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 2010

The board (the "Board") of directors ("Directors") of Alltronics Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 (the "Period") together with comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**234,346**	211,901
Cost of revenue	*5*	**(190,945)**	(179,056)
Gross profit		**43,401**	32,845
Distribution costs	*5*	**(2,288)**	(1,632)
Administrative expenses	*5*	**(26,724)**	(24,286)
Other (losses)/gains – net		**(5,619)**	150
Operating profit		**8,770**	7,077
Finance income		**61**	70
Finance costs		**(1,678)**	(2,065)
Profit before income tax		**7,153**	5,082
Income tax expense	*6*	**(1,703)**	(2,936)
Profit for the period		**5,450**	2,146

	Note	Six months ended 30 June 2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
Attributable to:			
Equity holders of the Company		**6,580**	4,153
Non-controlling interests		**(1,130)**	(2,007)
		5,450	2,146
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
– basic	*7*	**2.09**	1.32
– diluted	*7*	**2.09**	1.29
Dividend attributable to the period:			
Interim dividend	*8*	**4,715**	6,286

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**5,450**	2,146
Other comprehensive income/(loss)		
Fair value gain/(loss) on available-for-sale financial assets	**101**	(100)
Total other comprehensive income/(loss) for the period	**101**	(100)
Total comprehensive income for the period	**5,551**	2,046
Total comprehensive income attributable to:		
Equity holders of the Company	**6,632**	4,102
Non-controlling interests	**(1,081)**	(2,056)
	5,551	2,046

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2010

	Note	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**57,758**	55,622
Leasehold land and land use rights		**1,996**	2,021
Intangible assets		**20,452**	20,452
Available-for-sale financial assets		**2,711**	2,610
Prepayments for non-current assets		**2,339**	671
Deferred income tax assets		**1,092**	1,036
Total non-current assets		**86,348**	82,412
Current assets			
Inventories		**115,831**	72,900
Trade receivables	*9*	**96,615**	77,388
Prepayments, deposits and other receivables		**8,774**	7,561
Amount due from ultimate holding company		**34**	34
Amount due from non-controlling shareholders of a subsidiary		**1,713**	980
Other financial assets at fair value through profit or loss		**3,583**	6,899
Derivative financial instruments		**240**	388
Pledged bank deposits		**3,434**	3,433
Cash and cash equivalents		**46,033**	91,172
Total current assets		**276,257**	260,755
Total assets		**362,605**	343,167

	Note	As at 30 June 2010 HK$'000 (Unaudited)	As at 31 December 2009 HK$'000 (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**3,143**	3,143
Reserves			
Proposed dividend		**4,715**	9,430
Others		**171,297**	169,380
		179,155	181,953
Non-controlling interests		**(5,019)**	(3,938)
Total equity		**174,136**	178,015
LIABILITIES			
Non-current liabilities			
Borrowings		**28,480**	40,622
Deferred income tax liabilities		**1,615**	1,430
Total non-current liabilities		**30,095**	42,052
Current liabilities			
Trade payables	*10*	**68,346**	47,665
Accruals and other payables		**23,023**	23,125
Current income tax liabilities		**4,099**	3,508
Borrowings		**58,093**	48,792
Derivative financial instruments		**4,813**	10
Total current liabilities		**158,374**	123,100
Total liabilities		**188,469**	165,152
Total equity and liabilities		**362,605**	343,167
Net current assets		**117,883**	137,655
Total assets less current liabilities		**204,231**	220,067

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the Group are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products and the manufacturing and trading of biodiesel products. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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

This condensed consolidated interim financial information ("Interim Financial Information") is presented in thousands of units of Hong Kong dollars ("HK$'000"), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of the Company on 26 August 2010 and has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting'. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

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

(a) Standards, amendments and interpretations to existing standards ("new HKFRSs") effective in 2010:

- HKFRS 1 (Revised) — First-time adoption of HKFRSs
- HKFRS 3 (Revised) — Business combinations
- HKAS 27 (Revised) — Consolidated and separate financial statements
- HKAS 17 (Amendment) — Leases
- HKAS 39 (Amendment) — Financial instruments: recognition and measurement – eligible hedged items
- HK(IFRIC)-Int 17 — Distributions of non-cash assets to owners
- HK(IFRIC)-Int 18 — Transfers of assets from customers
- HKFRS 1 (Amendment) — Additional exemptions for first-time adopters

- HKFRS 2 (Amendment) — Group cash-settled share-based payment transactions
- HKFRS 5 — Non-current assets held for sale and discontinued operations (and consequential amendment to HKFRS 1 "First-time adoption")
- Various improvements to HKFRSs published by HKICPA in May 2009

HKAS 27 (Revised) – Consolidated and separate financial statements

The amendment requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control ("economic entity model"). These transactions will no longer result in goodwill or gains and losses. When control over a previous subsidiary is lost, any remaining interest in the entity is re-measured to fair value and the resulting gain or loss is recognised in the income statement.

Saved as aforesaid, the adoption of the new HKFRSs did not result in substantial changes to the accounting policies of the Group and had no material effect on the Group's financial statements.

(b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- HKAS 24 (Revised) — Related party disclosures
- HKAS 32 (Amendment) — Classification of rights issue
- HKFRS 9 — Financial instruments
- Amendment to HKFRS 1 — Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
- HK(IFRIC) – Int 19 — Extinguishing financial liabilities with equity instruments
- Amendment to HK(IFRIC) – Int 14 — Prepayments of a minimum funding requirement
- Various improvements to HKFRSs published by HKICPA in May 2010

The Group has already commenced an assessment of the impact of the above new and amended standards and interpretations to existing standards but is not yet in a position to state whether these new, revised and amended standards and interpretations to existing standards 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 management that are used to make strategic decisions and assess performance.

For the six months ended 30 June 2010, 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 a 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 and unallocated operating costs). 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.

	Electronic products *HK$'000*	**Biodiesel products** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2010 (Unaudited)			
Total segment revenue and revenue from external customers	**229,809**	**4,537**	**234,346**
Segment results	**12,138**	**(1,963)**	**10,175**
Finance income	**61**	**–**	**61**
Finance costs	**(1,190)**	**(488)**	**(1,678)**
Income tax expense	**(1,703)**	**–**	**(1,703)**
	9,306	**(2,451)**	**6,855**
Unallocated operating costs			**(1,405)**
Profit for the period			**5,450**
Other information:			
Depreciation and amortisation	**(7,194)**	**(502)**	**(7,696)**
Fair value loss on derivative financial instruments – net	**(4,951)**	**–**	**(4,951)**

	Electronic products HK$'000	Biodiesel products HK$'000	Total HK$'000
Six months ended 30 June 2009 (Unaudited)			
Total segment revenue and revenue from external customers	210,819	1,082	211,901
Segment results	13,023	(4,894)	8,129
Finance income	70	–	70
Finance costs	(1,551)	(514)	(2,065)
Income tax expense	(2,936)	–	(2,936)
	8,606	(5,408)	3,198
Unallocated operating costs			(1,052)
Profit for the period			2,146
Other information:			
Depreciation and amortisation	(7,931)	(517)	(8,448)
Fair value gain on derivative financial instruments – net	1,260	–	1,260

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

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The United States	**104,581**	101,815
Hong Kong	**70,432**	55,490
Europe	**41,369**	35,182
The People's Republic of China (the "PRC")	**9,746**	6,216
Other countries	**8,218**	13,198
	234,346	211,901

For the six months ended 30 June 2010, revenues of approximately HK$58,194,000 (2009: HK$62,631,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

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

	As at 30 June 2010 *HK$'000* **(Unaudited)**	31 December 2009 *HK$'000* (Audited)
Hong Kong	**31,141**	32,222
The PRC	**55,207**	50,190
	86,348	82,412

	Six months ended 30 June 2010 *HK$'000* **(Unaudited)**	2009 *HK$'000* (Unaudited)
Analysis of revenue by category:		
Sale of goods	**234,346**	211,901
Other income		
Dividend income from other financial assets at fair value through profit or loss	**35**	–

5 EXPENSES BY NATURE

	Six months ended 30 June 2010 *HK$'000* **(Unaudited)**	2009 *HK$'000* (Unaudited)
Amortisation of land use rights	**25**	25
Depreciation		
– Owned property, plant and equipment	**7,268**	7,946
– Leased property, plant and equipment	**403**	477
Staff costs (including directors' emoluments)	**53,683**	44,707
Cost of inventories sold	**118,491**	115,415
Reversal of provision for impairment of receivables	**–**	(1,497)
Operating leases on rented premises	**6,394**	6,383
Other expenses	**33,693**	31,518
Total of cost of revenue, distribution costs and administrative expenses	**219,957**	204,974

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	**(335)**	(918)
PRC enterprise income tax *(Note a)*	**(1,239)**	(787)
Under-provision in prior years	**–**	(23)
Deferred taxation charge	**(129)**	(1,208)
Income tax expense	**(1,703)**	(2,936)

Note:

(a) PRC enterprise income tax has been calculated on the estimated assessable profits at the rates of taxation prevailing in the PRC. As at 30 June 2010, the Company had 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"), 陽江市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 period, Shenzhen Allcomm, ATM, Southchina and 南盈 were subject to a standard income tax rate of 22% (2009: 20%) and 陽江華訊 was subject to a standard income tax rate of 25% (2009: 25%) in accordance with the relevant applicable tax laws.

7 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 period.

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	**6,580**	4,153
Weighted average number of ordinary shares in issue (thousand)	**314,320**	314,320
Basic earnings per share (HK cents per share)	**2.09**	1.32

(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 had 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 market share price of the Company's shares during the period) 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.

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	**6,580**	4,153
Weighted average number of ordinary shares in issue (thousand)	**314,320**	314,320
Adjustments for share options (thousand)	**–**	6,379
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**314,320**	320,699
Diluted earnings per share (HK cents per share)	**2.09**	1.29

The basic earnings per share and the diluted earnings per share for the six months ended 30 June 2010 are the same as there were no dilutive potential ordinary shares during the period.

8 INTERIM DIVIDEND

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend proposed of HK$0.015 (2009: HK$0.02) per ordinary share	**4,715**	6,286

The Board recommends the payment of an interim dividend of HK$0.015 per ordinary share for the six months ended 30 June 2010. The Interim Financial Information does not reflect the above proposed dividend as dividend payable but account for it as proposed dividend from the reserves. The declaration of the interim dividend for the six months ended 30 June 2010 has been approved by the Board on 26 August 2010.

9 TRADE RECEIVABLES

	As at	
	30 June	31 December
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**96,615**	77,388

As at 30 June 2010 and 31 December 2009, the fair values of trade receivables approximated their carrying values.

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 is as follows:

	As at	
	30 June	31 December
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**37,847**	33,813
31 – 60 days	**40,439**	26,877
61 – 90 days	**15,040**	11,233
91 – 120 days	**2,478**	3,599
121 – 365 days	**802**	1,800
Over 365 days	**9**	66
	96,615	77,388

As at 30 June 2010 and 31 December 2009, none of the trade receivables were impaired.

10 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at	
	30 June	31 December
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**30,552**	23,141
31 – 60 days	**26,646**	18,006
61 – 90 days	**9,080**	4,600
91 – 120 days	**1,029**	1,007
121 – 365 days	**650**	619
Over 365 days	**389**	292
	68,346	47,665

The fair values of trade payables approximated their carrying values.

11 ULTIMATE HOLDING COMPANY

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 66.8% of the Company's issued shares as at 30 June 2010. In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company of the Company.

INTERIM DIVIDEND

The Board declared an interim dividend of HK1.5 cents per ordinary share for the six months ended 30 June 2010, payable on or about 30 September 2010, to the shareholders whose names appear on the register of members of the Company on 17 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 September 2010 to 17 September 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 14 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of Results

Market conditions during the six months period ended 30 June 2010 (the "Period") showed some improvements when compared to the corresponding period in 2009. Total turnover of the Group has increased from HK$211.9 million in 2009 to HK$234.3 million for the Period, representing an increase of 10.6%. The net profit attributable to equity holders of the Company for the Period has also increased by 58.4% to HK$6.6 million when compared to HK$4.2 million for the same period in 2009. The improved performance was mainly due to the increase in gross margin for most of the Group's electronic products and also the improved performance of the biodiesel business.

During the Period, sales of electronic products and components amounted to HK$229.8 million, representing an increase of 9.0% compared to HK$210.8 million for the corresponding period in 2009. The increase was mainly due to the continued recovery of the United States market and increase in sales to PRC and local customers. On the other hand, the total sales of biodiesel products during the Period were HK$4.5 million, representing an increase of 319.3% from HK$1.1 million in 2009. The performance of the biodiesel business continued to show improvements. With the Air Pollution Control (Motor Vehicle Fuel) (Amendment) Regulation 2009 becoming effective from 1 July 2010, management expects that the performance of the biodiesel business will improve continuously.

Gross Profit

The Group recorded an overall gross profit of HK$43.4 million for the Period, with a gross profit margin of 18.5%. The gross profit and gross profit margin for the corresponding period in 2009 were HK$32.8 million and 15.5% respectively. The improved margin was mainly due to the increase in unit selling prices for certain major products of the Group and raw material costs were relatively more stable as compared to last year.

Operating expenses

During the Period, distribution costs have increased by HK$0.7 million and administrative expenses have increased by HK$2.4 million. The increase in administrative expenses was mainly due to increase in total staff costs as a result of increase in headcount and annual salary adjustment. However, the Group will continue to implement tighter cost control measures.

Net finance costs reduced by HK$0.4 million mainly due to the reduction in total bank borrowings during the Period.

LIQUIDITY AND FINANCIAL INFORMATION

The liquidity position of the Group remained healthy as at 30 June 2010. Most of the Group's liquid fund is placed as deposits at various banks. As at 30 June 2010, the total amount of cash and cash equivalents of the Group was HK$46.0 million, compared to HK$91.2 million as at 31 December 2009. The drop was mainly due to funds used to finance the operations of the Group; the payment of final dividend for the year 2009 of HK$9.4 million and the repayment of bank loans of HK$14.9 million during the Period. As at 30 June 2010, bank deposits of HK$3.4 million were pledged to banks as securities for banking facilities granted to a subsidiary, Southchina. The total bank and other borrowings as at 30 June 2010 amounted to HK$86.6 million, representing a decrease of HK$2.8 million when compared to 31 December 2009.

As at 30 June 2010, the gearing ratio, representing total borrowings less trade related debts and cash and cash equivalents divided by equity attributable to equity holders of the Company, was 17.5%. The Group was in a net cash position as at 31 December 2009. The increase in the gearing ratio is due to the reduction in cash and cash equivalents during the Period.

The current ratio (current assets divided by current liabilities) as at 30 June 2010 was 1.7, which has reduced from 2.1 as at 31 December 2009.

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.

CASH FLOWS

Net cash outflow from operating activities for the Period was HK$18.8 million. In addition, HK$10.4 million had been used for the acquisition of property, plant and equipment, HK$9.4 million had been used to pay for the final dividend for the year 2009, HK$14.9 million had been used to repay bank loans and HK$0.4 million had been used to repay obligations under finance leases. New bank loans obtained by the Group during the Period were HK$6.0 million. The net decrease in cash and cash equivalents for the Period was HK$46.0 million. Cash and cash equivalents, net of bank overdrafts, as at 30 June 2010 amounted to HK$33.0 million, which were mainly denominated in United States dollars, Hong Kong dollars and Renminbi.

The Group has maintained an adequate level of cash flows for its business operations and capital expenditures. As at 30 June 2010, the Group has unutilised banking facilities amounted to HK$337 million.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK$10.4 million of which HK$5.8 million was paid for construction in progress to further enhance and upgrade its production capacity. These capital expenditures were financed by internal resources of the Group.

PLEDGE OF ASSETS

As at 30 June 2010, bank loans of approximately HK$0.9 million were secured by trade receivables of approximately HK$0.9 million. Except as disclosed above, the Group's total available banking facilities of HK$423 million were secured by fixed deposits of approximately HK$3.4 million and available-for-sale financial assets with carrying value of approximately HK$2.7 million. The banking facilities granted to certain subsidiaries of the Group are also secured by personal guarantees given by a director of the Company, Mr. Lam Yin Kee and other non-controlling shareholders of these subsidiaries.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2010.

EMPLOYEES

As at 30 June 2010, the Group had a total of 3,170 employees, of which 82 of them were employed in Hong Kong and 3,088 of them were employed in the PRC. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund and options granted under the share option scheme of the Company.

The Group operates a defined contribution mandatory provident fund retirement benefits scheme for all of its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulation of the PRC. The Group also offers discretionary bonuses to its employees by reference to individual performance and the performance of the Group.

PROSPECTS

Although the performance of the Group during the Period has shown some improvements when compared to the results of the corresponding period in 2009, the global economic environment is still uncertain. In addition, in view of the recent rises in raw material costs and commodities prices and the increasing labour costs in PRC, management is certain that the operating environment for manufacturing sector will remain to be tough in the coming months. However, the Group has focused and will continue to focus on ways to reduce costs and to streamline its organisational structure so as to put itself in a better position to meet all challenges and adverse factors. The Group will also continue to find ways to improve the margins for its products and to improve the efficiency of its operations.

Regarding the biodiesel business, with the Air Pollution Control (Motor Vehicle Fuel) (Amendment) Regulation 2009 becoming effective from 1 July 2010, the Group is confident that the use of biodiesel as an alternative green energy for diesel vehicles and vessels will be well accepted in Hong Kong and the performance of the biodiesel business will show continuous improvement in future.

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 Period and up to the date of this report, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), 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 should not be performed by the same individual. The Company does not have a separate Chairman and Chief Executive and Mr. Lam Yin Kee currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code for dealing in securities of the Company by the Directors. Having made specific enquiry of all directors of the Company, the Company confirms that all directors of the Company have complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

The Audit Committee 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 Ms. Yeung Chi Ying (Chairman), Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

The Interim Financial Information has been reviewed by the Audit Committee at a meeting held on 25 August 2010, who is of the opinion that the Interim Financial Information complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee 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. 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 Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and our Company's website (http://www.irasia.com/listco/hk/alltronics/index.htm). The interim report for the period ended 30 June 2010 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, 26 August 2010

As at the date of this report, 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.