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 2010

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 2010, prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA"), together with comparative figures for the corresponding year in 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*4*	**598,529**	449,388
Cost of sales	*5*	**(488,384)**	(369,713)
Gross profit		**110,145**	79,675
Other income	*4*	**35**	21
Distribution costs	*5*	**(5,568)**	(3,593)
Administrative expenses	*5*	**(56,725)**	(52,817)
Other losses – net	*6*	**(1,067)**	(2,722)
Operating profit		**46,820**	20,564
Finance income	*7*	**126**	130
Finance costs	*7*	**(3,783)**	(4,020)
Profit before income tax		**43,163**	16,674
Income tax expense	*8*	**(9,291)**	(5,848)
Profit for the year		**33,872**	10,826

	Note	2010 HK$'000	2009 HK$'000
Attributable to:			
Owners of the parent		**37,243**	13,877
Non-controlling interests		**(3,371)**	(3,051)
		33,872	10,826
Earnings per share for profit attributable to owners of the parent *(expressed in HK cents per share)*			
– basic	*9*	**11.85**	4.41
– diluted	*9*	**11.85**	4.37
Dividends	*10*	**20,431**	15,716

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**33,872**	10,826
Other comprehensive income/(loss)		
Fair value gain/(loss) on available-for-sale financial assets	**161**	(4)
Currency translation differences	**137**	–
Other comprehensive income/(loss) for the year	**298**	(4)
Total comprehensive income for the year	**34,170**	10,822
Total comprehensive income attributable to:		
Owners of the parent	**37,395**	13,875
Non-controlling interests	**(3,225)**	(3,053)
	34,170	10,822

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000 (restated)	As at 1 January 2009 HK$'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**57,105**	55,622	64,942
Leasehold land and land use rights		**1,971**	2,021	2,072
Intangible assets		**20,452**	20,452	20,508
Available-for-sale financial assets		**2,771**	2,610	3,613
Prepayments for non-current assets		**560**	671	2,894
Deferred income tax assets		**1,359**	1,036	2,660
Total non-current assets		**84,218**	82,412	96,689
Current assets				
Inventories		**128,492**	72,900	80,430
Trade receivables	*11*	**122,582**	77,388	89,495
Prepayments, deposits and other receivables		**14,710**	7,561	6,586
Amount due from a related company		**151**	–	8,218
Amount due from the ultimate holding company		**34**	34	29
Amounts due from non-controlling shareholders of a subsidiary		**999**	980	557
Financial assets at fair value through profit or loss		**2,021**	6,899	–
Derivative financial instruments		**202**	388	–
Pledged bank deposits		**3,435**	3,433	2,410
Tax recoverable		**88**	–	–
Cash and cash equivalents (excluding bank overdrafts)		**51,213**	91,172	64,796
Total current assets		**323,927**	260,755	252,521
Total assets		**408,145**	343,167	349,210

	Note	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000 (restated)	As at 1 January 2009 HK$'000 (restated)
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		**3,143**	3,143	3,143
Reserves				
Proposed final dividend		**15,716**	9,430	–
Others		**186,344**	169,380	171,221
		205,203	181,953	174,364
Non-controlling interests		**(7,163)**	(3,938)	(885)
Total equity		**198,040**	178,015	173,479
LIABILITIES				
Non-current liabilities				
Borrowings		**1,625**	370	1,099
Deferred income tax liabilities		**1,343**	1,430	1,444
Total non-current liabilities		**2,968**	1,800	2,543
Current liabilities				
Trade payables	*12*	**85,556**	47,665	55,912
Accruals and other payables		**26,877**	23,125	26,363
Current income tax liabilities		**3,819**	3,508	2,136
Borrowings		**90,882**	89,044	87,427
Derivative financial instruments		**3**	10	1,350
Total current liabilities		**207,137**	163,352	173,188
Total liabilities		**210,105**	165,152	175,731
Total equity and liabilities		**408,145**	343,167	349,210
Net current assets		**116,790**	97,403	79,333
Total assets less current liabilities		**201,008**	179,815	176,022

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 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.

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 the Company on 23 March 2011.

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 financial instruments) at fair value through profit or loss.

The preparation of 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 2009, as described in those annual financial statements.

(a) Adoption of new/revised HKFRS for the first time for the financial year beginning 1 January 2010

The Group has adopted the following new/revised standards and interpretation:

• HKFRS 3 (Revised)	Business combinations
• HKAS 17 (Amendment)	Leases
• HKAS 27 (Revised)	Consolidated and separate financial statements
• HKAS 36 (Amendment)	Impairment of assets
• HKAS 39 (Amendment)	Eligible hedged items
• HK Interpretation 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause
• HK(IFRIC) – Int 9	Reassessment of embedded derivatives
• HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation
• 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

- Various improvements to HKFRS published by HKICPA in May 2009

Apart from the effects of adopting Hong Kong Interpretation 5 as stated below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

Hong Kong Interpretation 5 – Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

In November 2010 the HKICPA issued Hong Kong Interpretation 5 "Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause". The Interpretation is effective immediately and is a clarification of an existing standard, HKAS 1 "Presentation of financial statements". It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with requirements of Hong Kong Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the consolidated statement of financial position. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 January 2009, with consequential reclassification adjustments to comparatives for the year ended 31 December 2009. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

Effect of adoption of Hong Kong Interpretation 5 on the consolidated statement of financial position:

	At 31 December 2010	At 31 December 2009	At 1 January 2009
	HK$'000	*HK$'000*	*HK$'000*
Increase in current liabilities:			
Borrowings	**31,753**	40,252	32,225
Decrease in non-current liabilities:			
Borrowings	**(31,753)**	(40,252)	(32,225)

As a result of the above retrospective reclassification, an additional consolidated statement of financial position as at 1 January 2009 is presented in accordance with the requirements of HKAS 1 "Presentation of financial statements".

(b) The following new/revised HKFRS 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 issues
• HKFRS 9	Financial instruments
• HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement
• HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments
• Various improvements to HKFRS published by the HKICPA in May 2010	

The Group has already commenced an assessment of the impact of the above new/revised HKFRS but is not yet in a position to state whether these new/revised HKFRS 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 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 (before 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*
Year ended 31 December 2010			
Total segment revenue and revenue from external customers	**588,341**	**10,188**	**598,529**
Operating profit/(loss) before interest and tax	**55,097**	**(5,017)**	**50,080**
Finance income	**126**	**–**	**126**
Finance costs	**(2,796)**	**(987)**	**(3,783)**
Income tax expense	**(9,291)**	**–**	**(9,291)**
	43,136	**(6,004)**	**37,132**
Unallocated operating costs			**(3,260)**
Profit for the year			**33,872**
Other information:			
Depreciation and amortisation	**(14,955)**	**(1,016)**	**(15,971)**
Fair value loss on derivative financial instruments-net	**(179)**	**–**	**(179)**

	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

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:

	2010 ***HK$'000***	2009 *HK$'000*
The United States	**299,953**	231,117
Hong Kong	**149,290**	119,382
Europe	**72,002**	39,614
The People's Republic of China (the "PRC")	**60,837**	42,218
Other countries	**16,447**	17,057
	598,529	449,388

For the year ended 31 December 2010, revenues of approximately HK$186,396,000 (2009: HK$144,165,000) 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 2010			
Total segment assets	**390,829**	**17,227**	**408,056**
Unallocated:			
Cash and cash equivalents			**45**
Prepayments, deposits and other receivables			**44**
Total assets per consolidated statement of financial position			**408,145**
Total segment liabilities	**190,258**	**19,305**	**209,563**
Unallocated:			
Accruals and other payables			**542**
Total liabilities per consolidated statement of financial position			**210,105**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**18,453**	**240**	**18,693**

	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 statement of financial position			343,167
Total segment liabilities	146,111	18,328	164,439
Unallocated:			
Accruals and other payables			713
Total liabilities per consolidated statement of financial position			165,152
Additions to non-current assets (other than financial instruments and deferred income tax assets)	10,984	191	11,175

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 assets are located, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong		
The PRC	**29,482**	32,222
	54,736	50,190
	84,218	82,412

Analysis of revenue by category:		
Sale of goods	**598,529**	449,388
Other income		
Dividend income from available-for-sale financial assets	**–**	21
Dividend income from financial assets at fair value through profit or loss	**35**	–

5 EXPENSES BY NATURE

	2010	2009
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**50**	51
Auditor's remuneration	**1,542**	1,440
Cost of inventories sold	**326,497**	237,764
Depreciation		
– Owned property, plant and equipment	**15,588**	16,484
– Leased property, plant and equipment	**333**	806
Employee benefit expense – excluding Directors' emoluments	**115,881**	90,367
Employee benefit expense – Directors' emoluments	**8,107**	6,158
Provision for/(reversal of provision for) slow moving and obsolete inventories	**361**	(479)
Reversal of impairment of receivables	**–**	(1,469)
Operating leases on rented premises	**13,360**	13,240
Other expenses	**68,958**	61,761
Total of cost of sales, distribution costs and administrative expenses	**550,677**	426,123

6 OTHER LOSSES-NET

	2010	2009
	HK$'000	*HK$'000*
Fair value (loss)/gain on financial assets at fair value through profit or loss – net	**(286)**	46
Fair value (loss)/gain on derivative financial instruments-net	**(179)**	1,728
Realised gain on derivative financial instruments	**1,406**	275
Net foreign exchange losses	**(2,043)**	(2,657)
Loss on disposals of property, plant and equipment	**(598)**	(770)
Write-off of property, plant and equipment	**–**	(1,956)
Others	**633**	612
	(1,067)	(2,722)

7 FINANCE INCOME AND COSTS

	2010	2009
	HK$'000	*HK$'000*
Interests on bank loans, trust receipt loans and bank overdrafts wholly repayable within five years	**3,705**	3,871
Interest element of finance leases	**78**	149
Total finance costs	**3,783**	4,020
Less: Interest income from bank deposits	**(126)**	(130)
Finance costs – net	**3,657**	3,890

The analysis shows the finance costs of bank borrowings, including term loans which contains a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the years ended 31 December 2010 and 2009, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$3,705,000 and HK$3,871,000 respectively.

8 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 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.

	2010	2009
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**6,240**	2,411
– PRC enterprise income tax (Note a)	**3,407**	1,835
Under/(over)-provision in prior years	**54**	(8)
Deferred taxation (credit)/charge	**(410)**	1,610
Income tax expense	**9,291**	5,848

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 2010, 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 year ended 31 December 2010, Shenzhen Allcomm, ATM, Southchina and 南盈 were subject to an income tax rate of 22% (2009: 20%) and 陽江華訊 is subject to a standard income tax rate of 25% (2009: 25%) in accordance with the relevant applicable tax laws.

9 EARNINGS PER SHARE

(a) Basic

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

	2010	2009
Profit attributable to owners of the parent (HK$'000)	**37,243**	13,877
Weighted average number of ordinary shares in issue (thousand)	**314,320**	314,320
Basic earnings per share (HK cents per share)	**11.85**	4.41

(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. For the year ended 31 December 2009, the Company had only one category of dilutive potential ordinary shares: share options. A calculation was 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 year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010	2009
Profit attributable to owners of the parent (HK$'000)	**37,243**	13,877
Weighted average number of ordinary shares in issue (thousand)	**314,320**	314,320
Adjustments for share options (thousand)	**–**	2,971
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**314,320**	317,291
Diluted earnings per share (HK cents per share)	**11.85**	4.37

The basic earnings per share and the diluted earnings per share for the year ended 31 December 2010 are the same as there were no dilutive potential ordinary shares during the year.

10 DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Interim dividend, paid, of HK1.5 cents (2009: HK2.0 cents) per ordinary share	**4,715**	6,286
Proposed final dividend of HK5.0 cents (2009: HK3.0 cents) per ordinary share	**15,716**	9,430
	20,431	15,716

The Board recommends the payment of a final dividend of HK5.0 cents per ordinary share, totalling HK$15,716,000. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company to be held on 18 May 2011. These consolidated financial statements do not reflect this proposed dividend as dividend payable but account for it as proposed dividend from the reserves.

11 TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**122,582**	77,388

As at 31 December 2010 and 2009, the fair values of trade receivables approximated 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 is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**66,923**	33,813
31 – 60 days	**33,368**	26,877
61 – 90 days	**14,161**	11,233
91 – 120 days	**6,029**	3,599
121 – 365 days	**2,064**	1,800
Over 365 days	**37**	66
	122,582	77,388

As at 31 December 2010 and 2009, none of the trade receivables was impaired.

12 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 – 30 days	**46,433**	23,141
31 – 60 days	**28,509**	18,006
61 – 90 days	**6,701**	4,600
91 – 120 days	**1,321**	1,007
121 – 365 days	**2,077**	619
Over 365 days	**515**	292
	85,556	47,665

As at 31 December 2010 and 2009, the fair values of trade payables approximated their carrying amounts.

13 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 31 December 2010 (2009: 66.8%). In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company of the Company.

14 EVENTS AFTER THE BALANCE SHEET DATE

On 13 January 2011, the Company granted 15,900,000 share options to subscribe for up to an aggregate of 15,900,000 new ordinary shares of HK$0.01 each in the share capital of the Company to the eligible participants under the share option scheme of the Company adopted on 22 June 2005. These share options are exercisable within a period of two years from the date of grant at an exercise price of HK$2.31 per share.

PROPOSED FINAL DIVIDEND

In appreciation of the continuing support from the shareholders, the Board proposes the payment of a final dividend of HK5.0 cents per share. Together with the interim dividend of HK1.5 cents per share paid in September 2010, the total dividends paid or payable for the year 2010 will be HK6.5 cents per share. All dividends are paid in cash from funds generated from the Group's operations. The Group will have sufficient funds for its future expansion after the payment of dividends.

The proposed final dividend of HK5.0 cents per share will be payable to shareholders whose names appear on the register of members of the Company on 18 May 2011. The register of members will be closed from 13 May 2011 to 18 May 2011, both days inclusive, and the proposed final dividend will be paid on or about 3 June 2011. The payment of 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 2011 (the "AGM") of the Company will be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 18 May 2011 at 2:00 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 13 May 2011 to 18 May 2011, 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 12 May 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The overall performance of the Group for the year ended 31 December 2010 had improved significantly both in terms of turnover and profit. Turnover for the year had increased by 33.2% to HK$598.5 million, as compared to HK$449.4 million for the year 2009. The turnover analysis by category of products for the two years ended 31 December 2010 and 2009 respectively are as follows:

	2010	2009
	HK$'000	*HK$'000*
Sales of electronic products	**588,341**	443,609
Sales of biodiesel products	**10,188**	5,779
	598,529	449,388

Sales of electronic products included the sales of finished electronic products; plastic moulds; plastic and other components for electronic products. The overall sales of electronic products had increased by 32.6%. The increase was mainly due to the growth in sales revenue from customers in the United States, which had improved from HK$231.1 million for the year 2009 to HK$300.0 million this year. During the year, the sales of the Group's major product, irrigation controllers, have increased by 29.3% to HK$186.4 million. Sales of components for electronic products, such as transformers and adapters, had increased consistently due to higher demand from customers. The operations of the Group's factory at Yangxi for production of component products continued to expand, with total sales of HK$76.9 million for the year, as compared to HK$21.9 million in 2009. Total sales of plastic moulds and plastic components accounted for approximately 6.3% of the total turnover for the year 2010. This has dropped slightly from 6.8% in 2009 as the market for these component products remained to be competitive and the Group intends to focus more of its resources on other higher profit margin products.

The Air Pollution Control (Motor Vehicle Fuel) (Amendment) Regulation 2010, which regulates the use of biodiesel in Hong Kong as alternative green energy, had become effective since 1 July 2010. This has helped to promote the popularity of biodiesel and to boost the demand for biodiesel in Hong Kong. The sales of the Group's biodiesel products for the year had nearly doubled as compared to last year, with an increase from HK$5.8 million in 2009 to HK$10.2 million in 2010. Management expects that more and more diesel users in Hong Kong will gradually accept the use of biodiesel as an alternative green energy and the demand for biodiesel products will then increase continuously in the future.

In terms of geographical market, the United States continued to be the major market for the Group's products and accounted for approximately 50.1% of the total turnover for the year (2009: 51.4%). Sales to customers in other markets such as Hong Kong, Europe and the PRC had also increased by 25.1%, 81.8% and 44.1% respectively. The Group will continue its efforts to secure new customers in these markets so that the turnover by geographical location can be spread more evenly.

Gross profit

The overall gross profit margin had improved from 17.7% for the year 2009 to 18.4% for 2010. The rise in gross profit margin was mainly due to the upward adjustments on selling prices of the Group's products and stringent cost control measures were implemented by the Group during the year. The gross profit margin for biodiesel products is usually higher than those for electronic products.

Operating expenses

During the year ended 31 December 2010, distribution costs were at approximately 0.9% of total turnover, which is at approximately the same level as that for the previous year. Total administrative expenses had increased from HK$52.8 million in 2009 to HK$56.7 million during the year, mainly due to the increase in salaries and allowances. On the other hand, the net finance costs for the year had remained at approximately the same level as for the year 2009.

Net profit attributable to owners of the parent

As a result of the improvements in turnover and gross profit margin, the Group has made a profit attributable to owners of the parent of HK$37.2 million for the year, compared to HK$13.9 million for the year 2009.

PRODUCTION FACILITIES

The Group currently has three production plants in the PRC for the manufacturing of electronic products and components, two of which are located at Shenzhen, and one at Yangxi. During the year 2010, the Group spent approximately HK$6.8 million to acquire new plant and machinery and spent approximately HK$8.9 million on leasehold improvements to enhance its production capacity. HK$8.3 million of the additions in leasehold improvements were for the relocation of the production facilities for the manufacturing of plastic moulds and components during the year. The new facilities enable the Group to have a higher production capacity to meet increased demand from customers.

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 2010, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$32.7 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2010, total borrowings of the Group amounted to HK$92.5 million, comprising bank overdrafts of HK$18.5 million, bank loans of HK$52.3 million, bills payable and trust receipt loans of HK$19.0 million and obligations under finance leases of HK$2.7 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 each of these borrowings at 31 December 2010 ranged from 3.4% to 5.7%.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 75 days, 96 days and 82 days respectively for the year 2010. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

As at 31 December 2010, the Group's current assets had increased by 24.2% to HK$323.9 million compared to HK$260.8 million as at 31 December 2009 and the Group's total current liabilities had increased by 26.8% to HK$207.1 million compared to HK$163.4 million as at 31 December 2009. The current ratio (current assets/current liabilities) as at 31 December 2010 was 1.56 times, which is at approximately the same level of 1.60 times as at 31 December 2009.

During the year, the Company had 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 2010, 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 2010 was HK$32.7 million, which had decreased by HK$46.3 million compared to the balance at 31 December 2009.

The net cash used in operating activities for the year was HK$1.0 million. The net cash used in investing activities amounted to HK$8.2 million, which was mainly due to HK$14.7 million paid for the acquisition of property, plant and equipment; HK$4.6 million spent for purchase of financial assets at fair value through profit or loss and HK$9.2 million received from sale of financial assets at fair value through profit or loss.

On the other hand, there was a net cash outflow of HK$37.7 million from financing activities in 2010. During the year, new borrowings of HK$16.0 million were obtained and HK$39.6 million was used to repay bank borrowings and finance leases and HK$14.1 million was paid to shareholders as dividend.

PLEDGE OF ASSETS

At 31 December 2010, the Group had total bank borrowings of HK$89.8 million, out of which HK$40.3 million were secured by short-term bank deposits of HK$3.4 million, available-for-sale financial assets of HK$2.8 million and trade receivables of HK$2.6 million.

GEARING RATIO

At 31 December 2010, the Group had a net debt balance of HK$22.3 million, being total borrowings of HK$92.5 million less trade related debts of HK$19.0 million and cash and cash equivalents of HK$51.2 million. The gearing ratio of the Group calculated by dividing the net debt balance by the shareholders' equity of HK$198.0 million as at 31 December 2010 was 11.2%. At 31 December 2009, the Group had a net cash position and did not have any gearing.

CONTINGENT LIABILITIES

At both 31 December 2010 and 31 December 2009, the Group did not have any material contingent liabilities.

EMPLOYEES

At 31 December 2010, the Group had 3,130 employees, of which 85 were employed in Hong Kong and 3,045 were employed in the PRC. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund retirement benefits scheme for all its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations in the PRC. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group. Total staff costs, excluding directors' emoluments, incurred by the Group for 2010 amounted to HK$115.9 million.

The Company has also adopted a share option scheme on 22 June 2005. During the year, no share options were granted, lapsed, cancelled or exercised. As at 31 December 2010, there were no outstanding share options granted under the share option scheme.

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

FOREIGN EXCHANGE EXPOSURE

Most of the Group's sales are denominated in United States dollars and most of the purchases of raw materials are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars 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 the global economic environment in 2011 will continue to be challenging. In particular, the fluctuation in crude oil and commodity prices; the risk of upward adjustment in interest rates; the continuing appreciation of Renminbi against US dollars and Hong Kong dollars; the upward adjustment on the minimum wage levels in China and the risk of global inflation will result in higher material costs, production costs, finance costs and overhead. In order to remain competitive in the market, the Group needs to tighten its controls over production costs and overheads, and to improve production efficiency so as to maximize the gross profit margin. The Group will consider shifting a portion of these increased costs to customers through adjustment in selling price of its products.

In terms of geographical market, although the sales to United States customers had increased during the year 2010, it is still uncertain whether the United States economy will continue to improve in 2011. The Group will continue to devote 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 maintain a steady growth in 2011, with an anticipated GDP growth of 8% on an annual basis.

The Group has diversified it business to biodiesel products since 2008. Biodiesel is a green alternative energy substitute for petroleum-based diesel. The Group expects that the demand for biodiesel products will increase in a fast pace in the future, resulting in operating profit for its biodiesel business.

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. In particular, the Group is in discussions and negotiations with independent third parties with a view to obtaining an energy management contract in the PRC. Such discussions and negotiations are still in progress and the terms of this management contract have not been agreed and the Group has not entered into any agreement or any letter of intent in respect of this matter. However, the Group believes that there is significant potential for energy saving businesses in the PRC in view of the PRC Government's initiatives of promoting environmentalism and industries involved in energy conservation.

CORPORATE GOVERNANCE

The Board believes that corporate governance is essential to the success of the Group. 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.

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 also publicly criticized for their breach 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 2010.

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 2010 at a meeting held on 23 March 2011, 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 2010 have been agreed by the Group'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 2010. 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 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, 23 March 2011

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