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 2011

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 2011, 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 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Revenue	*4*	**801,694**	598,529
Cost of sales	*5*	**(661,665)**	(488,384)
Gross profit		**140,029**	110,145
Other income	*4*	**26**	35
Distribution costs	*5*	**(5,215)**	(5,568)
Administrative expenses	*5*	**(76,874)**	(56,725)
Other losses - net	*6*	**(8,562)**	(1,067)
Operating profit		**49,404**	46,820
Finance income	*7*	**330**	126
Finance costs	*7*	**(4,362)**	(3,783)
Profit before income tax		**45,372**	43,163
Income tax expense	*8*	**(13,355)**	(9,291)
Profit for the year		**32,017**	33,872

	Note	2011 HK$'000	2010 HK$'000
Attributable to:			
Owners of the Company		**33,423**	37,243
Non-controlling interests		**(1,406)**	(3,371)
		32,017	33,872
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– basic	9	**10.63**	11.85
– diluted	9	**10.63**	11.85
Dividends	10	**28,298**	20,431

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**32,017**	33,872
Other comprehensive income		
Fair value gain on available-for-sale financial assets	**55**	161
Currency translation differences	**4,748**	137
Total other comprehensive income for the year	**4,803**	298
Total comprehensive income for the year	**36,820**	34,170
Total comprehensive income attributable to:		
Owners of the Company	**38,091**	37,395
Non-controlling interests	**(1,271)**	(3,225)
	36,820	34,170

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**53,539**	57,105
Leasehold land and land use rights		**1,921**	1,971
Intangible assets		**20,452**	20,452
Available-for-sale financial assets		**2,826**	2,771
Prepayments for non-current assets		**560**	560
Deferred income tax assets		**875**	1,359
Total non-current assets		**80,173**	84,218
Current assets			
Inventories		**124,142**	128,492
Trade receivables	*11*	**126,270**	122,582
Prepayments, deposits and other receivables		**14,011**	14,710
Amount due from a related company		**16**	151
Amount due from the ultimate holding company		**34**	34
Amounts due from non-controlling shareholders of a subsidiary		**613**	999
Financial assets at fair value through profit or loss		**2,088**	2,021
Derivative financial instruments		**–**	202
Pledged bank deposits		**4,957**	3,435
Tax recoverable		**57**	88
Cash and cash equivalents (excluding bank overdrafts)		**72,736**	51,213
Total current assets		**344,924**	323,927
Total assets		**425,097**	408,145

	Note	2011 HK$'000	2010 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,144**	3,143
Reserves			
Proposed final dividend		**15,721**	15,716
Others		**204,658**	186,344
		223,523	205,203
Non-controlling interests		**(8,434)**	(7,163)
Total equity		**215,089**	198,040
LIABILITIES			
Non-current liabilities			
Borrowings		**3,944**	1,625
Deferred income tax liabilities		**1,351**	1,343
Total non-current liabilities		**5,295**	2,968
Current liabilities			
Trade payables	*12*	**76,039**	85,556
Accruals and other payables		**28,841**	26,877
Current income tax liabilities		**5,352**	3,819
Borrowings		**85,192**	90,882
Derivative financial instruments		**9,289**	3
Total current liabilities		**204,713**	207,137
Total liabilities		**210,008**	210,105
Total equity and liabilities		**425,097**	408,145
Net current assets		**140,211**	116,790
Total assets less current liabilities		**220,384**	201,008

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the Group are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products, the manufacturing and trading of biodiesel products, and the provision of energy saving business solutions. 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 27 March 2012.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with HKFRS issued by the HKICPA. 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 2010, as described in those annual financial statements.

(a) New and amended standards adopted by the Group for the first time for the financial year beginning 1 January 2011

HKAS 24 (Revised)	Related party disclosure
HKAS 32 (Amendment)	Classification of rights issue
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

Various improvements to HKFRSs published by the Hong Kong Institute of Certified Public Accountants in May 2010.

The adoption of the new/amended standards has no significant impact on the Group's consolidated financial statements.

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted.

HKAS 1 (Amendment)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKAS 19	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investments in Associates and Joint Ventures
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial instruments
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurements
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has already commenced an assessment of the impact of the above new/amended standards but is not yet in a position to state whether these new/amended 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 the executive Directors who make strategic decisions and assess performance.

For the year ended 31 December 2011, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products or services 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; and

(iii) the energy saving business segment – the provision of energy saving business solutions to customers (with effect from the year ended 31 December 2011).

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 consolidated 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 consolidated income statement.

	Electronic products *HK$'000*	**Biodiesel products** *HK$'000*	**Energy saving business** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2011				
Total segment revenue and revenue from external customers	**785,081**	**16,613**	**–**	**801,694**
Operating profit/(loss) before interest and tax	**61,071**	**(5,060)**	**(2,977)**	**53,034**
Finance income	**330**	**–**	**–**	**330**
Finance costs	**(3,372)**	**(990)**	**–**	**(4,362)**
Income tax expense	**(13,355)**	**–**	**–**	**(13,355)**
	44,674	**(6,050)**	**(2,977)**	**35,647**
Unallocated operating costs				**(3,630)**
Profit for the year				**32,017**
Other information:				
Depreciation and amortisation	**(16,182)**	**(960)**	**(69)**	**(17,211)**
Fair value loss on derivative financial instruments - net	**(9,488)**	**–**	**–**	**(9,488)**

	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)

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:

	2011	2010
	HK$'000	*HK$'000*
The United States	**430,812**	299,953
Hong Kong	**202,707**	149,290
Europe	**91,559**	72,002
The People's Republic of China (the "PRC")	**59,171**	60,837
Other countries	**17,445**	16,447
	801,694	598,529

For the year ended 31 December 2011, revenues of approximately HK$310,903,000 (2010: HK$186,396,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

	Electronic products	**Biodiesel products**	**Energy saving business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
As at 31 December 2011				
Total segment assets	**399,288**	**16,396**	**9,145**	**424,829**
Unallocated:				
Cash and cash equivalents				**149**
Prepayments, deposits and other receivables				**62**
Tax recoverable				**57**
Total assets per consolidated statement of financial position				**425,097**
Total segment liabilities	**189,947**	**19,017**	**199**	**209,163**
Unallocated:				
Accruals and other payables				**845**
Total liabilities per consolidated statement of financial position				**210,008**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**12,084**	**234**	**330**	**12,648**

	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

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:

	2011 ***HK$'000***	2010 *HK$'000*
Hong Kong	**31,623**	29,482
The PRC	**48,550**	54,736
	80,173	84,218
Analysis of revenue by category:		
Sale of goods	**801,694**	598,529
Other income		
Dividend income from financial assets at fair value through profit or loss	**26**	35

5 EXPENSES BY NATURE

	2011 *HK$'000*	2010 *HK$'000*
Amortisation of leasehold land and land use rights	**50**	50
Auditor's remuneration	**1,665**	1,542
Cost of inventories sold	**479,977**	326,497
Depreciation		
– Owned property, plant and equipment	**15,749**	15,588
– Leased property, plant and equipment	**1,412**	333
Employee benefit expense – excluding Directors' emoluments	**137,023**	115,881
Employee benefit expense – Directors' emoluments	**9,376**	8,107
Provision for slow moving and obsolete inventories	**1,033**	361
Provision for impairment of receivables	**2,364**	–
Operating leases on rented premises	**14,741**	13,360
Other expenses	**80,364**	68,958
Total of cost of sales, distribution costs and administrative expenses	**743,754**	550,677

6 OTHER LOSSES – NET

	2011 *HK$'000*	2010 *HK$'000*
Fair value loss on financial assets at fair value through profit or loss – net	**(1,936)**	(286)
Fair value loss on derivative financial instruments – net	**(9,488)**	(179)
Realised gain on derivative financial instruments	**3,305**	1,406
Net foreign exchange losses	**(2,027)**	(2,043)
Gain/(loss) on disposals of property, plant and equipment	**524**	(598)
Others	**1,060**	633
	(8,562)	(1,067)

7 FINANCE INCOME AND COSTS

	2011 *HK$'000*	2010 *HK$'000*
Interests on bank loans, trust receipt loans and bank overdrafts wholly repayable within five years	**3,934**	3,705
Interest on loans from a customer	**132**	–
Interest element of finance leases	**296**	78
Total finance costs	**4,362**	3,783
Less: Interest income from bank deposits	**(330)**	(126)
Finance costs – net	**4,032**	3,657

For the years ended 31 December 2011 and 2010, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$3,934,000 and HK$3,705,000 respectively.

8 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 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.

	2011	2010
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**8,096**	6,240
– PRC enterprise income tax *(Note a)*	**4,736**	3,407
Underprovision in prior years	**31**	54
Deferred taxation charge/(credit)	**492**	(410)
Income tax expense	**13,355**	9,291

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 2011, the Company has 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"), Alltronics Energy Saving (Shenzhen) Limited ("Alltronics Energy Saving") and 南盈科技發展(深圳)有限公司("南盈"). During the year ended 31 December 2011, Shenzhen Allcomm, ATM, Southchina and 南盈 were subject to an income tax rate of 24% (2010: 22%), 陽江華訊 and Alltronics Energy Saving were subject to a standard income tax rate of 25% (2010: 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 Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit attributable to owners of the Company (HK$'000)	**33,423**	37,243
Weighted average number of ordinary shares in issue (thousand)	**314,402**	314,320
Basic earnings per share (HK cents per share)	**10.63**	11.85

(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 2011, 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.

	2011	2010
Profit attributable to owners of the Company (HK$'000)	**33,423**	37,243
Weighted average number of ordinary shares in issue (thousand)	**314,402**	314,320
Adjustments for share options (thousand)	**–**	–
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**314,402**	314,320
Diluted earnings per share (HK cents per share)	**10.63**	11.85

The assumed conversion of potential ordinary shares arising from the share options during the year would be anti-dilutive.

10 DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Interim dividend, paid, of HK4.0 cents (2010: HK1.5 cents) per ordinary share	**12,577**	4,715
Proposed final dividend of HK5.0 cents (2010: HK5.0 cents) per ordinary share	**15,721**	15,716
	28,298	20,431

The Board recommends the payment of a final dividend of HK5.0 cents per ordinary share, totalling HK$15,721,000. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company to be held on 29 May 2012. 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

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**128,634**	122,582
Less: provision for impairment of receivables	**(2,364)**	–
	126,270	122,582

As at 31 December 2011 and 2010, 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:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**76,954**	66,923
31 – 60 days	**31,863**	33,368
61 – 90 days	**11,359**	14,161
91 – 120 days	**5,358**	6,029
121 – 365 days	**2,612**	2,064
Over 365 days	**488**	37
	128,634	122,582

12 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**36,960**	46,433
31 – 60 days	**30,339**	28,509
61 – 90 days	**5,856**	6,701
91 – 120 days	**924**	1,321
121 – 365 days	**1,562**	2,077
Over 365 days	**398**	515
	76,039	85,556

As at 31 December 2011 and 2010, 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 2011 (2010: 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 February 2012, Alltronics Energy Saving, being an indirectly wholly-owned subsidiary of the Company, has entered into the Suning EMC Agreement with Suning Appliance Co., Ltd., China Potevio Company Limited and 北京巨龍東方國際信息技術有限責任公司 for the provision of energy saving solutions to at least 1,000 retails stores operated by Suning Appliance Co., Ltd. in the PRC, through the use of LED lighting equipment. Details of the agreement are set out in the announcement issued by the Company dated 13 February 2012.

PROPOSED FINAL DIVIDEND

In appreciation of the continuing support from our shareholders, the Board proposes the payment of a final dividend of HK5.0 cents per share. Together with the interim dividend of HK4.0 cents per share paid in October 2011, the total dividends paid or payable for the year 2011 will be HK9.0 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 11 June 2012. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or around 29 June 2012.

ANNUAL GENERAL MEETING

The Annual General Meeting 2012 (the "AGM") of the Company will be held at Function Rooms Tian and Di, 7/F, The Landmark Mandarin Oriental Hotel, 15 Queen's Road Central, The Landmark, Central, Hong Kong on 29 May 2012 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 24 May 2012 to 29 May 2012 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all share transfers 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 23 May 2012.

The register of members of the Company will be also closed from 7 June 2012 to 11 June 2012 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the AGM), all share transfers 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 6 June 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Total turnover for the year has increased by 33.9% to HK$801.7 million, as compared to HK$598.5 million for the year 2010. The turnover analysis by category of products for the two years ended 31 December 2011 and 2010 respectively are as follows:

	2011	2010
	HK$'000	*HK$'000*
Sales of electronic products	**785,081**	588,341
Sales of biodiesel products	**16,613**	10,188
	801,694	598,529

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 33.4% as compared to last year due to the increased demand from customers, especially from customers in the United States. Total sales revenue from customers in the United States had improved from HK$300.0 million for the year 2010 to HK$430.8 million this year. In particular, the sales of the Group's major product, irrigation controllers, have increased by 66.8% to HK$310.9 million. On the other hand, total sales of components for electronic products, including transformers and adapters, had decreased by 21.0% due to drop in demand from customers. Total sales of plastic moulds and plastic components also dropped slightly by 5.6%, 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 performance of the biodiesel products segment had improved continuously, with total turnover increased from HK$10.2 million in 2010 to HK$16.6 million in 2011. The Air Pollution Control (Motor Vehicle Fuel) (Amendment) Regulation 2010, which regulates the use of biodiesel as alternative green energy in Hong Kong, had become effective since 1 July 2010. This has helped to promote the use of biodiesel in Hong Kong. On 25 November 2011, the Group has been granted a government contract for the supply of 3,533,000 litres of B5 biodiesel for delivery to various government departments over a period of 16 months, commencing from January 2012. This represents an official recognition of the quality of the Group's biodiesel products and further confirms the leading position of the Group in the biodiesel market in Hong Kong. Management expects that the demand for biodiesel products in Hong Kong will 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 53.7% of the total turnover for the year (2010: 50.1%). Sales to customers in other markets such as Hong Kong and Europe had also increased by 35.8% and 27.2% respectively. The sales to the PRC market had remained stable and amounted to HK$59.2 million for the year (2010: HK$60.8 million). The Group will continue its efforts to secure new customers in different markets so that the turnover by geographical location can be spread more evenly.

In view of the strong support from the PRC Government on energy saving industry, the Group expects that there will be significant opportunity for energy saving business in the PRC. In January 2011, the Group has set up a wholly-owned foreign enterprise in the PRC to diversify its operations into energy saving business. Further on 19 April 2011, the Group has established a cooperation platform with a PRC state-owned enterprise, China Potevio Company Limited ("China Potevio"), for the development of energy saving business in the PRC through the use of LED lighting equipment. However, this business segment was still in its development stage and no revenue had been generated from this business segment during 2011.

Gross profit

The overall gross profit margin had reduced from 18.4% for the year 2010 to 17.5% for 2011. The drop in gross profit margin was mainly due to the increase in direct labour costs and other production overheads, as a result of the increase in minimum wage level, consistent appreciation of Renminbi and general inflation in the PRC during the year.

Operating expenses and other losses

During the year ended 31 December 2011, total administrative expenses had increased from HK$56.7 million in 2010 to HK$76.9 million, mainly due to the increase in staff costs. Share-based payment expenses of HK$8.3 million had been recognised in the consolidated income statement for share options granted during the year. The net finance costs for the year had increased slightly by HK$375,000 due to increase in interest rates. The fluctuation on the exchange rate of Renminbi against United States dollars had resulted in a fair value loss on derivative financial instruments as at 31 December 2011, amounting to HK$9.5 million.

Net profit attributable to owners of the Company

Although the turnover and gross profit for the year have increased by HK$203.2 million and HK$29.9 million respectively, the net profit attributable to owners of the Company has decreased by HK$3.8 million. This is mainly due to the fair value loss on derivative financial instruments of HK$9.5 million and the recognition of share-based payment expenses of HK$8.3 million for share options granted during the year.

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 in Shenzhen, and one in Yangxi. During the year 2011, the Group spent approximately HK$1.7 million to acquire new plant and machinery, approximately HK$5.3 million to acquire motor vehicles and spent approximately HK$4.2 million on leasehold improvements to enhance its production capacity.

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 for the electronic products segment and the biodiesel products segment are sufficient for their production requirements in the near future.

In January 2011, the Group has set up an office with LED testing facilities in Shenzhen to carry out its energy saving business.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2011, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$53.5 million. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 31 December 2011, total borrowings of the Group amounted to HK$89.1 million, comprising bank overdrafts of HK$19.3 million, bank loans of HK$37.4 million, bills payable and trust receipt loans of HK$25.0 million, obligations under finance leases of HK$5.0 million and loans from a customer of HK$2.4 million, all of which are denominated in Hong Kong dollars. The average effective interest rates for each of these borrowings at 31 December 2011 ranged from 3.7% to 6.5% per annum.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 57 days, 68 days and 59 days respectively for the year 2011. 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 2011, the Group's current assets had increased by 6.5% to HK$344.9 million compared to HK$323.9 million as at 31 December 2010 and the Group's total current liabilities had decreased by 1.2% to HK$204.7 million compared to HK$207.1 million as at 31 December 2010. The current ratio (current assets/current liabilities) as at 31 December 2011 was 1.68 times, which is at approximately the same level of 1.56 times as at 31 December 2010.

During the year, the Company had not repurchased any of its own shares on the Stock Exchange. On 13 January 2011, the Company had granted a total of 15,900,000 share options to certain directors and employees at an exercise price of HK$2.31 per share. These share options are exercisable within a period of two years from 13 January 2011 to 12 January 2013. On 8 March 2011, a total of 100,000 share options had been exercised and resulted in the issue of 100,000 ordinary shares of HK$0.01 each.

At 31 December 2011, the Company had in issue a total of 314,420,000 ordinary shares of HK$0.01 each.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 31 December 2011 was HK$53.5 million, which had increased by HK$20.8 million compared to the balance at 31 December 2010.

The net cash generated from operating activities for the year was HK$73.8 million. The net cash used in investing activities amounted to HK$9.4 million, which was mainly due to HK$8.0 million paid for the acquisition of property, plant and equipment; HK$9.2 million spent for purchase of financial assets at fair value through profit or loss and HK$7.2 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$44.4 million from financing activities in 2011. During the year, new borrowings of HK$17.6 million were obtained and HK$32.3 million was used to repay bank borrowings and finance leases and HK$28.3 million was paid to shareholders as dividend.

PLEDGE OF ASSETS

At 31 December 2011, the Group had total bank borrowings (excluding obligations under finance leases) of HK$81.7 million, out of which HK$35.8 million were secured by short-term bank deposits of HK$4.5 million, available-for-sale financial assets of HK$2.8 million and trade receivables of HK$2.5 million. In addition, a bank deposit of HK$0.5 million was pledged to a bank as security for bank guarantee given to a third party.

GEARING RATIO

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as ‘equity’, as shown in the consolidated statement of financial position.

At 31 December 2011, the Group did not have a net debt position. The gearing ratio as at 31 December 2010 was 11.2%.

CONTINGENT LIABILITIES

At both 31 December 2011 and 31 December 2010, the Group did not have any material contingent liabilities.

EMPLOYEES

At 31 December 2011, the Group had 2,734 employees, of which 83 were employed in Hong Kong and 2,651 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 2011 amounted to HK$137.0 million.

The Company has also adopted a share option scheme on 22 June 2005. During the year, a total of 15,900,000 share options were granted at an exercise price of HK$2.31 per shares, with an exercisable period of two years from 13 January 2011 to 12 January 2013. On 8 March 2011, a total of 100,000 share options had been exercised. Saved as aforesaid, no other share options were granted, lapsed, cancelled or exercised. As at 31 December 2011, 15,800,000 share options had been granted and remained outstanding 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

Regarding the electronic products segment, the Group expects that the global economic environment in 2012 will continue to be challenging. In particular, the fluctuation in crude oil and commodity prices; the risk of 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 electronic products.

In terms of geographical market, although the sales to United States customers had increased during the year 2011, it is still uncertain whether the United States economy will continue to improve in 2012. 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 2012.

The Group has diversified its business to biodiesel products since 2008. Biodiesel is a green alternative energy substitute for petroleum-based diesel. The government contract secured during the year for the supply of B5 biodiesel will provide additional momentum to the Group to develop its biodiesel business in Hong Kong. The Group expects that the demand for biodiesel products will increase at a fast pace in the future, resulting in operating profit for its biodiesel business.

In view of the strong support from the PRC Government on energy saving industry, the Group will focus more of its resources on the development of energy saving business in the PRC. On 13 February 2012, the Group has entered into a energy management contract with Suning Appliance Co., Ltd., China Potevio and 北京巨龍東方國際信息技術有限責任公司 (which is a subsidiary of China Potevio) for the provision of energy saving solutions to at least 1,000 retails stores operated by Suning Appliance Co., Ltd. in the PRC, through the use of LED lighting equipment. Details of the energy management contract are set out in the announcement issued by the Company dated 13 February 2012.

Energy management contract business can provide an additional stable source of income to the Group. As set out in the announcement issued by the Company dated 4 August 2011, the Group is in negotiation with HNA Hotel Group Limited for the provision of energy saving solutions to hotels managed by HNA Hotel Group Limited. The Group will continue its negotiations with HNA Hotel Group Limited and other potential customers on other energy saving projects using LED lighting equipment, and will enter into more energy management contracts in the future.

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 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.

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 (a former independent non-executive Director of the Company) were publicly criticised for their respective 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 2011.

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 STATAEMENTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2011 at a meeting held on 27 March 2012, 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 2011 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 current 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.

Effective from 1 April 2012, Ms. Yeung Chi Ying will become the Chairman of the Remuneration Committee and Mr. Lam Yin Kee will remain as a member of the Remuneration Committee.

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 2011. 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 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, 27 March 2012

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