ALLTRONICS HOLDINGS LIMITED

華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 833)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board (the "Board") of directors ("Directors") of Alltronics Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009, 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 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	4	**449,388**	497,364
Cost of sales	5	**(369,713)**	(439,594)
Gross profit		**79,675**	57,770
Other income	4	**21**	21
Distribution costs	5	**(3,593)**	(4,783)
Administrative expenses	5	**(52,817)**	(55,919)
Other losses – net	6	**(2,722)**	(2,479)
Operating profit/(loss)		**20,564**	(5,390)
Finance costs – net	7	**(3,890)**	(4,071)
Profit/(loss) before income tax		**16,674**	(9,461)
Income tax expense	8	**(5,848)**	(1,096)
Profit/(loss) for the year		**10,826**	(10,557)

	Note	2009 HK$'000	2008 HK$'000
Attributable to:			
Equity holders of the Company		**13,877**	(9,602)
Minority interest		**(3,051)**	(955)
		10,826	(10,557)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the year *(expressed in HK cents per share)*			
– Basic	*9*	**4.41**	(3.08)
– Diluted	*9*	**4.37**	N/A
Dividends	*10*	**15,716**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 HK$'000	2008 HK$'000
Profit/(loss) for the year	**10,826**	(10,557)
Other comprehensive income/(loss)		
Fair value (loss)/gain on available-for-sale financial assets	**(4)**	131
Currency translation differences	–	873
Total comprehensive income/(loss) for the year	**10,822**	(9,553)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**13,875**	(8,892)
Minority interest	**(3,053)**	(661)
	10,822	(9,553)

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**55,622**	64,942
Leasehold land and land use rights		**2,021**	2,072
Intangible assets		**20,452**	20,508
Available-for-sale financial assets		**2,610**	3,613
Prepayments for non-current assets		**671**	2,894
Deferred income tax assets		**1,036**	2,660
Total non-current assets		**82,412**	96,689
Current assets			
Inventories		**72,900**	80,430
Trade receivables	*11*	**77,388**	89,495
Prepayments, deposits and other receivables		**7,561**	6,586
Amount due from a related company		**–**	8,218
Amount due from ultimate holding company		**34**	29
Amount due from minority shareholders of a subsidiary		**980**	557
Other financial assets at fair value through profit or loss		**6,899**	–
Derivative financial instruments		**388**	–
Pledged bank deposits		**3,433**	2,410
Cash and cash equivalents		**91,172**	64,796
Total current assets		**260,755**	252,521
Total assets		**343,167**	349,210
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**3,143**	3,143
Reserves			
Proposed dividend		**9,430**	–
Others		**169,380**	171,221
		181,953	174,364
Minority interest		**(3,938)**	(885)
Total equity		**178,015**	173,479

	Note	2009	2008
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**40,622**	33,324
Deferred income tax liabilities		**1,430**	1,444
Total non-current liabilities		**42,052**	34,768
Current liabilities			
Trade payables	*12*	**47,665**	55,912
Accruals and other payables		**23,125**	26,363
Current income tax liabilities		**3,508**	2,136
Borrowings		**48,792**	55,202
Derivative financial instruments		**10**	1,350
Total current liabilities		**123,100**	140,963
Total liabilities		**165,152**	175,731
Total equity and liabilities		**343,167**	349,210
Net current assets		**137,655**	111,558
Total assets less current liabilities		**220,067**	208,247

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 and the manufacturing and trading of biodiesel products.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 July 2005. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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 21 April 2010.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with HKFRS. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

New/revised standards, amendments and interpretations effective from 1 January 2009 adopted by the Group, but have no significant impact on the Group's financial statements:

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on total equity and earnings/(loss) per share.

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard requires 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on total equity and earnings/(loss) per share.

- HKFRS 2 (amendment), 'Share-based payment' deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company have adopted HKFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

- HKAS 23, 'Borrowing costs'. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset. The Group previously recognised all borrowing costs as an expense immediately. This change in accounting policy was due to the adoption of HKAS 23 Borrowing costs (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on the Group's financial statements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The financial information has been prepared under the new requirement. This has resulted in an increase in the number of reportable segments presented.

  In prior years, one operating segment was presented, which was the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products. In the current year upon the adoption of HKFRS 8 and after the completion of acquisition of the biodiesel business in November 2008, an additional segment, the manufacturing and trading of biodiesel products, is presented. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive Directors of the Company who make strategic decisions.

New/revised standards, amendments and interpretations that have been issued but are not yet effective for 2009 and have not been early adopted by the Group:

HKFRS 1 (Revised)	'First-time adoption of HKFRS', effective for annual periods beginning on or after 1 July 2009
HKFRS 3 (Revised)	'Business combinations', effective for annual periods beginning on or after 1 July 2009
HKFRS 9	'Financial Instruments', effective for annual periods beginning on or after 1 January 2013
HKAS 24 (revised)	'Related Party Disclosures', effective for annual periods beginning on or after 1 January 2011
HKAS 27 (revised)	'Consolidated and separate financial statements', effective for annual periods beginning on or after 1 July 2009
Amendment to HKAS 32	'Clarification of Rights Issue', effective for annual periods beginning on or after 1 February 2010
Amendment to HKAS 39	'Financial instruments: Recognition and measurement' on eligible hedged items, effective for annual periods beginning on or after 1 July 2009
Amendment to HK(IFRIC) 14	'Prepayment of a Minimum Funding Requirement', effective for annual periods beginning on or after 1 January 2011
HK(IFRIC) 17	'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009

HK(IFRIC) 19	'Extinguishing financial liabilities with equity instruments', effective for annual periods beginning on or after 1 July 2010
Amendment to HKFRS 1	'Additional Exemptions for First-time Adopters', effective for annual periods beginning on or after 1 January 2010
Amendment to HKFRS 2	'Group Cash-settled Share-based Payment Transactions', effective for annual periods beginning on or after 1 January 2010
Improvements to HKFRS:	
Amendment to HKFRS 2	'Share-based Payment', effective for annual periods beginning on or after 1 July 2009
Amendment to HKFRS 5	'Non-current assets held for sale and discontinued operations', first and second amendments to be effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, respectively
Amendment to HKFRS 8	'Operating segments', effective for annual periods beginning on or after 1 January 2010
Amendment to HKAS 1	'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2010
Amendment to HKAS 7	'Statement of cash flows', effective for annual periods beginning on or after 1 January 2010
Amendment to HKAS 17	'Leases', effective for annual periods beginning on or after 1 January 2010

The Group has already commenced an assessment of the impact of the above new/revised standards, amendments and interpretations but is not yet in a position to state whether the new/revised standards, amendments and interpretations would have a significant impact to its results of operations and financial position.

4 SEGMENT INFORMATION

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

For the year ended 31 December 2009, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide.

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

(i) the electronic products segment – the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products;

(ii) the biodiesel products segment – the manufacturing and trading of biodiesel products in Hong Kong.

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). Other information provided is measured in a manner consistent with that in the financial statements.

There were no sales between segments. 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 income statement.

In November 2008, the Group commenced the business of manufacturing and trading of biodiesel products after the acquisition of 51% equity interest in a subsidiary. The acquisition was completed on 27 November 2008.

	Electronic products *HK$'000*	**Biodiesel products** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2009			
Total segment revenue and revenue from external customers	**443,609**	**5,779**	**449,388**
Operating profit/(loss) before interest and tax	**30,456**	**(7,326)**	**23,130**
Finance income	**130**	**–**	**130**
Finance costs	**(2,980)**	**(1,040)**	**(4,020)**
Income tax expense	**(5,848)**	**–**	**(5,848)**
	21,758	**(8,366)**	**13,392**
Unallocated operating costs			**(2,566)**
Profit for the year			**10,826**
Other information:			
Depreciation and amortisation	**(16,302)**	**(1,039)**	**(17,341)**
Fair value gain on derivative financial instruments, net	**1,728**	**–**	**1,728**

	Electronic products HK$'000	Biodiesel products HK$'000	Total HK$'000
Year ended 31 December 2008			
Total segment revenue and revenue from external customers	497,157	207	497,364
Operating loss before interest and tax	(789)	(548)	(1,337)
Finance income	1,434	–	1,434
Finance costs	(5,461)	(44)	(5,505)
Income tax expense	(1,096)	–	(1,096)
	(5,912)	(592)	(6,504)
Unallocated operating costs			(4,053)
Loss for the year			(10,557)
Other information:			
Depreciation and amortisation	(16,271)	(85)	(16,356)
Fair value loss on derivative financial instruments, net	(1,350)	–	(1,350)

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:

	2009 ***HK$'000***	2008 *HK$'000*
The United States	**231,117**	229,987
Hong Kong	**119,382**	141,618
Europe	**39,614**	60,788
The People's Republic of China (the "PRC")	**42,218**	21,079
Other countries	**17,057**	43,892
	449,388	497,364

For the year ended 31 December 2009, revenues of approximately HK$144,165,000 (2008: HK$143,185,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

	Electronic products *HK$'000*	**Biodiesel products** *HK$'000*	**Total** *HK$'000*
As at 31 December 2009			
Total segment assets	**326,589**	**14,754**	**341,343**
Unallocated:			
Cash and cash equivalents			**1,619**
Prepayments, deposits and other receivables			**205**
Total assets per consolidated balance sheet			**343,167**
Total segment liabilities	**146,111**	**18,328**	**164,439**
Unallocated:			
Accruals and other payables			**713**
Total liabilities per consolidated balance sheet			**165,152**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**10,984**	**191**	**11,175**

	Electronic products *HK$'000*	Biodiesel products *HK$'000*	Total *HK$'000*
As at 31 December 2008			
Total segment assets	333,044	15,300	348,344
Unallocated:			
Cash and cash equivalents			798
Prepayments, deposits and other receivables			68
Total assets per consolidated balance sheet			349,210
Total segment liabilities	162,978	12,218	175,196
Unallocated:			
Accruals and other payables			535
Total liabilities per consolidated balance sheet			175,731
Additions to non-current assets (other than financial instruments and deferred income tax assets)	15,006	3,383	18,389

Additions to non-current assets comprise additions to leasehold land and land use rights, property, plant and equipment and intangible assets including additions resulting from acquisition through business combinations.

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

	2009 HK$'000	2008 HK$'000
Hong Kong	**32,222**	35,567
The PRC	**50,190**	61,122
	82,412	96,689
Analysis of revenue by category:		
Sale of goods	**449,388**	497,364
Other income		
Dividend income from available-for-sale financial assets	**21**	21

5 EXPENSES BY NATURE

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**237,764**	286,599
(Reversal of)/provision for slow moving and obsolete inventories	**(479)**	2,967
Employee benefit expense – excluding Directors' emoluments	**90,367**	107,528
Employee benefit expense – Directors' emoluments	**6,158**	7,057
Depreciation		
– Owned property, plant and equipment	**16,484**	14,994
– Leased property, plant and equipment	**806**	1,312
(Reversal of)/provision for impairment of trade receivables	**(1,469)**	2,370
Amortisation of leasehold land and land use rights	**51**	50
Operating lease payments	**13,240**	11,592
Auditor's remuneration	**1,440**	1,496
Other expenses	**61,761**	64,331
Total of cost of sales, distribution expenses and administrative expenses	**426,123**	500,296

6 OTHER LOSSES – NET

	2009	2008
	HK$'000	*HK$'000*
Fair value gain/(loss) on financial assets at fair value through profit or loss, net	**46**	(98)
Fair value gain/(loss) on derivative financial instruments, net	**1,728**	(1,350)
Realised gain on derivative financial instruments	**275**	879
Net foreign exchange losses	**(2,657)**	(2,421)
(Loss)/gain on disposals of property, plant and equipment	**(770)**	52
Write-off of property, plant and equipment	**(1,956)**	–
Others	**612**	459
	(2,722)	(2,479)

7 FINANCE COSTS – NET

	2009	2008
	HK$'000	*HK$'000*
Interests on bank loans, trust receipt loans and bank overdrafts	**3,871**	5,289
Interest element of finance leases	**149**	216
Total finance costs	**4,020**	5,505
Less: Interest income from bank deposits	**(130)**	(1,434)
Finance costs – net	**3,890**	4,071

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) 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.

	2009	2008
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**2,411**	630
– PRC enterprise income tax (Note a)	**1,835**	3,033
(Over)/under-provision in prior years	**(8)**	163
Deferred income tax	**1,610**	(2,730)
	5,848	1,096

Note:

(a) PRC enterprise income tax has been calculated on the estimated assessable profit at the rates of taxation prevailing in the PRC. As at 31 December 2009, the Company has five subsidiaries operating in the PRC, namely Shenzhen Allcomm Electronic Co. Ltd. ("Shenzhen Allcomm"), Alltronics Tech. Mftg. Limited ("ATM"), Southchina Engineering and Manufacturing Limited ("Southchina"), 陽江華訊電子制品有限公司 ("陽江華訊") and 南盈科技發展(深圳)有限公司 ("南盈"). During the year ended 31 December 2009, Shenzhen Allcomm, ATM, Southchina and 南盈 were subject to a standard income tax rate of 20% (2008: 18%) and 陽江華訊 is subject to a standard income tax rate of 25% (2008: 25%) in accordance with the relevant applicable tax laws.

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2009	2008
Profit/(loss) attributable to equity holders of the Company *(HK$'000)*	**13,877**	(9,602)
Weighted average number of ordinary shares in issue *(thousand)*	**314,320**	312,020
Basic earnings/(loss) per share *(HK cents per share)*	**4.41**	(3.08)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. 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.

	2009
Profit attributable to equity holders of the Company *(HK$'000)*	**13,877**
Weighted average number of ordinary shares in issue *(thousand)*	**314,320**
Adjustments for share options *(thousand)*	**2,971**
	317,291
Diluted earnings per share *(HK cents per share)*	**4.37**

Diluted loss per share for the year ended 31 December 2008 was not presented as the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the year was anti-dilutive.

10 DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Interim dividend, paid, of HK2 cents (2008: HK$Nil) per ordinary share	**6,286**	–
Proposed final dividend of HK3 cents (2008: HK$Nil) per ordinary share (Note a)	**9,430**	–
	15,716	–

Note:

(a) The Board recommends the payment of a final dividend of HK3 cents per ordinary share, totalling HK$9,430,000. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company to be held on 28 May 2010. These consolidated financial statements do not reflect this as dividend payable but account for it as proposed dividend in reserves.

11 TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**77,388**	92,877
Less: provision for impairment of receivables	**–**	(3,382)
	77,388	89,495

As at 31 December 2008 and 2009, the fair values of trade receivables approximate their carrying amounts.

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

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**33,813**	47,506
31 – 60 days	**26,877**	22,563
61 – 90 days	**11,233**	10,854
91 – 120 days	**3,599**	8,181
121 – 365 days	**1,800**	2,308
Over 365 days	**66**	1,465
	77,388	92,877
Less: provision for impairment of receivables	**–**	(3,382)
	77,388	89,495

As of 31 December 2009, none of the trade receivables was impaired (2008: HK$3,382,000). The individually impaired receivables of HK$3,382,000 as at 31 December 2008 were mainly related to customers who were in unexpected difficult economic situations.

12 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**23,141**	25,999
31 – 60 days	**18,006**	24,036
61 – 90 days	**4,600**	3,816
91 – 120 days	**1,007**	509
121 – 365 days	**619**	1,260
Over 365 days	**292**	292
	47,665	55,912

The fair values of trade payables approximate their carrying values.

13 ULTIMATE HOLDING COMPANY

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owned 66.8% of the Company's issued shares as at 31 December 2009 (2008: 66.8%). In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company of the Company.

PROPOSED FINAL DIVIDEND

In appreciation of the continuing support from the shareholders, the Board proposes the payment of a final dividend of HK3 cents per share. Together with the interim dividend of HK2 cents per share paid in October 2009, the total dividends paid for the year 2009 will be HK5 cents per share. 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 HK3 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 28 May 2010. The register of members will be closed from 25 May 2010 to 28 May 2010, both days inclusive, and the proposed final dividend will be paid on or about 10 June 2010. The proposed final dividend shall be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

ANNUAL GENERAL MEETING

The Annual General Meeting 2010 (the "AGM") of the Company will be held at K-2 Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 28 May 2010 at 2:30 p.m.. The notice of the AGM will be posted on the respective websites of the Company (http://www.irasia.com/listco/hk/alltronics/index.htm) and the Stock Exchange (http://www.hkexnews.hk) and dispatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2010 to 28 May 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend and for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar 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 24 May 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The turnover of the Group for the year ended 31 December 2009 had decreased by 9.6% to HK$449 million, as compared to HK$497 million for the year 2008. The turnover analysis by category of products for the two years ended 31 December 2009 and 2008 respectively are as follows:

	2009	2008
	HK$'000	*HK$'000*
Sales of electronic products	**443,609**	497,157
Sales of biodiesel products	**5,779**	207
	449,388	497,364

Sales of electronic products included the sales of finished electronic products, plastic, moulds and other components for electronic products. Although the sales of electronic products to the major market, the United States, had improved slightly from HK$230 million for the year 2008 to HK$231 million this year, the overall sales of electronic products had decreased by 10.8% due to the drop in demand from local customers and customers in Europe. During the year, the sales of the Group's major product, irrigation controllers, had increased slightly by 0.7% to HK$144 million.

The establishment of the new factory at Yangxi, the PRC, in August 2008 has enabled the Group to remain competitive in the market of component products such as transformers and adapters, as the labour costs and overhead at Yangxi are comparatively lower than those of the Group's other factories at Shenzhen, PRC. During the year, the sales of the Yangxi factory had increased from HK$2 million for the year 2008 to HK$22 million in 2009. On the other hand, the total sales of moulds and plastic components had dropped by 9.0%. It is 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.

The performance of the biodiesel business was behind management's expectation. The growth in demand for biodiesel products in Hong Kong is slow as biodiesel is still a new product in the market not wellknown by most customers. However, since the second half of 2009, the sales revenue from biodiesel business has been increasing consistently. Furthermore, regulations on the use of biodiesel in Hong Kong as an alternative green energy had been gazetted in November 2009 and these regulations will become effective from 1 July 2010. Management expects that the sales revenue from biodiesel products will increase continuously and the business will continue to improve in the year 2010.

In terms of market, the United States continued to be the major market for the Group's products and accounted for approximately 51.4% of the total turnover for the year 2009 (2008: 46.2%). During the year, the sales to the PRC market had doubled from HK$21 million in 2008 to HK$42 million in 2009.

Gross profit

The overall gross profit margin had improved significantly from 11.6% for the year 2008 to 17.7% for 2009. The rise in gross profit margin was due to a number of factors, including the adjustment on selling prices of the Group's products during the year, the costs for major raw materials were less fluctuated during the year and stringent cost control measures were implemented by the Group during the year. Furthermore, the gross profit margins for biodiesel products are usually higher than those for electronic products.

Operating expenses

During the year ended 31 December 2009, distribution costs were at approximately 0.8% of total turnover. This is at approximately the same level as that for the previous year. Total administrative expenses dropped from HK$56 million to HK$53 million during the year. The fall was mainly due to the Group's continued effort to tighten its control over cost and overhead. On the other hand, the net finance costs for the year had remained at approximately the same level of HK$4 million as for the year 2008.

Net profit attributable to equity holders of the Company

As a result of the improved gross profit margin and the drop in administrative expenses, the Group has made a profit attributable to equity holders of the Company of HK$14 million for the year, compared to a loss of HK$10 million for the year 2008.

PRODUCTION FACILITIES

The Group currently has three production plants in the PRC for the manufacturing of electronic products, two of which are located at Shenzhen, and one at Yangxi. During the year 2009, the Group spent approximately HK$2 million to acquire new plant and machinery and approximately HK$6 million on leasehold improvements to enhance its production capacity. These additions were mainly for expansion of the production facilities at the factory at Yangxi.

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

The Group believes that the current production facilities are sufficient for its production requirements in the near future.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2009, total cash and cash equivalents, net of bank overdrafts, amounted to HK$79 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2009, total borrowings of the Group amounted to HK$89 million, comprising bank overdrafts of HK$12 million, bank loans of HK$73 million, bills payable and trust receipt loans of HK$3 million and obligations under finance leases of HK$1 million, all of which are denominated in Hong Kong dollars, except for a US$2.6 million term loan. The average effective interest rates for these borrowings at 31 December 2009 ranged from 3.2% to 6.1%.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 63 days, 72 days and 75 days respectively for the year 2009. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

The Group's total current assets increased by 3.3% to HK$261 million as at 31 December 2009 compared to HK$253 million as at 31 December 2008, and the Group's total current liabilities decreased by 12.7% to HK$123 million compared to HK$141 million as at 31 December 2008. The current ratio (current assets/current liabilities) therefore improved from 1.8 times as at 31 December 2008 to 2.1 times at 31 December 2009.

During the year, the Company has not repurchased any of its own shares on the Stock Exchange and there were no change in the Company's capital structure. At 31 December 2009, the Company had in issue a total of 314,320,000 ordinary shares of HK$0.01 each.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2009 was HK$79 million, which had increased by HK$31 million compared to the balance at 31 December 2008.

The net cash generated from operating activities for the year was HK$33 million. The net cash used in investing activities amounted to HK$14 million, which was mainly due to HK$11 million spent on the acquisition of property, plant and equipment.

On the other hand, there was a net cash inflow of HK$12 million from financing activities in 2009. During the year, new borrowings of HK$42 million were obtained and HK$22 million was used to repay bank borrowings and finance leases and HK$6 million was paid to shareholders as dividend.

PLEDGE OF ASSETS

At 31 December 2009, the Group had total bank borrowings of HK$89 million, out of which HK$21 million were secured by short-term bank deposits of HK$3 million, available-for-sale financial assets of HK$3 million and trade receivables of HK$2 million.

GEARING RATIO

At 31 December 2009, total borrowings, including bank overdrafts but excluding trade related debts, were HK$87 million. On the other hand, total cash and cash equivalents on hand were HK$91 million. The Group did not have a net debt position as at 31 December 2009 and therefore no gearing ratio is presented.

CONTINGENT LIABILITIES

At both 31 December 2009 and 31 December 2008, the Group did not have any material contingent liabilities.

EMPLOYEES

At 31 December 2009, the Group had 2,740 employees, of which 80 were employed in Hong Kong and 2,660 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 2009 amounted to HK$90 million.

The Company has also adopted a share option scheme on 22 June 2005. During the year, no share options were granted or exercised. A total of 600,000 share options had lapsed during the year.

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, 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 or Hong Kong dollars. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Although the foreign currency risk is not considered to be significant, management has taken action to minimise the risk. In particular, a substantial portion of the Group's borrowings were denominated in Hong Kong dollars. 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

The Group expects that global economic environment in 2010 will continue to be challenging. In order to maintain a competitive position in the industry, the Group will continue to pursue a more cost effective operational structure, to tighten its controls over production costs and overheads, and to improve production efficiency so as to maximize the gross profit margin.

In terms of market, it is still uncertain whether the United States economy will continue to recover from the financial tsunami and will have improved performance in the year 2010 than in 2009. However, the Group will continue to devote significant efforts to explore new markets and new customers, especially in the Greater China market. It is expected that the economy of China will continue to grow steadily in 2010, with an anticipated GDP growth of 8% on an annual basis.

The acquisition of biodiesel business in 2008 has enabled the Group to diversify its business to a new business with high growth potential. Biodiesel is an alternative green energy which helps to reduce carbon emission. With the regulations on the use of biodiesel in Hong Kong becoming effective from 1 July 2010, the Group expects that the demand for biodiesel will increase in a fast pace in the future.

Although there are still challenges ahead in terms of competition, rising production costs and unstable global economy, management is confident that the Group 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.

In addition, the Group will grasp every opportunity and continue to look for investment opportunity so as to diversify its business and to provide a better return to all shareholders.

CORPORATE GOVERNANCE

The Board believes that corporate governance is essential to the success of the Group. The Group keeps abreast of the best practices in the corporate governance areas and strives to implement such practices as appropriate. None of the Directors of the Company is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not at any time during the year and up to the date of this announcement, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange, except for the deviations as mentioned below.

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.

On 2 June 2009, Mr. Barry John Buttifant retired from the office as an independent non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Following the retirement of Mr. Barry John Buttifant, the number of independent non-executive Directors of the Company had fallen below the minimum number required under Rule 3.10(1) of the Listing Rules and the number of Audit Committee members had fallen below the minimum number required under Rule 3.21 of the Listing Rules. On 1 September 2009, Mr. Yau Ming Kim, Robert had been appointed as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee of the Company. Upon the appointment of Mr. Yau Ming Kim, Robert, the Company has three independent non-executive Directors, namely Ms. Yeung Chi Ying, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah, where the Company has duly complied with Rule 3.10(1) and Rule 3.21 of the Listing Rules. On 1 September 2009, Ms. Yeung Chi Ying had been appointed as the Chairman of the Audit Committee of the Company. Details of the above changes in Directors are set out in the announcements dated 29 April 2009 and 17 August 2009 issued by the Company.

PUBLIC SANCTION

On 15 April 2010, the Stock Exchange publicly censured the Company for its breach of Rule 13.09 of the Listing Rules for failing to publish an announcement to disclose the deterioration of the Group's business performance in the first six months ended 30 June 2008. Mr Lam Yin Kee and Ms Yeung Po Wah were also publicly censured for their breaches of director's undertakings in failing to use their best endeavours to procure the Company's compliance with Rule 13.09 of the Listing Rules. Mr So Kin Hung, Mr Fan, William Chung Yue, Ms Yeung Chi Ying, Mr Leung Kam Wah and Mr Barry John Buttifant were publicly criticised for their respective breaches of director's undertakings in failing to use their best endeavours to procure the Company's compliance with Rule 13.09 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the "Code") for Securities Transactions by Directors of Listed Issuers 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, all Directors of the Company confirmed that they had complied with the required standard set out in the Code during the year ended 31 December 2009.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") 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 Ms. Yeung Chi Ying (Chairman), Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2009 at a meeting held on 19 April 2010, who is of the opinion that the consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made. The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Company's independent auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC Hong Kong 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 PwC Hong Kong on this preliminary announcement.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") 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. Lam Yin Kee and other current members include Ms. Yeung Po Wah, Ms. Yeung Chi Ying, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the year ended 31 December 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PUBLICATION OF FINAL RESULTS AND DISPATCH OF ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and our Company's website (http://www.irasia.com/listco/hk/alltronics/index.htm). The annual report for the year ended 31 December 2009 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, 21 April 2010

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. So Kin Hung

Non-executive Director
Mr. Fan, William Chung Yue

Independent Non-executive Directors
Ms. Yeung Chi Ying, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah