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 2011

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 2011 (the "Period") together with comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**357,398**	234,346
Cost of sales	*6*	**(290,599)**	(190,945)
Gross profit		**66,799**	43,401
Distribution costs	*6*	**(2,365)**	(2,288)
Administrative expenses	*6*	**(40,035)**	(26,724)
Other gains/(losses)-net		**171**	(5,619)
Operating profit		**24,570**	8,770
Finance income		**110**	61
Finance costs		**(2,081)**	(1,678)
Profit before income tax		**22,599**	7,153
Income tax expense	*7*	**(5,883)**	(1,703)
Profit for the period		**16,716**	5,450

	Note	Six months ended 30 June 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Attributable to:			
Owners of the Company		**17,222**	6,580
Non-controlling interests		**(506)**	(1,130)
		16,716	5,450
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– basic	*8*	**5.48**	2.09
– diluted	*8*	**5.43**	2.09
Dividend attributable to the period:			
Interim dividend	*9*	**12,577**	4,715

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**16,716**	5,450
Other comprehensive income		
Fair value gain on available-for-sale financial assets	**43**	101
Total other comprehensive income for the period	**43**	101
Total comprehensive income for the period	**16,759**	5,551
Total comprehensive income attributable to:		
Owners of the Company	**17,244**	6,632
Non-controlling interests	**(485)**	(1,081)
	16,759	5,551

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		As at	
	Note	**30 June 2011**	31 December 2010
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**56,184**	57,105
Leasehold land and land use rights		**1,946**	1,971
Intangible assets		**20,452**	20,452
Available-for-sale financial assets		**2,814**	2,771
Prepayments for non-current assets		**560**	560
Deferred income tax assets		**1,221**	1,359
Total non-current assets		**83,177**	84,218
Current assets			
Inventories		**138,025**	128,492
Trade receivables	*10*	**113,229**	122,582
Prepayments, deposits and other receivables		**15,009**	14,710
Amount due from a related company		**4**	151
Amount due from ultimate holding company		**34**	34
Amount due from non-controlling shareholders of a subsidiary		**1,069**	999
Financial assets at fair value through profit or loss		**3,259**	2,021
Derivative financial instruments		**538**	202
Pledged bank deposits		**3,453**	3,435
Tax recoverable		**57**	88
Cash and cash equivalents (excluding bank overdrafts)		**76,374**	51,213
Total current assets		**351,051**	323,927
Total assets		**434,228**	408,145

	Note	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,144**	3,143
Reserves			
Proposed dividend		**12,577**	15,716
Others		**199,532**	186,344
		215,253	205,203
Non-controlling interests		**(7,648)**	(7,163)
Total equity		**207,605**	198,040
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**5,696**	1,625
Deferred income tax liabilities		**1,493**	1,343
Total non-current liabilities		**7,189**	2,968
Current liabilities			
Trade payables	*11*	**83,126**	85,556
Accruals and other payables		**24,035**	26,877
Current income tax liabilities		**7,518**	3,819
Borrowings		**104,293**	90,882
Derivative financial instruments		**462**	3
Total current liabilities		**219,434**	207,137
Total liabilities		**226,623**	210,105
Total equity and liabilities		**434,228**	408,145
Net current assets		**131,617**	116,790
Total assets less current liabilities		**214,794**	201,008

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 on 30 August 2011 and has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2011 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 2010, 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 2010, 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.

The following amended and revised HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2011 and are relevant to the Group's operations:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised)	Business Combinations

The impacts of the adoption of these amended and revised HKFRSs on the Interim Financial Information are as follows:

(a) HKAS 1 (Amendment) "Presentation of Financial Statements". This amendment confirms that entities may present an analysis of the components of other comprehensive income by item either in the statement of changes in equity or within the notes. The adoption of this amendment does not have any impact on the presentation of the Interim Financial Information.

(b) HKAS 34 (Amendment) “Interim Financial Reporting”. This amendment provides guidance on the application of disclosure principles and adds disclosure requirements around (i) the circumstances likely to affect fair values of financial instruments and their classification; (ii) transfers of financial instruments between different levels of the fair value hierarchy; (iii) changes in classification of financial assets; and (iv) changes in contingent liabilities and assets. The adoption of this amendment is disclosed in Note 4 of the Interim Financial Information.

(c) HKFRS 3 (Revised) “Business Combinations”. This amendment clarifies that only when the acquiree has present ownership instruments that entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation, the acquirer can choose to measure the non-controlling interest at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. This revision does not have any material financial impact on the Group.

The following new, amended and revised HKFRSs are mandatory for the Group’s accounting period beginning on 1 January 2011, but are not relevant to the Group’s operations:

HKAS 19 (Amendment)	Employee Benefits
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 28 (Amendment)	Investments in Associates
HKAS 31 (Amendment)	Interests in Joint Ventures
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKFRS 8 (Amendment)	Disclosure of Information about Major Customers
HK(IFRIC) – Int 13 (Amendment)	Customer Loyalty Programmes
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The following new and amended HKFRSs have been issued, but are not effective for the Group’s accounting period beginning on 1 January 2011 and have not been early adopted:

HKAS 1 (Revised) (Amendment)	Presentation of Financial Statements
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Financial Instruments: Disclosure – Transfers of Financial Assets
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

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

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the risk management department since year end or in any risk management policies.

4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2011 (unaudited).

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Derivative financial instruments	–	–	538	538
Financial assets at fair value through profit or loss				
– Equity securities	3,259	–	–	3,259
Available-for-sale financial assets				
– Equity securities	–	–	2,814	2,814
Total assets	3,259	–	3,352	6,611
Liabilities				
Derivative financial instruments	–	–	462	462
Total liabilities	–	–	462	462

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010 (audited).

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Derivative financial instruments	–	–	202	202
Financial assets at fair value through profit or loss				
– Equity securities	2,021	–	–	2,021
Available-for-sale financial assets				
– Equity securities	–	–	2,771	2,771
Total assets	2,021	–	2,973	4,994
Liabilities				
Derivative financial instruments	–	–	3	3
Total liabilities	–	–	3	3

The following table presents the changes in level 3 instruments for the six months ended 30 June 2011 (unaudited).

	Available-for-sale financial assets and derivative financial instruments-net HK$'000
Opening balance	2,970
Fair value gain recognised in equity	43
Fair value losses recognised in consolidated income statement	(123)
Closing balance	2,890
Total losses for the period included in profit or loss for assets held at the end of the reporting period	(123)

The following table presents the changes in level 3 instruments for the year ended 31 December 2010 (audited).

	Available-for-sale financial assets and derivative financial instruments-net HK$'000
Opening balance	2,988
Fair value gain recognised in equity	161
Fair value losses recognised in consolidated income statement	(179)
Closing balance	2,970
Total losses for the year included in profit or loss for assets held at the end of the reporting period	(179)

In 2011 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

In 2011 there were no reclassifications of financial assets.

5 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 2011, 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 2011 (Unaudited)			
Total segment revenue and revenue from external customers	**348,866**	**8,532**	**357,398**
Segment results	**29,734**	**(3,129)**	**26,605**
Finance income	**110**	**–**	**110**
Finance costs	**(1,587)**	**(494)**	**(2,081)**
Income tax expense	**(5,883)**	**–**	**(5,883)**
	22,374	**(3,623)**	**18,751**
Unallocated operating costs			**(2,035)**
Profit for the period			**16,716**
Other information:			
Depreciation and amortisation	**(7,945)**	**(497)**	**(8,442)**
Fair value loss on derivative financial instruments-net	**(123)**	**–**	**(123)**
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)

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	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The United States	**209,336**	104,581
Hong Kong	**67,797**	70,432
Europe	**44,039**	41,369
The People's Republic of China (the "PRC")	**27,335**	9,746
Other countries	**8,891**	8,218
	357,398	234,346

For the six months ended 30 June 2011, revenues of approximately HK$149,667,000 (2010: HK$58,194,000) 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	31 December
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**32,913**	29,482
The PRC	**50,264**	54,736
	83,177	84,218

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Analysis of revenue by category:		
Sale of goods	**357,398**	234,346
Other income		
Dividend income from financial assets at fair value through profit or loss	**9**	35

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of land use rights	**25**	25
Depreciation		
– Owned property, plant and equipment	**7,847**	7,268
– Leased property, plant and equipment	**570**	403
Staff costs (including directors' emoluments)	**77,417**	53,683
Cost of inventories sold	**203,212**	118,491
Operating leases on rented premises	**6,618**	6,394
Other expenses	**37,310**	33,693
Total of cost of sales, distribution costs and administrative expenses	**332,999**	219,957

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	**3,115**	335
PRC enterprise income tax (Note a)	**2,443**	1,239
Under-provision in prior years	**37**	–
Deferred taxation charge	**288**	129
Income tax expense	**5,883**	1,703

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 2011, the Company had six 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"), 華訊節能科技(深圳)有限公司("華訊節能") 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 24% (2010: 22%) and 陽江華訊 and 華訊節能 were subject to a standard income tax rate of 25% (2010: 25%) in accordance with the relevant applicable tax laws.

8 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	**17,222**	6,580
Weighted average number of ordinary shares in issue (thousand)	**314,384**	314,320
Basic earnings per share (HK cents per share)	**5.48**	2.09

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has only one category of potentially dilutive 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	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	**17,222**	6,580
Weighted average number of ordinary shares in issue (thousand)	**314,384**	314,320
Adjustments for share options (thousand)	**2,556**	–
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**316,940**	314,320
Diluted earnings per share (HK cents per share)	**5.43**	2.09

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 potentially dilutive ordinary shares during that period.

9 INTERIM DIVIDEND

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend, proposed, of HK$0.04 (2010: HK$0.015) per ordinary share	**12,577**	4,715

The Board recommends the payment of an interim dividend of HK$0.04 per ordinary share for the six months ended 30 June 2011. 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 2011 has been approved by the Board on 30 August 2011.

10 TRADE RECEIVABLES

	As at	
	30 June	31 December
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**113,229**	122,582

As at 30 June 2011 and 31 December 2010, 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 at the balance sheet dates is as follows:

	As at	
	30 June	31 December
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**61,634**	66,923
31 – 60 days	**27,695**	33,368
61 – 90 days	**16,443**	14,161
91 – 120 days	**4,904**	6,029
121 – 365 days	**2,523**	2,064
Over 365 days	**30**	37
	113,229	122,582

As at 30 June 2011 and 31 December 2010, none of the trade receivables was impaired.

11 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at	
	30 June	31 December
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**47,380**	46,433
31 – 60 days	**23,888**	28,509
61 – 90 days	**8,543**	6,701
91 – 120 days	**1,379**	1,321
121 – 365 days	**1,425**	2,077
Over 365 days	**511**	515
	83,126	85,556

The fair values of trade payables approximated their carrying values.

12 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 2011. 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 HK4 cents per ordinary share for the six months ended 30 June 2011, payable on or about 7 October 2011, to the shareholders whose names appear on the register of members of the Company on 23 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 September 2011 to 23 September 2011, 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 19 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of Results

Market conditions during the six months ended 30 June 2011 (the "Period") continued to improve when compared to the year 2010. Total turnover of the Group has increased from HK$234.3 million in 2010 to HK$357.4 million for the Period, representing an increase of 52.5%. The net profit attributable to owners of the Company for the Period has also increased by 161.7% to HK$17.2 million when compared to HK$6.6 million for the same period in 2010. The improved performance was mainly due to the increase in demand from customers in the United States market and the rise in average gross margin for the Group's electronic products.

During the Period, sales of electronic products and components amounted to HK$348.9 million, representing an increase of 51.8% compared to HK$229.8 million for the corresponding period in 2010. The increase was mainly due to the continued increase in demand from customers in the United States market. On the other hand, the total sales of biodiesel products during the Period had also increased by 88.1% to HK$8.5 million.

Gross Profit

The Group recorded an overall gross profit of HK$66.8 million for the Period, with a gross profit margin of 18.7%. The gross profit and gross profit margin for the corresponding period in 2010 were HK$43.4 million and 18.5% respectively. The improved margin was mainly due to the increase in unit selling prices for the Group's products and the increase in sales proportion of products with higher profit margins during the Period.

Operating expenses

During the Period, total administrative expenses have increased by HK$13.3 million. This is mainly due to the share-based payments of HK$8.3 million incurred due to grant of share options during the Period, and increase in total staff costs as a result of annual adjustment in wages and salaries.

Net finance costs increased slightly by HK$0.4 million due to the increase in total bank and other borrowings during the Period.

LIQUIDITY AND FINANCIAL INFORMATION

The liquidity position of the Group remained healthy as at 30 June 2011. Most of the Group's liquid fund is placed as deposits at various banks. As at 30 June 2011, the total amount of cash and cash equivalents of the Group was HK$76.4 million, compared to HK$51.2 million as at 31 December 2010. The increase was mainly due to funds generated from operations of the Group. During the Period, final dividend for the year 2010 of HK$15.7 million had been paid and total repayment of bank and other loans was HK$12.7 million. As at 30 June 2011, bank deposits of HK$3.5 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 2011 amounted to HK$110.0 million, representing an increase of HK$17.5 million when compared to 31 December 2010.

As at 30 June 2011, the gearing ratio, representing total borrowings (less trade related debts and cash and cash equivalents) divided by total equity of the Company, was 1.3%. The gearing ratio as at 31 December 2010 was 11.2%. The drop in the gearing ratio is due to the decrease in net debt balance as a result of funds generated from operations.

The current ratio (current assets divided by current liabilities) as at 30 June 2011 was 1.60, which has improved from 1.56 as at 31 December 2010.

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, the Group entered into forward exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. As at 30 June 2011, the notional amounts of outstanding forward foreign exchange contracts to buy Renminbi is approximately HK$70.2 million. These are for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. 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 inflow from operating activities for the Period was HK$43.7 million. On the other hand, HK$2.9 million had been used for the acquisition of property, plant and equipment, and HK$15.7 million had been used to pay the final dividend for the year 2010. Total new borrowings obtained during the Period was HK$15.6 million, and HK$12.7 million had been used to repay bank and other loans and HK$1.2 million had been used to repay obligations under finance leases. The net increase in cash and cash equivalents, net of bank overdrafts, for the Period was HK$25.9 million. Cash and cash equivalents, net of bank overdrafts, as at 30 June 2011 amounted to HK$58.6 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 2011, the Group has unutilised banking facilities amounted to HK$306 million.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK$7.6 million of which HK$4.7 million were acquired under financial leases, the remaining HK$2.9 million were financed by internal resources of the Group.

PLEDGE OF ASSETS

As at 30 June 2011, the Group had total bank borrowings of HK$100.7 million, out of which HK$36.4 million were secured by bank deposits of HK$3.5 million, available-for-sale financial assets with carrying value of HK$2.8 million and trade receivables of HK$1.8 million.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2011.

EMPLOYEES

As at 30 June 2011, the Group had a total of 3,050 employees, of which 81 of them were employed in Hong Kong and 2,969 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

The performance of the Group during the Period has shown significant improvements when compared to the results of the corresponding period in 2010, which is mainly due to the increase in demand from customers in the United States market. However, in view of the recent instability of the financial markets in the United States and Europe, such as signs of economic slowdown despite growing inflation in the United States; debt problems and credit crisis in the United States and Europe, the global economic environment will still be uncertain. In addition, the consistent rise in labour costs in the PRC and the appreciation of Renminbi against Hong Kong dollars and United States dollars will also affect the performance of the Group in future. 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 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 explore new markets and new customers for its products.

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. On 19 August 2011, the Hong Kong Government has issued a tender for the supply of 3,533,000 litres of B5 diesel for delivery to various government departments over a period of 16 months. The tender submission deadline is 30 September 2011. The Group is preparing all necessary documents for the tender submission and has confidence to secure the contract for the supply of B5 diesel.

On 19 April 2011, the Group has entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") with China Potevio Company Limited 中國普天信息產業股份有限公司 ("China Potevio") for the development of energy saving business through the provision of green energy saving lighting equipment and business solutions to customers. Further on 4 August 2011, the Company has entered into a cooperation agreement (the "Cooperation Agreement") with China Potevio and HNA Hotel Group Limited 海航酒店(集團)有限公司 ("HNA Hotel Group") for the provision of energy saving solutions for hotels under HNA Hotel Group. The Strategic Cooperation Agreement and the Cooperation Agreement offer opportunities to the Group to diversify its business into energy saving business and to broaden the Group's revenue base in the future. The Company will enter into specific project agreement with China Potevio, HNA Hotel Group or other customers when detailed terms and arrangements for individual energy saving project are finalised. Up to the date of this announcement, the Company has not entered into any agreement on the terms of any energy saving project. With strong support from the PRC government to promote energy saving industry, the Board believes that there is significant market potential for the energy saving business.

Looking forward, the Group will continue to explore opportunities for energy saving projects with other potential customers and 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 announcement, 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 (the "Listing Rules"), 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.

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 of the Company (the "Audit Committee") was established with written terms of reference in compliance with the Listing Rules. The Audit Committee shall meet at least twice every year and currently comprises three members being the independent non-executive Directors of the Company, namely 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, in conjunction with the Company's independent auditors, at a meeting held on 30 August 2011, which 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 of the Company (the "Remuneration Committee") was established with written terms of reference in compliance with the Listing Rules. The Remuneration Committee shall meet at least once every year and shall have a minimum of five members, comprising a majority of independent non-executive directors. The Chairman of the Remuneration Committee is Mr. 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 2011 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, 30 August 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.