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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 2013

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 2013 (the “Period”) together with comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	366,373	414,739
Cost of sales	6	(294,073)	(355,569)
Gross profit		72,300	59,170
Distribution costs	6	(3,042)	(2,255)
Administrative expenses	6	(36,027)	(37,748)
Other (losses)/gains – net	7	(16,620)	5,798
Operating profit		16,611	24,965
Finance income		65	122
Finance costs		(2,641)	(2,737)
Profit before income tax		14,035	22,350
Income tax expense	8	(4,439)	(5,619)
Profit for the period		9,596	16,731

		Six months ended 30 June	
		2013	2012
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit attributable to:			
Owners of the Company		15,466	18,265
Non-controlling interests		(5,870)	(1,534)
		<u>9,596</u>	<u>16,731</u>
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– basic	9	<u>4.47</u>	<u>5.28</u>
– diluted	9	<u>4.47</u>	<u>5.28</u>
Dividend attributable to the period:			
Interim dividend	10	<u>17,293</u>	<u>9,433</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>9,596</u>	<u>16,731</u>
Other comprehensive (loss)/income		
Items that may be subsequently reclassified to profit or loss:		
Fair value (loss)/gain on available-for-sale financial assets	<u>(30)</u>	<u>24</u>
Total other comprehensive (loss)/income for the period	<u>(30)</u>	<u>24</u>
Total comprehensive income for the period	<u>9,566</u>	<u>16,755</u>
Total comprehensive income attributable to:		
Owners of the Company	15,451	18,277
Non-controlling interests	<u>(5,885)</u>	<u>(1,522)</u>
	<u>9,566</u>	<u>16,755</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		As at	
		30 June	31 December
		2013	2012
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		44,237	48,552
Land use rights		1,846	1,871
Intangible assets		20,452	20,452
Available-for-sale financial assets		2,826	2,856
Prepayments		25,560	25,560
Deferred income tax assets		1,665	753
Total non-current assets		96,586	100,044
Current assets			
Inventories		150,295	145,776
Trade receivables	11	105,523	114,806
Prepayments, deposits and other receivables		24,879	22,168
Amount due from a related company		–	107
Amount due from ultimate holding company		34	34
Amounts due from non-controlling shareholders of a subsidiary		1,135	834
Financial assets at fair value through profit or loss		1,900	1,535
Derivative financial instruments		218	1,007
Pledged bank deposits		6,976	5,969
Tax recoverable		30	1,738
Cash and cash equivalents (excluding bank overdrafts)		86,474	78,046
Total current assets		377,464	372,020
Total assets		474,050	472,064

		As at	
		30 June 2013	31 December 2012
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		3,459	3,144
Reserves			
Proposed dividend		17,293	14,149
Others		217,196	219,353
		<u>237,948</u>	<u>236,646</u>
Non-controlling interests		<u>(15,280)</u>	<u>(9,395)</u>
Total equity		<u>222,668</u>	<u>227,251</u>
LIABILITIES			
Non-current liabilities			
Borrowings		–	1,010
Deferred income tax liabilities		1,470	1,411
		<u>1,470</u>	<u>1,411</u>
Total non-current liabilities		<u>1,470</u>	<u>2,421</u>
Current liabilities			
Trade payables	12	80,506	78,091
Accruals and other payables		28,104	27,767
Amounts due to non-controlling shareholders of a subsidiary		26	26
Amount due to a related company		431	–
Current income tax liabilities		4,106	2,679
Borrowings		126,497	132,482
Derivative financial instruments		10,242	1,347
		<u>249,912</u>	<u>242,392</u>
Total current liabilities		<u>249,912</u>	<u>242,392</u>
Total liabilities		<u>251,382</u>	<u>244,813</u>
Total equity and liabilities		<u>474,050</u>	<u>472,064</u>
Net current assets		<u>127,552</u>	<u>129,628</u>
Total assets less current liabilities		224,138	229,672

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 29 August 2013 and has not been audited.

Key events

On 16 May 2013, there was a fire accident (the “Fire Accident”) at one of the warehouses (the “Warehouse”) of the Group’s factory premises in The People’s Republic of China (the “PRC”). The Warehouse is used for the storage of raw materials and finished goods of electronic products. The event was immediately reported to the insurance company and the Group is currently working closely with the loss adjustor as appointed by the relevant insurance company to ascertain the damage or loss resulting from the Fire Accident. The production facilities at the relevant factory premises have not been affected by the Fire Accident and production was resumed on 18 May 2013.

Certain of the Group’s inventories and property, plant and equipment were destroyed or damaged at the Fire Accident. The losses incurred as a result of the Fire Accident are estimated to be HK\$8.3 million, and had been included in “Other (losses)/gains – net” in the Interim Financial Information. The inventories and property, plant and equipment are covered by the insurance policies of the Group. The amount of the ultimate insurance claims will be determined in accordance with the terms and provisions of insurance policies. Up to the date of this announcement, the ultimate amount of insurance compensation receivable has not been ascertained.

The Fire Accident did not have any significant impact on the operations, financial position and cash flows of the Group as a whole.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2013 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 2012, 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 2012, 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 standards, amendment to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013, but does not have significant impact on the Group’s interim financial information:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (revised 2011)	Separate financial statements
HKAS 28 (revised 2011)	Investments in associates and joint ventures
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
HKFRSs (Amendment)	Improvements to HKFRSs 2011
HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosure – Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements

The following new standards, amendments to standards and interpretations have been issued but not yet effective for the financial year beginning 1 January 2013 and have not been early adopted:

HKAS 32 (Amendment)	Financial instruments : Presentation – Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
HK (IFRIC) – Int 21	Levies
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date of HKFRS 9 and transition disclosures
HKFRS 9	Financial instruments
Additions to HKFRS 9	Financial instruments – financial liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment entities

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 2013, 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 2012.

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 2013 (unaudited).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value				
through profit or loss	1,900	–	–	1,900
Available-for-sale financial assets	–	–	2,826	2,826
Derivative financial instruments	–	–	218	218
Total assets	<u>1,900</u>	<u>–</u>	<u>3,044</u>	<u>4,944</u>
Liabilities				
Derivative financial instruments	–	–	10,242	10,242
Total liabilities	<u>–</u>	<u>–</u>	<u>10,242</u>	<u>10,242</u>

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012 (audited).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value				
through profit or loss	1,535	–	–	1,535
Available-for-sale financial assets	–	–	2,856	2,856
Derivative financial instruments	–	–	1,007	1,007
Total assets	<u>1,535</u>	<u>–</u>	<u>3,863</u>	<u>5,398</u>
Liabilities				
Derivative financial instruments	–	–	1,347	1,347
Total liabilities	<u>–</u>	<u>–</u>	<u>1,347</u>	<u>1,347</u>

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 uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2013 (unaudited).

	Available-for-sale financial assets and derivative financial instruments – net HK\$'000
Opening balance	2,516
Fair value loss recognised in equity	(30)
Fair value loss recognised in consolidated income statement	<u>(9,684)</u>
Closing balance	<u>(7,198)</u>
Total loss for the period included in profit or loss for assets held at the end of the reporting period	<u>(9,684)</u>

The following table presents the changes in level 3 instruments for the year ended 31 December 2012 (audited).

	Available-for-sale financial assets and derivative financial instruments – net HK\$'000
Opening balance	(6,463)
Fair value gain recognised in equity	30
Fair value gain recognised in consolidated income statement	<u>8,949</u>
Closing balance	<u>2,516</u>
Total gain for the year included in profit or loss for assets held at the end of the reporting period	<u>8,949</u>

In 2013 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. Market rate is used as the discount rate to compute the fair value of level 3 instruments. The higher the discount rate, the lower the fair value.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. In 2013 there were no reclassifications of financial assets.

4.4 Group's valuation process

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including level 3 fair values. They report directly to the senior management. Discussions of valuation processes and results are held within finance department at least once every half year.

Changes in level 3 fair values are analysed at each reporting date during the discussions among senior management.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by executive Directors that are used to make strategic decisions and assess performance.

For the six months ended 30 June 2013, 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 <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2013 (Unaudited)				
Total segment revenue and revenue from external customers	<u>351,791</u>	<u>14,454</u>	<u>128</u>	<u>366,373</u>
Segment results	22,300	(1,849)	(2,890)	17,561
Finance income	64	–	1	65
Finance costs	(2,308)	(111)	(222)	(2,641)
Income tax expense	<u>(4,439)</u>	<u>–</u>	<u>–</u>	<u>(4,439)</u>
	<u>15,617</u>	<u>(1,960)</u>	<u>(3,111)</u>	10,546
Unallocated operating costs				<u>(950)</u>
Profit for the period				<u>9,596</u>
Other information:				
Depreciation and amortisation	(6,796)	(183)	(166)	(7,145)
Fair value loss on derivative financial instruments – net	<u>(9,684)</u>	<u>–</u>	<u>–</u>	<u>(9,684)</u>

	Electronic products <i>HK\$'000</i>	Biodiesel products <i>HK\$'000</i>	Energy saving business <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)
	<u>23,476</u>	<u>(1,589)</u>	<u>(3,765)</u>	18,122
Unallocated operating costs				<u>(1,391)</u>
Profit for the period				<u>16,731</u>
Other information:				
Depreciation and amortisation	(7,155)	(372)	(65)	(7,592)
Fair value gain on derivative financial instruments – net	<u>5,293</u>	<u>–</u>	<u>–</u>	<u>5,293</u>

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	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The United States	210,636	184,246
Hong Kong	54,810	123,837
Europe	77,695	78,627
The PRC	15,327	19,029
Other countries	7,905	9,000
	<u>366,373</u>	<u>414,739</u>

For the six months ended 30 June 2013, revenues of approximately HK\$149,361,000 (2012: HK\$134,951,000) 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
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	57,848	57,582
The PRC	38,738	42,462
	<u>96,586</u>	<u>100,044</u>
	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Analysis of revenue by category:		
Sale of goods	<u>366,373</u>	<u>414,739</u>
Other income		
Dividend income from available-for-sale financial assets	40	–
Dividend income from financial assets at fair value through profit or loss	<u>4</u>	<u>4</u>

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of land use rights	25	25
Depreciation		
– Owned property, plant and equipment	6,800	6,727
– Leased property, plant and equipment	320	840
Staff costs (including directors' emoluments)	78,082	71,090
Cost of inventories sold	200,397	269,143
Operating leases on rented premises	7,167	7,016
Other expenses	<u>40,351</u>	<u>40,731</u>
Total of cost of sales, distribution costs and administrative expenses	<u>333,142</u>	<u>395,572</u>

7 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange loss	(2,281)	(1,706)
Loss on disposal of property, plant and equipment	(43)	(1)
Realised gain on derivative financial instruments – net	3,461	2,215
Fair value (loss)/gain on derivative financial instruments – net	(9,684)	5,293
Gain on disposals of financial assets at fair value through profit or loss	41	103
Fair value loss on financial assets at fair value through profit or loss	(326)	(566)
Dividend income from financial assets at fair value through profit or loss	4	4
Dividend income from available-for-sale financial assets	40	–
Losses on fire accident (<i>Note (i)</i>)	(8,281)	–
Others	449	456
	<u>(16,620)</u>	<u>5,798</u>

Note (i): The losses from fire accident included the inventories loss, impairment of property, plant and equipment and restoration cost.

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax (<i>Note a</i>)	3,224	4,100
PRC enterprise income tax (<i>Note b</i>)	1,898	2,014
Under-provision in prior years	170	9
Deferred income tax credit	(853)	(504)
Income tax expense	<u>4,439</u>	<u>5,619</u>

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period.
- (b) 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 2013, the Company had seven 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 (Shenzhen) Limited, 華泰電器制品(深圳)有限公司 and 南盈科技發展(深圳)有限公司(「南盈」). During the period, these subsidiaries were subject to an income tax rate of 25% (2012: 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 period.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to owners of the Company (HK\$'000)	<u>15,466</u>	<u>18,265</u>
Weighted average number of ordinary shares in issue (thousand) (<i>Note (a)(i)</i>)	<u>345,862</u>	<u>345,862</u>
Basic earnings per share (HK cents per share)	<u>4.47</u>	<u>5.28</u>

Note (a)(i): The weighted average number of ordinary shares in issue is adjusted to reflect the effect of bonus issue for the issue of 31,442,000 bonus shares by the Company on the basis of one new bonus share for every ten shares held by the shareholders on 7 June 2013 and allotted on 24 June 2013. Weighted average number of ordinary shares in issue was restated on the assumption that the bonus issue had been in place in prior period.

(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 2013, 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. For the six months ended 30 June 2013, the assumed conversion of potential ordinary shares arising from the share options would be anti-dilutive.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to owners of the Company (HK\$'000)	<u>15,466</u>	<u>18,265</u>
Weighted average number of ordinary shares in issue (thousand) (<i>Note (a)(i)</i>)	<u>345,862</u>	<u>345,862</u>
Adjustments for share options (thousand)	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share (thousand)	<u>345,862</u>	<u>345,862</u>
Diluted earnings per share (HK cents per share)	<u>4.47</u>	<u>5.28</u>

10 INTERIM DIVIDEND

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend, proposed, of HK\$0.05 (2012: HK\$0.03, as restated*) per ordinary share	<u>17,293</u>	<u>9,433</u>

* As restated on the assumption that the bonus issue had been in place in prior period.

The Board recommends the payment of an interim dividend of HK\$0.05 per ordinary share for the six months ended 30 June 2013. 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 2013 has been approved by the Board on 29 August 2013.

11 TRADE RECEIVABLES

	As at	
	30 June	31 December
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	105,913	115,196
Less: provision for impairment of receivables	<u>(390)</u>	<u>(390)</u>
	<u>105,523</u>	<u>114,806</u>

As at 30 June 2013 and 31 December 2012, 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
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0 – 30 days	57,353	70,727
31 – 60 days	23,735	24,987
61 – 90 days	16,723	13,246
91 – 120 days	4,512	4,597
121 – 365 days	3,156	1,609
Over 365 days	<u>434</u>	<u>30</u>
	<u>105,913</u>	<u>115,196</u>

12 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at	
	30 June	31 December
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 – 30 days	43,528	41,245
31 – 60 days	25,051	28,833
61 – 90 days	6,513	5,303
91 – 120 days	3,175	1,489
121 – 365 days	1,788	949
Over 365 days	451	272
	80,506	78,091

The fair values of trade payables approximated their carrying values.

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 30 June 2013. 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 HK5 cents per ordinary share for the six months ended 30 June 2013, payable on or about 17 October 2013, to the shareholders whose names appear on the register of members of the Company on 27 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 September 2013 to 27 September 2013, 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 24 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Total turnover for the six months ended 30 June 2013 (the "Period") has decreased by 11.7% to HK\$366.4 million, as compared to HK\$414.7 million for the same period in 2012. The turnover analysis by category of products is as follows:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Sales of electronic products	351,791	392,220
Sales of biodiesel products	14,454	22,388
Sales of energy saving products	128	131
	<u>366,373</u>	<u>414,739</u>

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 decreased by 10.3% as compared to the same period in 2012, which is mainly due to the decreased demand from customers in Hong Kong. Sales of electronic products to customers in the United States had remained strong and had increased by HK\$26.4 million. Sales of electronic products to other territories were stable.

The performance of the biodiesel products segment had worsened, with total turnover decreased from HK\$22.4 million in 2012 to HK\$14.5 million in 2013. The drop in turnover was mainly due to the expiry of the government contract for supply of B5 biodiesel on 30 April 2013, and the contract had not been renewed. As a result, the total sales of B5 biodiesel to the government had decreased from HK\$14.5 million to HK\$7.4 million. Sales of biodiesel products to other customers had remained stable when compared to the same period in 2012.

Up to 30 June 2013, the Group had completed the installation of LED lighting equipment with remote control system at about 22 retail stores of Suning Commerce Group Co., Ltd. (“Suning”). In addition, the Group has also completed the installation of LED lighting equipment (without remote control system) at about 250 retail stores of Suning. The Group is currently in the process of completing the inspection procedures on those 22 retail stores with LED lighting equipment and remote system installed. When the inspection procedures complete, the Group will sign energy saving revenue sharing confirmations with Suning for each of these inspected retail stores, and will commence receiving energy saving revenue from Suning. Then, the Group will install remote control system at the remaining 250 retail stores of Suning which the Group had already installed LED lighting equipment. The Group expects to complete the installation and inspection work on these 250 retail stores by the end of 2013 or the first quarter of 2014. During the Period, the Group has sold LED lighting products to customers in Hong Kong and the PRC and generated revenue of HK\$128,000.

In terms of geographical market, the United States continued to be the major market for the Group’s products and accounted for approximately 57.5% of the total turnover for the Period (2012: 44.4%). On the other hand, sales to customers in Hong Kong had dropped due to decrease in demand from customers. Sales to other territories were stable when compared to the same period in 2012. 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 19.7%, compared to 14.3% for the same period in 2012. The increase in gross profit margin was mainly due to the fact that the effect of upward adjustment in selling prices during 2012 had been fully reflected in the financial statements during the Period. Furthermore, the drop in sales of lower margin electronic products to customers in Hong Kong had also improved the overall gross profit margin. During the Period, raw material costs, direct labour costs and other production overheads remained stable with mild increases.

Operating expenses and other losses

During the Period, total administrative expenses had decreased slightly from HK\$37.7 million in 2012 to HK\$36.0 million. The net finance costs for the Period were at approximately the same level as that in 2012. However, 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 30 June 2013, amounting to HK\$9.7 million. On 16 May 2013, there was a fire accident at one of the Group's warehouses at the PRC and the estimated loss due to the fire event was approximately HK\$8.3 million.

Net profit attributable to owners of the Company

The net profit attributable to owners of the Company had dropped from HK\$18.3 million in 2012 to HK\$15.5 million in 2013.

PRODUCTION FACILITIES

The Group currently has four production plants in the PRC for the manufacturing of electronic products and components, three of which are located in Shenzhen, and one in Yangxi. During the Period, the Group spent approximately HK\$1.4 million to acquire new plant and machinery 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 2013. Most of the Group's liquid fund is placed as deposits at various banks. At 30 June 2013, the Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK\$67.6 million, compared to HK\$60.1 million as at 31 December 2012. The net funds are sufficient to finance the Group's working capital and capital expenditure plans.

At 30 June 2013, total borrowings of the Group amounted to HK\$126.5 million, comprising bank overdrafts of HK\$18.9 million, bank loans of HK\$65.2 million, bills payable and trust receipt loans of HK\$40.8 million, obligations under finance leases of HK\$0.7 million and a loan from a customer of HK\$0.9 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 52 days, 93 days and 68 days respectively for the six months ended 30 June 2013. 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 2013, the Group's current assets had increased by 1.5% to HK\$377.5 million compared to HK\$372.0 million as at 31 December 2012 and the Group's total current liabilities had increased by 3.1% to HK\$249.9 million compared to HK\$242.4 million as at 31 December 2012. The current ratio (current assets/current liabilities) as at 30 June 2013 was 1.51 times, which is at approximately the same level of 1.53 times as at 31 December 2012.

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 29 May 2013, the Company has allotted and issued 31,442,000 bonus shares, credited as fully paid at par, on the basis of one new bonus share for every ten shares held by the shareholders of the Company whose names appear on the register of members of the Company on 7 June 2013. During the Period, the Company had not issued any other new shares and had not repurchased any of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

At 30 June 2013, the Company had in issue a total of 345,862,000 ordinary shares of HK\$0.01 each. The 15,800,000 share options as at 31 December 2012 had lapsed on 12 January 2013. As at 30 June 2013, the Company did not have any share options outstanding.

CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2013 was HK\$67.6 million, which had increased by HK\$7.5 million compared to the balance at 31 December 2012.

The net cash generated from operating activities for the Period was HK\$42.7 million. The net cash used in investing activities amounted to HK\$3.6 million, which was mainly due to HK\$3.0 million paid for the acquisition of property, plant and equipment.

On the other hand, there was a net cash outflow of HK\$31.7 million from financing activities. During the Period, new borrowings of HK\$15.0 million were obtained and HK\$31.6 million was used to repay bank borrowings and finance leases and HK\$14.1 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 2013, the Group has unutilised banking facilities amounted to HK\$480.0 million.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK\$3.0 million, financed by internal resources of the Group.

PLEDGE OF ASSETS

At 30 June 2013, the Group had total bank borrowings (excluding obligations under finance leases) of HK\$124.9 million, out of which HK\$31.4 million were secured by short-term bank deposits of HK\$6.5 million, available-for-sale financial assets of HK\$2.8 million and trade receivables of HK\$0.7 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 2013, the Group did not have a net debt position.

CONTINGENT LIABILITIES

At both 30 June 2013 and 31 December 2012, the Group did not have any material contingent liabilities.

EMPLOYEES

At 30 June 2013, the Group had 2,668 employees, of which 84 were employed in Hong Kong and 2,584 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\$78.1 million.

The Company has also adopted a share option scheme on 22 June 2005. During the Period, no share options had been granted, exercised or canceled. The 15,800,000 share options as at 31 December 2012 had been lapsed on 12 January 2013. As at 30 June 2013, there were no share options 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, 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 2013, the notional amounts of outstanding forward foreign exchange contracts to buy Renminbi is approximately US\$19.5 million (approximately HK\$152.1 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 United States market had shown some improvements during the first half of 2013, the overall global economic environment for the year will continue to be challenging. Factors such as fluctuation in crude oil and commodity prices; the risk of continuing appreciation of Renminbi against United States dollars and Hong Kong dollars; the upward adjustment on the minimum wage levels in China; and the risk of global inflation will continue to be the critical elements affecting the performance of the Group's electronic products segment. The Group will continue its efforts to tighten controls over production costs and overheads, and to improve production efficiency so as to maximize the gross profit margin. Based on current orders on hand from customers, management expects that the performance for the second half of 2013 will remain stable when compare to that of the first half of 2013.

In terms of geographical market, the United States continued to be the major market for the Group's electronic products, which accounted for 57.5% of the total sales for the six months ended 30 June 2013. The Group foresees that the United States will still be the major market for its products in 2013.

Regarding the biodiesel products segment, the non-renewal of the government contract for the supply of B5 biodiesel will affect the development of the Group's biodiesel business. However, as the general public in Hong Kong is becoming more and more conscious about environmental protection and air quality, the Group has confidence that the demand for green fuel in Hong Kong will increase at a fast pace in the future.

As at 30 June 2013, the Group has installed LED lighting equipment with remote control system at about 22 retail stores of Suning, and has installed LED lighting equipment (without remote control system) at about 250 retail stores of Suning. The Group targets to complete the installation work and to complete the inspection procedures on all these retail stores by the end of 2013 or the first quarter of 2014. During the Period, the Group has continued its negotiation with HNA Hotel Group Limited for the provision of energy saving solutions to hotels managed by HNA Hotel Group Limited. The negotiations with some of these hotels are close to completion. The Group has confidence that it will recognise revenue from energy saving business in 2013.

Energy saving products such as LED lighting equipment can provide an additional stable source of income to the Group. Looking forward, the Group will continue to explore opportunities for energy saving projects with other potential customers, both in the PRC and in Hong Kong, 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 Corporate Governance Code and Corporate Governance Report 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.

CHANGES IN DIRECTORS

Ms. Yeung Chi Ying has resigned as an independent non-executive director, a member and the chairman of the audit committee and the remuneration committee, and a member of the nomination committee of the Company with effect from 21 June 2013.

Mr. Pang Kwong Wah was appointed as an independent non-executive director, a member and the chairman of the audit committee and the remuneration committee, and a member of the nomination committee of the Company with effect from 21 June 2013.

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 Mr. Pang Kwong Wah (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 29 August 2013, 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. Pang Kwong Wah 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, Mr. Pang Kwong Wah, 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 2013 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, 29 August 2013

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

Mr. Pang Kwong Wah, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah