007 as per above	3,000	42,905	106,539	11,400	4,840	168,684
Fair value gain on available-for-sale financial assets	–	124	–	–	120	244
Currency translation differences	–	2,790	–	–	180	2,970
Contribution by minority shareholders of a subsidiary	–	–	–	–	4	4
Employee share option scheme – issues of shares upon exercise of share options	130	14,289	–	–	–	14,419
Employee share option scheme – value of employee services	–	353	–	–	–	353
Profit for the year	–	–	48,917	–	1,812	50,729
Final dividend relating to 2006	–	(95)	–	(11,400)	–	(11,495)
Interim dividend paid	–	–	(15,634)	–	–	(15,634)
Proposed final dividend	–	–	(12,520)	12,520	–	–
Allocation to statutory reserve	–	3,314	(3,314)	–	–	–
Balance at 31 December 2007	3,130	63,680	123,988	12,520	6,956	210,274

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company was incorporated in the Cayman Islands on 24 July 2003 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 July 2005. The principal place of business of the Company is at Room 1108, 11/F, Eastwood Centre, No. 5 A Kung Ngam Village Road, Shau Kei Wan, Hong Kong.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 23 April 2008.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Standards, amendments to standards and interpretations effective in 2007

A number of new standards, amendments to standards and interpretations are mandatory for the financial year ended 31 December 2007. The Group adopted those which are relevant to its operations.

- HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and accounts payables.

- HK(IFRIC) – Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

- HK(IFRIC) – Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

There is also a number of new standards, amendments to standards and interpretations issued that are not yet effective for the financial year ended 31 December 2007. The Group has carried out a preliminary assessment of these standards, amendments to standards and interpretations and considered that HKAS 23 (Revised), HK(IFRIC) – Int 11, HK(IFRIC) – Int 12, HK(IFRIC) – Int 13 and HK(IFRIC) – Int 14 may not have significant impact on the Group's results of operations and financial position but a detailed assessment is still being carried on. The Group is also in the process of assessing the impact of HKFRS 8.

3 Revenue and segment information

The Group is principally engaged in the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products.

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**575,080**	592,318
Other income		
Interest income on other financial assets at fair value through profit or loss	**–**	1,318
Dividends from other financial assets at fair value through profit or loss	**–**	14
Dividends from available-for-sale financial assets	**22**	–
	575,102	593,650

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format in these consolidated financial statements because this is more relevant to the Group in making operating and financial decisions.

(a) Primary reporting format – business segment

During the year, the Group has been operating in one single business segment, namely the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products.

(b) Secondary reporting format – geographical segment

The Group's business segment operates in five main geographical areas, even though they are managed on a worldwide basis.

The Group's revenue arises mainly in places/countries within Hong Kong, the United States, Europe and the People's Republic of China ("PRC"). Revenue is allocated based on the places/countries in which the customers are located.

Revenue

	2007	2006
	HK$'000	*HK$'000*
The United States	**361,781**	406,798
Europe	**50,695**	39,245
PRC	**16,163**	25,297
Hong Kong	**125,159**	93,305
Other countries	**21,282**	27,673
	575,080	592,318

Capital expenditure is allocated based on where the assets are located.

Capital expenditure

	2007	2006
	HK$'000	*HK$'000*
PRC	**13,403**	18,977
Hong Kong	**2,618**	2,780
	16,021	21,757

Total assets are allocated based on where the assets are located.

Total assets

	2007	2006
	HK$'000	*HK$'000*
PRC	**148,029**	151,347
Hong Kong	**189,319**	193,936
	337,348	345,283

4 Expenses by nature

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**307,285**	326,732
Provision for impairment of inventories	**2,639**	622
Employee benefit expense – excluding Directors' emoluments	**89,723**	83,977
Employee benefit expense – Directors' emoluments	**6,094**	9,083
Depreciation		
– Owned fixed assets	**13,319**	11,841
– Leased fixed assets	**1,626**	2,498
Provision for impairment on receivables	**469**	5,531
Impaired receivables written-off	**113**	1,370
Amortisation of prepaid operating lease payments	**50**	50
Operating lease payments	**10,530**	8,933
Auditor's remuneration	**1,289**	1,152
Other expenses	**74,953**	78,474
Total cost of sales, distribution costs, and administrative expenses	**508,090**	530,263

5 Other losses – net

	2007	2006
	HK$'000	*HK$'000*
Gain on disposals of other financial assets at fair value through profit or loss	**2,522**	660
Other financial assets at fair value through profit or loss – fair value gain	**–**	458
Interest income on other financial assets at fair value through profit or loss	**–**	1,318
Dividends from other financial assets at fair value through profit or loss	**–**	14
Dividends from available-for-sale financial assets	**22**	–
Net foreign exchange loss	**(3,136)**	(3,118)
Loss on disposal of property, plant and equipment	**(1,187)**	(25)
Others	**246**	(307)
	(1,533)	(1,000)

The interest income and dividends from other financial assets at fair value through profit or loss for the year ended 31 December 2006 were derived from listed investments.

6 Finance costs – net

	2007	2006
	HK$'000	*HK$'000*
Interests on bank loans and bank overdrafts	**7,242**	9,137
Interest element of finance leases	**360**	367
Total finance costs	**7,602**	9,504
Less: Interest income from bank deposits	**(4,037)**	(3,223)
Finance costs – net	**3,565**	6,281

7 Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2007	2006
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**7,911**	7,132
– PRC enterprise income tax *(Note a)*	**3,172**	2,052
Under-provision in prior years	**35**	28
Deferred income tax	**45**	227
	11,163	9,439

Note:

(a) PRC enterprise income tax has been calculated on the estimated assessable profits at the rates of taxation prevailing in the PRC. The Company has four subsidiaries operating in the PRC, namely Shenzhen Allcomm Electronic Co. Ltd. ("Shenzhen Allcomm"), Alltronics Tech. Mftg. Limited ("ATM"), Southchina Engineering and Manufacturing Limited ("Southchina") and 南盈科技發展(深圳)有限公司 ("南盈"). During the year, Shenzhen Allcomm, ATM, Southchina and 南盈 are subject to a standard income tax rate of 15% in accordance with the relevant applicable tax laws. 南盈 is entitled to full exemption of PRC income tax for the two years ended 31 December 2005, followed by a 50% reduction of PRC income tax (i.e. 7.5%) for the three years ending 31 December 2008.

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**48,917**	43,785
Weighted average number of ordinary shares in issue *(thousand)*	**306,388**	300,000
Basic earnings per share *(HK cents per share)*	**15.97**	14.60

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**48,917**	43,785
Weighted average number of ordinary shares in issue *(thousand)*	**306,388**	300,000
Adjustments for share options *(thousand)*	**825**	3,514
Weighted average number of ordinary shares for diluted earnings per share *(thousand)*	**307,213**	303,514
Diluted earnings per share *(HK cents per share)*	**15.92**	14.43

9 Dividends

	2007	2006
	HK$'000	*HK$'000*
Interim dividend paid of HK5.0 cents (2006: HK3.2 cents) per ordinary share	**15,634**	9,600
Proposed final dividend of HK4.0 cents (2006: HK3.8 cents) per ordinary share *(Note a)*	**12,520**	11,400
	28,154	21,000

Note:

(a) A final dividend in respect of 2007 of HK4.0 cents per share, amounting to a total of HK$12,520,000 is to be proposed at the Annual General Meeting to be held on 23 May 2008. These financial statements do not reflect this as dividend payable but accounted for as the proposed dividends from the reserves.

10 Trade receivables

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**65,528**	90,318
Less: provision for impairment of receivables	**(1,012)**	(5,684)
	64,516	84,634

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

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**36,203**	49,872
31 – 60 days	**16,787**	19,931
61 – 90 days	**5,657**	9,750
91 – 120 days	**4,310**	4,727
121 – 365 days	**1,116**	5,736
Over 365 days	**1,455**	302
	65,528	90,318
Less: provision for impairment of receivables	**(1,012)**	(5,684)
	64,516	84,634

11 Trade payables

The ageing analysis of the trade payables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**24,154**	23,551
31– 60 days	**19,777**	20,122
61– 90 days	**5,649**	7,911
91 – 120 days	**941**	2,570
121 – 365 days	**587**	2,200
Over 365 days	**145**	120
	51,253	56,474

The credit period granted by the creditors generally ranged from 30 to 60 days.

12 Ultimate holding company

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 67.1% of the Company's shares as at 31 December 2007. In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company of the Company. The remaining 32.91% of the shares are widely held.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

During the year ended 31 December 2007, the turnover of the Group decreased slightly by 2.9% to HK$575 million, as compared to HK$592 million for the year 2006. The table below shows the turnover analysis by electronic products; components for electronic products; and plastic moulds and plastic components for the two years ended 31 December 2007 and 2006 respectively:

	2007	2006
	HK$'000	*HK$'000*
Sales of electronic products	**464,359**	465,921
Sales of components for electronic products	**71,607**	75,265
Sales of plastic moulds and plastic components	**39,114**	51,132
	575,080	592,318

The turnover for electronic products dropped slightly by HK$2 million to HK$464 million whereas the turnover for components for electronic products dropped by HK$3 million to HK$72 million only. The decreases were mainly due to the reduction of sales to the United States market, especially during the second half of 2007. Total sales of plastic moulds and plastic components dropped by HK$12 million during the year.

During the year 2007, the sales of the Group's major product, irrigation controllers, remained strong and achieved a total turnover of HK$262 million as compared to HK$245 million last year. However, the increase in sales of irrigation controllers was cancelled out by the drop in sales of other electronic products sold to the United States market, such as carbon monoxide detectors. As a result, the overall sales of electronic products dropped slightly by HK$2 million.

The decrease in turnover for the Group's components for electronic products was mainly due to the fall in sales to the United States market as a result of keen competition and the downturn in the United States economy. The drop in sales of plastic moulds and plastic components was mainly due to the Group's intention to reduce the scale of the plastic and moulds operations so that more resources can be focused on other higher margin products.

Gross Profit

Despite the reduction in overall turnover, the increase in labour costs and overhead and the consistent appreciation in the value of Renminbi during the year, gross profit margin for the year improved slightly from 22.1% for the year 2006 to 23.2%. The increase was mainly due to the change in product mix with the proportion of sales of electronic products increased from 78.7% to 80.8%. During the year, the Group also adjusted its product prices to compensate part of the increased material costs and overhead.

Operating Expenses

During the year ended 31 December 2007, distribution costs were at approximately 1.0% of turnover. This is the same as that for previous year. Total administrative expenses dropped by HK$2 million to HK$61 million during the year. The fall was mainly due to the Group's continued effort to tighten its control over cost and overhead. During the year, salary costs increased by HK$6 million as a result of annual salary review in January. On the other hand, provision for impairment on trade receivables and directors' emoluments were lowered by HK$5 million and HK$3 million respectively.

As a result of improvement in overall liquidity position due to cash inflow from operations, the Group reduced its utilisation of banking facilities granted by our bankers. This has resulted in a reduction in finance costs from HK$10 million to HK$8 million. On the other hand, bank interest income for the year increased by HK$1 million as a result of the increase in bank balances.

Net Profit

The net profit margin for the year has increased from 7.6% for the year 2006, to 8.8% for the year 2007. The increase in net profit margin was mainly due to the improvement in gross profit margin and the drop in administrative expenses, as explained above.

PRODUCTION FACILITIES

The Group currently has three production plants located in Shenzhen, the PRC, for the production of electronic products; components for electronic products and moulds and plastic components respectively. During the year 2007, the Group spent HK$7 million to acquire new plant and machinery and HK$5 million on leasehold improvements to enhance its production capacity to cope with the demand from customers. The Group believes that the current production facilities are sufficient for its production requirements in the near future.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The financial position of the Group remains strong and healthy. At 31 December 2007, total cash and cash equivalents, net of current bank overdrafts, amounted to HK$95 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2007, the total borrowings of the Group amounted to HK$48 million, comprising bank overdrafts of HK$10 million, bank loans of HK$19 million, bills payable and trust receipt loans of HK$14 million and obligations under finance leases of HK$5 million, all of which are denominated in Hong Kong dollars. The average effective interest rates for each of these borrowings at 31 December 2007 ranged from 5.9% to 7.3%.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were 41 days, 69 days and 61 days respectively for the year 2007. The turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

At 31 December 2007, the Company had in issue a total of 312,990,000 ordinary shares of HK$0.01 each.

CASH FLOWS

Total balance of cash and cash equivalents at 31 December 2007, net of current bank overdrafts, was HK$95 million, which increased by HK$50 million compared to the balance at 31 December 2006.

The net cash generated from operating activities for the year was HK$69 million. The net cash generated from investing activities in 2007 amounted to HK$7 million, which was mainly due to the net cash received from purchases and disposals of financial assets at fair value through profit or loss of HK$13 million; interest income of HK$4 million; less the amount of HK$14 million spent on the addition of property, plant and equipment.

There was a net cash outflow of HK$27 million from financing activities in 2007. During the year, HK$14 million was received from issues of new shares upon exercise of share options granted. New borrowings of HK$24 million were obtained. On the other hand, HK$38 million was used to repay bank borrowings and finance leases, and HK$27 million was paid to shareholders as dividend.

PLEDGE OF ASSETS

At 31 December 2007, the Group had total bank borrowings of HK$43 million, out of which HK$29 million were secured by short-term bank deposits of HK$2 million, available-for-sale financial assets of HK$3 million and trade receivables of HK$2 million.

GEARING RATIO

At 31 December 2007, total borrowings, excluding trade related debts, were HK$34 million and the shareholders' equity was HK$203 million. The gearing ratio of the Group was therefore 16.7%, which has improved significantly from 28.7% recorded at 31 December 2006. It is to be noted that total cash and total cash equivalents balances at 31 December 2007 were HK$105 million and, after deduction of total borrowings of HK$48 million, the Group had a net cash position of HK$57 million.

CONTINGENT LIABILITIES

At both 31 December 2006 and 31 December 2007, the Group did not have any material contingent liabilities.

EMPLOYEES

At 31 December 2007, the Group had 3,262 employees, of which 79 were employed in Hong Kong and 3,183 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 regulation in the PRC. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group. Total staff costs, excluding Directors' emoluments, incurred by the Group for 2007 amounted to HK$90 million.

The Company has also adopted a share option scheme on 22 June 2005. During the year, a total of 600,000 share options were granted to two senior staff of the Group. These share options do not have any vesting period and are exercisable within a period of two years to 5 July 2009 at an exercise price of HK$2.94 per share.

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 have contributed to the success of the Group.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's sales are denominated in United States dollars and Hong Kong dollars and most of the purchases of raw materials are denominated in United States dollars, Hong Kong dollars and Renminbi. Furthermore, as most of the Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi, the exchange rate risk of the Group for the time being is not considered to be significant.

However, in view of the consistent appreciation in the value of Renminbi, the management is considering making arrangement to hedge against fluctuation in the value of Renminbi. Other than this, it is not necessary for the Group to have any kind of financial instruments for hedging purposes or to adopt any formal hedging policy.

OUTLOOK

In view of the challenges and adverse global economic environment in 2008, the Group will pursue a more cost effective operational structure and will continue to tighten its controls over production costs and overheads so as to maximize the gross profit margins. The Group will continue the development of medical health care products; environmental protection products and energy savings products in order to broaden its product base to attract new customers.

In terms of markets, the recent sub-prime lending debacle and the downturn of the property market in the United States will have an adverse effect on the Group's products sold to the United States. However, the Group will continue to devote significant effort to explore other markets in Europe, PRC and other Asian countries, so that the turnover by geographic locations will be spread more evenly in future periods.

Although there are challenges ahead in terms of competition and rising production costs, management is confident that it will meet these challenges because it has a well balanced worldwide customer base; consistently high quality products; and timely delivery, strong engineering and development support to its customers allied with an experienced and dedicated management team and its highly skilled and efficient workforce.

DIVIDENDS

In appreciation of the support from our shareholders, the Board proposes the payment of a final dividend of HK4.0 cents per share. Together with the interim dividend of HK5.0 cents per share paid in November 2007, the total dividends paid for the year 2007 will be HK9.0 cents per share, representing a dividend payout of 57.6% of the profit attributable to equity holders for the year 2007. All dividends are paid in cash from funds generated from the Group's operations. The Group has sufficient funds for its future expansion after the payment of dividends.

The proposed final dividend of HK4.0 cents per share will be payable to shareholders whose names appear on the register of members of the Company on Friday, 23 May 2008. The Register of Members will be closed from Tuesday, 20 May 2008 to Friday, 23 May 2008, both days inclusive, and the proposed final dividend will be paid on or about Tuesday, 10 June 2008. The payment of dividend shall be subject to the approval of the shareholders at the forthcoming Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 May 2008 to Friday, 23 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 19 May 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the current year.

CORPORATE GOVERNANCE

The Company and its Directors confirm, to the best of their knowledge, that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as contained in Appendix 14 of the Listing Rules (the "Corporate Governance Code"), except for the deviation as mentioned below.

Code Provision A.2.1 stipulates that the role of Chairman and Chief Executive should be separated and ought 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 OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code for dealing in securities of the Company by the Directors (the "Code"). Having made specific enquiry of all Directors of the Company, all the Directors of the Company confirmed that they had complied with the required standard as set out in the Code for the year ended 31 December 2007.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") pursuant to a resolution of the Board passed on 22 June 2005 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duty of the Audit Committee is to review the financial reporting process of the Group. The Audit Committee comprises the three Independent Non-Executive Directors of the Company, namely Mr. Barry John Buttifant, Mr. Leung Kam Wah and Ms. Yeung Chi Ying. Mr. Barry John Buttifant is the Chairman of the Audit Committee.

The annual results of the Group for the year ended 31 December 2007 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") pursuant to a resolution of the Board passed on 22 June 2005 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duty of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior executives of the Group. In addition, it has the responsibility for reviewing and making appropriate recommendations to the Board on compensation payable to Executive Directors and senior executives in connection with any loss or termination of their office, or relating to dismissal or removal of Directors for misconduct.

The Remuneration Committee comprises the three Independent Non-Executive Directors and two Executive Directors of the Company, namely Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Barry John Buttifant, Mr. Leung Kam Wah and Ms. Yeung Chi Ying. Mr. Lam Yin Kee is the Chairman of the Remuneration Committee.

ANNUAL GENERAL MEETING

The Annual General Meeting 2008 ("AGM") will be held at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 23 May 2008 at 3:00 p.m.. The notice of the AGM will be 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) and will also be dispatched to shareholders on or about 30 April 2008.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement will be published on the website of the Stock Exchange (http://www.hkexnews.hk) and our Company's website (http://www.irasia.com/listco/hk/alltronics/index.htm). The annual report for the year ended 31 December 2007 containing the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Lam Yin Kee
Chairman

Hong Kong, 23 April 2008

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

Executive Directors
Mr. Lam Yin Kee, Ms. Yeung Po Wah and Mr. Toshio Daikai

Non-Executive Director
Mr. Fan, William Chung Yue

Independent Non-Executive Directors
Mr. Barry John Buttifant, Mr. Leung Kam Wah and Ms. Yeung Chi Ying

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.