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 2012

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 2012 (the "Period") together with comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**414,739**	357,398
Cost of sales	*6*	**(355,569)**	(290,599)
Gross profit		**59,170**	66,799
Distribution costs	*6*	**(2,255)**	(2,365)
Administrative expenses	*6*	**(37,748)**	(40,035)
Other gains		**5,798**	171
Operating profit		**24,965**	24,570
Finance income		**122**	110
Finance costs		**(2,737)**	(2,081)
Profit before income tax		**22,350**	22,599
Income tax expense	*7*	**(5,619)**	(5,883)
Profit for the period		**16,731**	16,716

	Note	Six months ended 30 June 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Attributable to:			
Owners of the Company		**18,265**	17,222
Non-controlling interests		**(1,534)**	(506)
		16,731	16,716
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
–basic	*8*	**5.81**	5.48
–diluted	*8*	**5.81**	5.43
Dividend attributable to the period:			
Interim dividend	*9*	**9,433**	12,577

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**16,731**	16,716
Other comprehensive income		
Fair value gain on available-for-sale financial assets	**24**	43
Total other comprehensive income for the period	**24**	43
Total comprehensive income for the period	**16,755**	16,759
Total comprehensive income attributable to:		
Owners of the Company	**18,277**	17,244
Non-controlling interests	**(1,522)**	(485)
	16,755	16,759

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

		As at	
		30 June	31 December
		2012	2011
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**49,648**	53,539
Leasehold land and land use rights		**1,896**	1,921
Intangible assets		**20,452**	20,452
Available-for-sale financial assets		**2,850**	2,826
Prepayments		**21,810**	560
Deferred income tax assets		**1,010**	875
Total non-current assets		**97,666**	80,173
Current assets			
Inventories		**150,240**	124,142
Trade receivables	*10*	**99,322**	126,270
Prepayments, deposits and other receivables		**29,150**	14,011
Amount due from a related company		**–**	16
Amount due from ultimate holding company		**34**	34
Amount due from non-controlling shareholders of a subsidiary		**1,561**	613
Financial assets at fair value through profit or loss		**1,634**	2,088
Pledged bank deposits		**5,962**	4,957
Tax recoverable		**61**	57
Cash and cash equivalents (excluding bank overdrafts)		**67,286**	72,736
Total current assets		**355,250**	344,924
Total assets		**452,916**	425,097

	Note	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
		As at	
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,144**	3,144
Reserves			
Proposed dividend		**9,433**	15,721
Others		**213,502**	204,658
		226,079	223,523
Non-controlling interests		**(9,956)**	(8,434)
Total equity		**216,123**	215,089
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**2,250**	3,944
Deferred income tax liabilities		**982**	1,351
Total non-current liabilities		**3,232**	5,295
Current liabilities			
Trade payables	*11*	**71,781**	76,039
Accruals and other payables		**26,731**	28,841
Amount due to non-controlling shareholders of a subsidiary		**26**	–
Current income tax liabilities		**8,491**	5,352
Borrowings		**122,536**	85,192
Derivative financial instruments		**3,996**	9,289
Total current liabilities		**233,561**	204,713
Total liabilities		**236,793**	210,008
Total equity and liabilities		**452,916**	425,097
Net current assets		**121,689**	140,211
Total assets less current liabilities		**219,355**	220,384

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, 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.

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 28 August 2012 and has not been audited.

Key events

On 13 February 2012, Alltronics Energy Saving (Shenzhen) Limited ("Alltronics Energy Saving"), a wholly-owned subsidiary of the Group, entered into an agreement (the "Suning EMC Agreement") with Suning Appliance Co., Limited ("Suning Appliance"), China Potevio Company Limited ("China Potevio") and 北京巨龍東方國際信息技術有限責任公司("Beijing Dragon") to carry out energy management contract business in The People's Republic of China (the "PRC") through the use of green energy saving LED lighting equipment. On the same date, the Company, Alltronics Energy Saving, China Potevio and Beijing Dragon further entered into a cooperation agreement to define the respective duties and responsibilities between Alltronics Energy Saving, China Potevio and Beijing Dragon during the term of the Suning EMC Agreement.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2012 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 2011, 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 applied are consistent with those of the annual financial statements for the year ended 31 December 2011, 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 new standard, amendment to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2012, but are not currently relevant to the Group:

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	Disclosure – Transfers of financial assets

The following new standards, amendments to standards and interpretations have been issued but not yet effective for the financial year beginning 1 January 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (revised 2011)	Separate financial statements
HKAS 28 (revised 2011)	Associates and joint ventures
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities
HKFRS 9	Financial Instruments
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 13	Fair value measurements
HK (IFRIC)-Int 20	Stripping cost in the production phase of a surface mine

Management is in the process of assessing the impact of the above new standards, amendments to standards and interpretations, which have been issued but are not yet effective for 2012, on the Group's operations and financial statement presentation.

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 therefore should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

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 2012 (unaudited).

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Assets				
Financial assets at fair value through profit or loss				
– Equity securities	**1,634**	**–**	**–**	**1,634**
Available-for-sale financial assets				
– Unlisted capital guaranteed funds	**–**	**–**	**2,850**	**2,850**
Total assets	**1,634**	**–**	**2,850**	**4,484**
Liabilities				
Derivative financial instruments	**–**	**–**	**3,996**	**3,996**
Total liabilities	**–**	**–**	**3,996**	**3,996**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011 (audited).

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets at fair value through profit or loss				
– Equity securities	2,088	–	–	2,088
Available-for-sale financial assets				
– Unlisted capital guaranteed funds	–	–	2,826	2,826
Total assets	2,088	–	2,826	4,914
Liabilities				
Derivative financial instruments	–	–	9,289	9,289
Total liabilities	–	–	9,289	9,289

The fair value of available-for-sale financial assets that are not traded in an active market is determined with reference to indicative market values provided by the issuers.

The fair value of financial assets at fair value through profit or loss is based on quoted market prices at the statement of financial position date without any deduction for transaction costs.

The fair values of derivative financial instruments that are not traded in an active market are determined by using valuation techniques. The Group makes assumptions that are based on market conditions existing at each balance sheet date.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2012 (unaudited).

	Available-for-sale financial assets and derivative financial instruments – net *HK$'000*
Opening balance	**(6,463)**
Fair value gain recognised in equity	**24**
Fair value gain recognised in consolidated income statement	**5,293**
Closing balance	**(1,146)**
Total gain for the period included in profit or loss for assets held at the end of the reporting period	**5,293**

The following table presents the changes in level 3 instruments for the year ended 31 December 2011 (audited).

	Available-for-sale financial assets and derivative financial instruments – net *HK$'000*
Opening balance	2,970
Fair value gain recognised in equity	55
Fair value losses recognised in consolidated income statement	(9,488)
Closing balance	(6,463)
Total losses for the year included in profit or loss for assets held at the end of the reporting period	(9,488)

In 2012 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 2012 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 2012, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide.

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

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

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

(iii) the energy saving business segment – the provision of energy saving business solutions to customers.

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 condensed consolidated financial information.

All sales between segments are eliminated on consolidation. 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*
Six months ended 30 June 2012 (Unaudited)				
Total segment revenue and revenue from external customers	**392,220**	**22,388**	**131**	**414,739**
Segment results	**31,215**	**(1,093)**	**(3,766)**	**26,356**
Finance income	**121**	**–**	**1**	**122**
Finance costs	**(2,241)**	**(496)**	**–**	**(2,737)**
Income tax expense	**(5,619)**	**–**	**–**	**(5,619)**
	23,476	**(1,589)**	**(3,765)**	**18,122**
Unallocated operating costs				**(1,391)**
Profit for the period				**16,731**
Other information:				
Depreciation and amortisation	**(7,155)**	**(372)**	**(65)**	**(7,592)**
Fair value gain on derivative financial instruments-net	**5,293**	**–**	**–**	**5,293**

	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)

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	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The United States	**184,246**	209,336
Hong Kong	**123,837**	67,797
Europe	**78,627**	44,039
The People's Republic of China (the "PRC")	**19,029**	27,335
Other countries	**9,000**	8,891
	414,739	357,398

For the six months ended 30 June 2012, revenues of approximately HK$134,951,000 (2011: HK$149,667,000) 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
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**52,435**	31,623
The PRC	**45,231**	48,550
	97,666	80,713

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Analysis of revenue by category:		
Sale of goods	**414,739**	357,398
Other income		
Dividend income from financial assets at fair value through profit or loss	**4**	9

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of land use rights	**25**	25
Depreciation		
– Owned property, plant and equipment	**6,727**	7,847
– Leased property, plant and equipment	**840**	570
Staff costs (including directors' emoluments)	**71,090**	77,417
Cost of inventories sold	**269,143**	203,212
Operating leases on rented premises	**7,016**	6,618
Other expenses	**40,731**	37,310
Total of cost of sales, distribution costs and administrative expenses	**395,572**	332,999

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	**4,100**	3,115
PRC enterprise income tax (Note a)	**2,014**	2,443
Under-provision in prior years	**9**	37
Deferred income tax (credit)/charge	**(504)**	288
Income tax expense	**5,619**	5,883

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 30 June 2012, 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"), 陽江華訊電子制品有限公司("陽江華訊"), Alltronics Energy Saving 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 an income tax rate of 25% (2011: 24%), 陽江華訊 and Alltronics Energy Saving were subject to a standard income tax rate of 25% (2011: 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	
	2012	2011
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK$'000)	**18,265**	17,222
Weighted average number of ordinary shares in issue (thousand)	**314,420**	314,384
Basic earnings per share (HK cents per share)	**5.81**	5.48

(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. During the six months ended 30 June 2012, the Company had only one category of dilutive potential ordinary shares: share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK$'000)	**18,265**	17,222
Weighted average number of ordinary shares in issue (thousand)	**314,420**	314,384
Adjustments for share options (thousand)	**–**	2,556
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**314,420**	316,940
Diluted earnings per share (HK cents per share)	**5.81**	5.43

For the six months ended 30 June 2012, the assumed conversion of potential ordinary shares arising from the share options would be anti-dilutive.

9 INTERIM DIVIDEND

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend, proposed, of HK$0.03 (2011: HK$0.04) per ordinary share	**9,433**	12,577

The Board recommends the payment of an interim dividend of HK$0.03 per ordinary share for the six months ended 30 June 2012. 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 2012 has been approved by the Board on 28 August 2012.

10 TRADE RECEIVABLES

	As at	
	30 June	31 December
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**101,686**	128,634
Less: provision for impairment of receivables	**(2,364)**	(2,364)
	99,322	126,270

As at 30 June 2012 and 31 December 2011, 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
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**67,324**	76,954
31 – 60 days	**18,284**	31,863
61 – 90 days	**8,802**	11,359
91 – 120 days	**3,608**	5,358
121 – 365 days	**2,098**	2,612
Over 365 days	**1,570**	488
	101,686	128,634

11 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at	
	30 June	31 December
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**33,386**	36,960
31 – 60 days	**28,349**	30,339
61 – 90 days	**6,420**	5,856
91 – 120 days	**2,409**	924
121 – 365 days	**826**	1,562
Over 365 days	**391**	398
	71,781	76,039

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 2012. 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 HK3 cents per ordinary share for the six months ended 30 June 2012, payable on or about 9 October 2012, to the shareholders whose names appear on the register of members of the Company on 21 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 September 2012 to 21 September 2012, 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 17 September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Total turnover for the six months ended 30 June 2012 (the "Period") has increased by 16.0% to HK$414.7 million, as compared to HK$357.4 million for the same period in 2011. The turnover analysis by category of products is as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Sales of electronic products	**392,220**	348,866
Sales of biodiesel products	**22,388**	8,532
Sales of energy saving products	**131**	–
	414,739	357,398

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 during the Period had increased by 12.4% as compared to the same period in 2011, due to the increased demand from customers. Total sales of components for electronic products, including transformers and adapters, had decreased slightly by 2.9% due to drop in demand from customers. On the other hand, total sales of plastic moulds and plastic components had remained stable at HK$19.0 million, compared to HK$18.1 million in 2011.

The performance of the biodiesel products segment had improved significantly, with total turnover increased from HK$8.5 million in 2011 to HK$22.4 million in 2012. On 25 November 2011, the Group has obtained 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.

On 13 February 2012, the Group has entered into an energy management contract with Suning Appliance Co., Ltd. ("Suning Appliance"), China Potevio Company Limited ("China Potevio") and 北京巨龍東方國際信息技術有限責任公司 ("Beijing Dragon") which is a subsidiary of China Potevio, for the provision of energy saving solutions to at least 1,000 retail stores operated by Suning Appliance in The People's Republic of China (the "PRC"), through the use of LED lighting equipment. The installation of LED lighting equipment at Suning Appliance's retail stores had commenced and up to 30 June 2012, the Group was in the process of completing the installation of LED lighting equipment in over 200 retail stores. Management expects that revenue from the energy management contract will be generated starting from the fourth quarter of 2012. During the Period, the Group has also sold LED lighting products to customers in the PRC and generated revenue of HK$131,000.

In terms of geographical market, the United States continued to be the major market for the Group's products and accounted for approximately 44.4% of the total turnover for the Period (2011: 58.6%). Although the sales to United States had dropped, sales to customers in other markets such as Hong Kong and Europe had increased continuously by HK$56.0 million and HK$34.6 million respectively. The Group will continue its efforts to secure new customers in different markets so that the turnover by geographical location can be distributed more evenly.

Gross profit

The overall gross profit margin for the Period was 14.3%, compared to 18.7% for the same period in 2011. The drop in gross profit margin was due to the increase in raw material costs, direct labour costs and other production overheads, as a result of the increase in commodities prices; the increase in minimum wage level and general inflation in the PRC during the Period.

Operating expenses and other losses

During the Period, total administrative expenses had decreased from HK$40.0 million in 2011 to HK$37.7 million. Total staff costs had decreased by HK$6.3 million when compared to 2011 as no share options had been granted during the Period. Share-based payment expenses of HK$8.3 million had been recognised in 2011 consolidated income statement for share options granted. The net finance costs for the Period had increased by HK$0.6 million due to increase in bank borrowings. The fluctuation on the exchange rate of Renminbi against United States dollars had resulted in a fair value gain on derivative financial instruments as at 30 June 2012, amounting to HK$5.3 million.

Net profit attributable to owners of the Company

The net profit attributable to owners of the Company had improved slightly from HK$17.2 million in 2011 to HK$18.3 million in 2012.

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 Period, the Group spent approximately HK$1.5 million to acquire new plant and machinery and spent approximately HK$1.1 million on leasehold improvements to enhance its production capacity.

The Group's biodiesel production facilities are located in 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.

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

The liquidity position of the Group remained healthy as at 30 June 2012. Most of the Group's liquid fund is placed as deposits at various banks. At 30 June 2012, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$49.0 million, compared to HK$53.4 million as at 31 December 2011. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2012, total borrowings of the Group amounted to HK$124.8 million, comprising bank overdrafts of HK$18.2 million, bank loans of HK$51.3 million, bills payable and trust receipt loans of HK$49.6 million, obligations under finance leases of HK$3.8 million and a loan from a customer of HK$1.9 million, all of which are denominated in either Hong Kong dollars or Renminbi.

The Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 44 days, 77 days and 44 days respectively for the six months ended 30 June 2012. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and obtained from suppliers.

As at 30 June 2012, the Group's current assets had increased by 3.0% to HK$355.3 million compared to HK$344.9 million as at 31 December 2011 and the Group's total current liabilities had increased by 14.1% to HK$233.6 million compared to HK$204.7 million as at 31 December 2011. The current ratio (current assets/current liabilities) as at 30 June 2012 was 1.52 times, which is at approximately the same level of 1.68 times as at 31 December 2011.

During the Period, the Company had not issued any new shares and had not repurchased any of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 30 June 2012, the Company had 15,800,000 share options outstanding. These share options are exercisable within a period of two years from 13 January 2011 to 12 January 2013, at an exercise price of HK$2.31 per share.

At 30 June 2012, 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 30 June 2012 was HK$49.0 million, which had decreased by HK$4.4 million compared to the balance at 31 December 2011.

The net cash generated from operating activities for the year was HK$25.2 million. The net cash used in investing activities amounted to HK$24.9 million, which was mainly due to HK$3.7 million paid for the acquisition of property, plant and equipment; and HK$21.0 million paid for non-current prepayments.

On the other hand, there was a net cash outflow of HK$4.6 million from financing activities. During the Period, new borrowings of HK$47.0 million were obtained and HK$34.9 million was used to repay bank borrowings and finance leases and HK$15.7 million was paid to shareholders as dividend.

The Group has maintained an adequate level of cash flows for its business operations and capital expenditures. As at 30 June 2012, the Group has unutilised banking facilities amounted to HK$412 million.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK$3.7 million, financed by internal resources of the Group.

PLEDGE OF ASSETS

At 30 June 2012, the Group had total bank borrowings (excluding obligations under finance leases) of HK$119.1 million, out of which HK$34.9 million were secured by short-term bank deposits of HK$5.5 million, available-for-sale financial assets of HK$2.8 million and trade receivables of HK$1.2 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 condensed consolidated statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as 'equity', as shown in the condensed consolidated statement of financial position.

At 30 June 2012, the gearing ratio was 3.7%.

CONTINGENT LIABILITIES

At both 30 June 2012 and 31 December 2011, the Group did not have any material contingent liabilities.

EMPLOYEES

At 30 June 2012, the Group had 2,737 employees, of which 85 were employed in Hong Kong and 2,652 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, including directors' emoluments, incurred by the Group for the Period amounted to HK$71.0 million.

The Company has also adopted a share option scheme on 22 June 2005. During the Period, no share options had been granted, exercised, canceled or lapsed. As at 30 June 2012, 15,800,000 share options had been granted and remained outstanding under the share option scheme. These share options are exercisable within a period of two years from 13 January 2011 to 12 January 2013, at an exercise price of HK$2.31 per share.

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, Hong Kong dollars or Renminbi. 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 2012, the notional amounts of outstanding forward foreign exchange contracts to buy Renminbi is approximately US$16.0 million (HK$124.8 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.

OUTLOOK

Although the total sales revenue of the Group during the Period has shown improvements when compared to total sales for the corresponding period in 2011, management expects that the operating environment for manufacturing sector will remain to be tough in the coming months. The fluctuations in commodities prices; the continuous upward adjustment on the minimum wage levels in the PRC and the risk of global inflation will result in higher material costs, production costs and overhead. To overcome these challenges, the Group will continue 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 continue to devote efforts to explore new products, new markets and new customers.

Regarding the biodiesel business, the Group expects that the demand for biodiesel products will increase at a fast pace in the future. The current government contract for the supply of B5 biodiesel will expire in April 2013. The Group expects that the tender for the renewal contract will be issued by the end of this year and the Group has confidence in securing the renewal contract for the supply of B5 diesel to government.

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. During the Period, the Group has entered into an energy management contract with Suning Appliance, China Potevio and Beijing Dragon for the provision of energy saving solutions to at least 1,000 retail stores operated by Suning Appliance in the PRC, through the use of LED lighting equipment. Up to 30 June 2012, the Group was in the process of completing the installation of LED lighting equipment in over 200 retail stores of Suning Appliance.

Energy management contract business can provide an additional stable source of income to the Group. The Group will continue its negotiations with other potential customers on other energy saving projects using LED lighting equipment, and will enter into more energy management contracts in the future. 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 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 at a meeting held on 28 August 2012, 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 Ms. Yeung Chi Ying and other current members include Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established with written terms of reference in compliance with the Listing Rules. The Nomination 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 Nomination 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 2012 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, 28 August 2012

As at the date of this announcement, the Board of the Company comprises:

Executive Directors
Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Lam Chee Tai, Eric 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.