



Alltronic Holdings Limited
華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 833

2010

Interim Report

Contents

Condensed Consolidated Interim Income Statement	2
Condensed Consolidated Interim Statement of Comprehensive Income	3
Condensed Consolidated Interim Balance Sheet	4
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Cash Flow Statement	7
Notes to the Condensed Consolidated Interim Financial Information	8
Interim Dividend	30
Closure of Register of Members	31
Management Discussion and Analysis	32
Share Option	36
Directors' and Chief Executives' Interests	37
Substantial Shareholders' Interests	39
Corporate Governance	40
Supplementary Information	41
Corporate Information	42

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2010

		Six months ended 30 June	
	Note	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Revenue	4	234,346	211,901
Cost of revenue	5	(190,945)	(179,056)
Gross profit		43,401	32,845
Distribution costs	5	(2,288)	(1,632)
Administrative expenses	5	(26,724)	(24,286)
Other (losses)/gains – net	6	(5,619)	150
Operating profit		8,770	7,077
Finance income	7	61	70
Finance costs	7	(1,678)	(2,065)
Profit before income tax		7,153	5,082
Income tax expense	8	(1,703)	(2,936)
Profit for the period		5,450	2,146
Attributable to:			
Equity holders of the Company		6,580	4,153
Non-controlling interests		(1,130)	(2,007)
		5,450	2,146
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
– basic	9	2.09	1.32
– diluted	9	2.09	1.29
Interim dividend	10	4,715	6,286

The notes on pages 8 to 29 form part of the condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	5,450	2,146
Other comprehensive income/(loss)		
Fair value gain/(loss) on available-for-sale financial assets	101	(100)
Total other comprehensive income/(loss) for the period	101	(100)
Total comprehensive income for the period	5,551	2,046
Total comprehensive income attributable to:		
Equity holders of the Company	6,632	4,102
Non-controlling interests	(1,081)	(2,056)
	5,551	2,046

The notes on pages 8 to 29 form part of the condensed consolidated interim financial information.

Condensed Consolidated Interim Balance Sheet

As at 30 June 2010

		As at	
	Note	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	57,758	55,622
Leasehold land and land use rights	12	1,996	2,021
Intangible assets		20,452	20,452
Available-for-sale financial assets	17(c)	2,711	2,610
Prepayments for non-current assets		2,339	671
Deferred income tax assets		1,092	1,036
Total non-current assets		86,348	82,412
Current assets			
Inventories		115,831	72,900
Trade receivables	13	96,615	77,388
Prepayments, deposits and other receivables		8,774	7,561
Amount due from the ultimate holding company		34	34
Amount due from non-controlling shareholders of a subsidiary		1,713	980
Other financial assets at fair value through profit or loss		3,583	6,899
Derivative financial instruments		240	388
Pledged bank deposits	17(b)	3,434	3,433
Cash and cash equivalents		46,033	91,172
Total current assets		276,257	260,755
Total assets		362,605	343,167

Condensed Consolidated Interim Balance Sheet

As at 30 June 2010

		As at	
	Note	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	3,143	3,143
Reserves			
Proposed dividend		4,715	9,430
Others		171,297	169,380
		179,155	181,953
Non-controlling interests		(5,019)	(3,938)
Total equity		174,136	178,015
LIABILITIES			
Non-current liabilities			
Borrowings	16	28,480	40,622
Deferred income tax liabilities		1,615	1,430
Total non-current liabilities		30,095	42,052
Current liabilities			
Trade payables	14	68,346	47,665
Accruals and other payables		23,023	23,125
Current income tax liabilities		4,099	3,508
Borrowings	16	58,093	48,792
Derivative financial instruments		4,813	10
Total current liabilities		158,374	123,100
Total liabilities		188,469	165,152
Total equity and liabilities		362,605	343,167
Net current assets		117,883	137,655
Total assets less current liabilities		204,231	220,067

The notes on pages 8 to 29 form part of the condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to equity holders of the Company										Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserve	Share option reserve	Exchange reserve	Revaluation reserve	Capital redemption reserve	Retained earnings	Proposed dividend		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2009	3,143	42,602	5,799	4,064	353	4,550	156	42	113,655	-	(885)	173,479
Comprehensive income												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	4,153	-	(2,007)	2,146
Other comprehensive loss:												
Fair value loss on available-for-sale financial assets	-	-	-	-	-	-	(51)	-	-	-	(49)	(100)
Total other comprehensive loss for the six months ended 30 June 2009	-	-	-	-	-	-	(51)	-	-	-	(49)	(100)
Total comprehensive (loss)/income for the six months ended 30 June 2009	-	-	-	-	-	-	(51)	-	4,153	-	(2,056)	2,046
Proposed interim dividend	-	-	-	-	-	-	-	-	(6,286)	6,286	-	-
Balance at 30 June 2009	3,143	42,602	5,799	4,064	353	4,550	105	42	111,522	6,286	(2,941)	175,525
Balance at 1 January 2010	3,143	42,602	5,799	4,414	-	4,550	154	42	111,819	9,430	(3,938)	178,015
Comprehensive income												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	6,580	-	(1,130)	5,450
Other comprehensive income:												
Fair value gain on available-for-sale financial assets	-	-	-	-	-	-	52	-	-	-	49	101
Total other comprehensive income for the six months ended 30 June 2010	-	-	-	-	-	-	52	-	-	-	49	101
Total comprehensive income/(loss) for the six months ended 30 June 2010	-	-	-	-	-	-	52	-	6,580	-	(1,081)	5,551
Final dividend relating to 2009	-	-	-	-	-	-	-	-	-	(9,430)	-	(9,430)
Proposed interim dividend	-	-	-	-	-	-	-	-	(4,715)	4,715	-	-
Balance at 30 June 2010	3,143	42,602	5,799	4,414	-	4,550	206	42	113,684	4,715	(5,019)	174,136

The notes on pages 8 to 29 form part of the condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(18,763)	(3,636)
Net cash used in investing activities	(8,527)	(3,945)
Net cash (used in)/generated from financing activities	(18,695)	2,438
Net decrease in cash, cash equivalents and bank overdrafts	(45,985)	(5,143)
Cash, cash equivalents and bank overdrafts at 1 January	79,027	48,139
Cash, cash equivalents and bank overdrafts at 30 June	33,042	42,996
Analysis of balances of cash, cash equivalents and bank overdrafts		
Cash and cash equivalents	46,033	59,812
Bank overdrafts	(12,991)	(16,816)
	33,042	42,996

The notes on pages 8 to 29 form part of the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Alltronics Holdings Limited (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 Company and its subsidiaries (together the “Group”) are the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products and the manufacturing and trading of biodiesel products. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 July 2005.

This condensed consolidated interim financial information (“Interim Financial Information”) is presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors (the “Board”) of the Company on 26 August 2010 and has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2010 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 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Standards, amendments and interpretations to existing standards ("new HKFRSs") effective in 2010:

- HKFRS 1 (Revised) First-time adoption of HKFRSs
- HKFRS 3 (Revised) Business combinations
- HKAS 27 (Revised) Consolidated and separate financial statements
- HKAS 17 (Amendment) Leases
- HKAS 39 (Amendment) Financial instruments: recognition and measurement – eligible hedged items
- HK(IFRIC)-Int 17 Distributions of non-cash assets to owners
- HK(IFRIC)-Int 18 Transfers of assets from customers
- HKFRS 1 (Amendment) Additional exemptions for first-time adopters
- HKFRS 2 (Amendment) Group cash-settled share-based payment transactions
- HKFRS 5 Non-current assets held for sale and discontinued operations (and consequential amendment to HKFRS 1 "First-time adoption")
- Various improvements to HKFRSs published by HKICPA in May 2009

HKAS 27 (Revised) – Consolidated and separate financial statements

The amendment requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control ("economic entity model"). These transactions will no longer result in goodwill or gains and losses. When control over a previous subsidiary is lost, any remaining interest in the entity is re-measured to fair value and the resulting gain or loss is recognised in the income statement.

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES (CONTINUED)

- (a) Standards, amendments and interpretations to existing standards ("new HKFRSs") effective in 2010: (Continued)

Saved as aforesaid, the adoption of the new HKFRSs did not result in substantial changes to the accounting policies of the Group and had no material effect on the Group's financial statements.

- (b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- HKAS 24 (Revised) Related party disclosures
- HKAS 32 (Amendment) Classification of rights issue
- HKFRS 9 Financial instruments
- Amendment to HKFRS 1 Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
- HK(IFRIC) – Int 19 Extinguishing financial liabilities with equity instruments
- Amendment to HK(IFRIC) – Int 14 Prepayments of a minimum funding requirement
- Various improvements to HKFRSs published by HKICPA in May 2010

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

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION

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

For the six months ended 30 June 2010, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide.

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

- (i) the electronic products segment – the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products;
- (ii) the biodiesel products segment – the manufacturing and trading of biodiesel products in Hong Kong.

Revenue is allocated based on the places/countries in which the customers are located.

Management assesses the performance of the operating segments based on a measure of operating profit/loss (before interest and tax and unallocated operating costs). Other information provided is measured in a manner consistent with that in the financial statements.

There were no sales between segments. All segment revenue reported is derived from external parties. The revenue from external parties reported to the executive Directors is measured in a manner consistent with that in the income statement.

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION (CONTINUED)

	Electronic products HK\$'000	Biodiesel products HK\$'000	Total HK\$'000
Six months ended 30 June 2010 (unaudited)			
Total segment revenue and revenue from external customers	229,809	4,537	234,346
Segment results	12,138	(1,963)	10,175
Finance income	61	–	61
Finance costs	(1,190)	(488)	(1,678)
Income tax expense	(1,703)	–	(1,703)
	9,306	(2,451)	6,855
Unallocated operating costs			(1,405)
Profit for the period			5,450
Other information:			
Depreciation and amortisation	(7,194)	(502)	(7,696)
Fair value loss on derivative financial instruments – net	(4,951)	–	(4,951)

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION (CONTINUED)

	Electronic products HK\$'000	Biodiesel products HK\$'000	Total HK\$'000
Six months ended 30 June 2009 (unaudited)			
Total segment revenue and revenue from external customers	210,819	1,082	211,901
Segment results	13,023	(4,894)	8,129
Finance income	70	–	70
Finance costs	(1,551)	(514)	(2,065)
Income tax expense	(2,936)	–	(2,936)
	<u>8,606</u>	<u>(5,408)</u>	<u>3,198</u>
Unallocated operating costs			<u>(1,052)</u>
Profit for the period			<u><u>2,146</u></u>
Other information:			
Depreciation and amortisation	(7,931)	(517)	(8,448)
Fair value gain on derivative financial instruments – net	1,260	–	1,260

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION (CONTINUED)

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	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
The United States	104,581	101,815
Hong Kong	70,432	55,490
Europe	41,369	35,182
The People's Republic of China (the "PRC")	9,746	6,216
Other countries	8,218	13,198
	234,346	211,901

For the six months ended 30 June 2010, revenues of approximately HK\$58,194,000 (2009: HK\$62,631,000) 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 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Hong Kong	31,141	32,222
The PRC	55,207	50,190
	86,348	82,412

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Analysis of revenue by category:		
Sale of goods	234,346	211,901
Other income		
Dividend income from other financial assets at fair value through profit or loss	35	–

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Amortisation of land use rights (Note 12)	25	25
Depreciation		
– Owned property, plant and equipment	7,268	7,946
– Leased property, plant and equipment	403	477
Staff costs (including directors' emoluments)	53,683	44,707
Cost of inventories sold	118,491	115,415
Reversal of impairment of receivables	–	(1,497)
Operating leases on rented premises	6,394	6,383
Other expenses	33,693	31,518
Total of cost of revenue, distribution costs and administrative expenses	219,957	204,974

Notes to the Condensed Consolidated Interim Financial Information

6 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange loss	(489)	(1,293)
Loss on disposal of property, plant and equipment	(154)	(32)
Fair value (loss)/gain on derivative financial instruments – net	(4,951)	1,260
Loss on disposals of other financial assets at fair value through profit or loss	(310)	–
Dividend income from other financial assets at fair value through profit or loss	35	–
Others	250	215
	(5,619)	150

7 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank loans and overdrafts	1,655	1,995
Interest element of finance leases	23	70
Total finance costs	1,678	2,065
Less: Interest income from bank deposits	(61)	(70)
Finance costs – net	1,617	1,995

Notes to the Condensed Consolidated Interim Financial Information

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the 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	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Current income tax		
Hong Kong profits tax	(335)	(918)
PRC enterprise income tax (Note a)	(1,239)	(787)
Under-provision in prior years	–	(23)
Deferred taxation charge	(129)	(1,208)
Income tax expense	(1,703)	(2,936)

Note:

- (a) PRC enterprise income tax has been calculated on the estimated assessable profits at the rates of taxation prevailing in the PRC. As at 30 June 2010, the Company had five subsidiaries operating in the PRC, namely Shenzhen Allcomm Electronic Co. Ltd. ("Shenzhen Allcomm"), Alltronics Tech. Mftg. Limited ("ATM"), Southchina Engineering and Manufacturing Limited ("Southchina"), 陽江市華訊電子制品有限公司 ("陽江華訊") and 南盈科技發展(深圳)有限公司 ("南盈"). During the period, Shenzhen Allcomm, ATM, Southchina and 南盈 were subject to a standard income tax rate of 22% (2009: 20%) and 陽江華訊 was subject to a standard income tax rate of 25% (2009: 25%) in accordance with the relevant applicable tax laws.

Notes to the Condensed Consolidated Interim Financial Information

9 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	6,580	4,153
Weighted average number of ordinary shares in issue (thousand)	314,320	314,320
Basic earnings per share (HK cents per share)	2.09	1.32

(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. 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 market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Notes to the Condensed Consolidated Interim Financial Information

9 EARNINGS PER SHARE (CONTINUED)

(b) Diluted (Continued)

	Six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Profit attributable to equity holders of the Company	6,580	4,153
Weighted average number of ordinary shares in issue (thousand)	314,320	314,320
Adjustments for share options (thousand)	–	6,379
Weighted average number of ordinary shares for diluted earnings per share (thousand)	314,320	320,699
Diluted earnings per share (HK cents per share)	2.09	1.29

The basic earnings per share and the diluted earnings per share for the six months ended 30 June 2010 are the same as there were no dilutive potential ordinary shares during the period.

10 INTERIM DIVIDEND

	Six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Interim dividend proposed of HK\$0.015 (2009: HK\$0.02) per ordinary share	4,715	6,286

Notes to the Condensed Consolidated Interim Financial Information

10 INTERIM DIVIDEND (CONTINUED)

The Board recommends the payment of an interim dividend of HK\$0.015 per ordinary share for the six months ended 30 June 2010. 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 2010 has been approved by the Board on 26 August 2010.

11 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000 (Audited)
Year ended 31 December 2009	
Opening net book amount as at 1 January 2009	64,942
Additions	11,175
Disposals	(1,249)
Write-off	(1,956)
Depreciation	(17,290)
Closing net book amount as at 31 December 2009	55,622
	HK\$'000 (Unaudited)
Six months ended 30 June 2010	
Opening net book amount as at 1 January 2010	55,622
Additions	10,408
Disposals	(601)
Depreciation	(7,671)
Closing net book amount as at 30 June 2010	57,758

The Group's buildings are situated in the PRC on a medium term lease. In 1998, the Group entered into an arrangement with two independent third parties for the development of certain manufacturing premises for the Group's use and staff quarters in Shenzhen and the Group's attributable interest in these buildings is 60%. These buildings are accounted for as jointly controlled assets of the Group. As at 30 June 2010, the net book value of the Group's share of these buildings amounted to approximately HK\$6,741,000 (As at 31 December 2009: HK\$6,828,000).

Notes to the Condensed Consolidated Interim Financial Information

12 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Land use rights HK\$'000 (Audited)
Year ended 31 December 2009	
Opening net book amount as at 1 January 2009	2,072
Amortisation charge	(51)
Closing net book amount as at 31 December 2009	<u>2,021</u>
	HK\$'000 (Unaudited)
Six months ended 30 June 2010	
Opening net book amount as at 1 January 2010	2,021
Amortisation charge (Note 5)	(25)
Closing net book amount as at 30 June 2010	<u>1,996</u>

13 TRADE RECEIVABLES

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Trade receivables	<u>96,615</u>	<u>77,388</u>

As at 30 June 2010 and 31 December 2009, the fair values of trade receivables approximated their carrying values.

Notes to the Condensed Consolidated Interim Financial Information

13 TRADE RECEIVABLES (CONTINUED)

The Group's sales to corporate customers are entered into on credit terms of up to 90 days, except for certain credit worthy customers to whom a longer credit period is allowed. The ageing analysis of trade receivables is as follows:

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
0 – 30 days	37,847	33,813
31 – 60 days	40,439	26,877
61 – 90 days	15,040	11,233
91 – 120 days	2,478	3,599
121 – 365 days	802	1,800
Over 365 days	9	66
	96,615	77,388

As at 30 June 2010 and 31 December 2009, none of the trade receivables were impaired.

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
0 – 30 days	30,552	23,141
31 – 60 days	26,646	18,006
61 – 90 days	9,080	4,600
91 – 120 days	1,029	1,007
121 – 365 days	650	619
Over 365 days	389	292
	68,346	47,665

The fair values of trade payables approximated their carrying values.

Notes to the Condensed Consolidated Interim Financial Information

15 SHARE CAPITAL

	As at 30 June 2010		As at 31 December 2009	
	Number of shares	Amount HK\$'000 (Unaudited)	Number of shares	Amount HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At 31 December 2009 and 30 June 2010	314,320,000	3,143	314,320,000	3,143

Notes:

- No share options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2010 and during the year ended 31 December 2009, except that a total of 600,000 share options have been lapsed during the year ended 31 December 2009. No share option was outstanding as at 30 June 2010 and 31 December 2009.
- The Company has not repurchased any of its own shares during the six months ended 30 June 2010 and during the year ended 31 December 2009.
- No new shares have been issued by the Company during the six months ended 30 June 2010 and during the year ended 31 December 2009.

Notes to the Condensed Consolidated Interim Financial Information

16 BORROWINGS

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Bank loans, secured (Note a)	64,627	73,500
Obligations under finance leases (Note b)	678	1,069
Bills payable, secured	7,491	1,731
Trust receipt loans, secured	786	969
Bank overdrafts, secured	12,991	12,145
Total borrowings, wholly repayable within five years	86,573	89,414
Current portion of borrowings	(58,093)	(48,792)
Long-term borrowings	28,480	40,622

Details of the available banking facilities and securities given in respect of the above secured borrowings are set out in Note 17.

Notes:

(a) The Group's bank loans were repayable as follows:

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Within one year	36,200	33,248
In the second year	11,327	22,699
In the third to fifth year	17,100	17,553
	64,627	73,500

Notes to the Condensed Consolidated Interim Financial Information

16 BORROWINGS (CONTINUED)

Notes: (Continued)

(b) The Group's finance lease liabilities were repayable as follows:

	As at	
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	644	736
In the second year	54	376
	698	1,112
Future finance charges on finance leases	(20)	(43)
Present value of finance lease liabilities	678	1,069

The present value of finance lease liabilities is as follows:

	As at	
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	625	699
In the second year	53	370
	678	1,069

Notes to the Condensed Consolidated Interim Financial Information

17 BANKING FACILITIES

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Total available banking facilities	422,632	416,632
Banking facilities utilised	(85,895)	(88,345)
Unutilised banking facilities	336,737	328,287

As at 30 June 2010, the Group's total available banking facilities amounted to approximately HK\$423 million (As at 31 December 2009: HK\$417 million). These facilities were secured by the following:

- (a) personal guarantees given by Mr. Lam Yin Kee, a director of the Company, and other non-controlling shareholders of two subsidiaries;
- (b) pledge of the Group's fixed deposits of approximately HK\$3.4 million (As at 31 December 2009: HK\$3.4 million);
- (c) the Group's available-for-sale financial assets with carrying value totalling approximately HK\$2.7 million (As at 31 December 2009: HK\$2.6 million); and
- (d) the Group's trade receivables of HK\$0.9 million (As at 31 December 2009: HK\$1.7 million).

Notes to the Condensed Consolidated Interim Financial Information

18 COMMITMENTS

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Property, plant and equipment		
Contracted but not provided for	5,271	175
Authorised but not contracted for	–	–
	5,271	175

(b) Operating lease commitments

The Group leases various offices, warehouses and quarters under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30 June 2010 HK\$'000 (Unaudited)	31 December 2009 HK\$'000 (Audited)
Not later than one year	10,726	10,269
Later than one year and not later than five years	14,231	9,826
	24,957	20,095

Notes to the Condensed Consolidated Interim Financial Information

19 RELATED PARTY TRANSACTIONS

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 2010. In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company of the Company.

- (a) Significant related party transactions, which were carried out in the normal course of the Group's business and at terms negotiated between the Group and the respective parties, were as follows:

		Six month ended 30 June	
	Note	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Sales of goods and moulds to Maruman Product Co. Limited ("Maruman")	(i)	–	7,661
Rental expenses paid to Profit Home Investments Limited	(ii)	600	600

- (i) Maruman is a company incorporated in Japan and owned as to 24.7% by Mr. Lam Yin Kee, a director of the Company. Maruman is engaged in the business of trading of general merchandise.
- (ii) Ms. Yeung Po Wah is a director of the Company, and has a 60% equity interest in Profit Home Investments Limited.

Notes to the Condensed Consolidated Interim Financial Information

19 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) As at 30 June 2010 and 31 December 2009, there was no balance arising from the related parties transactions as disclosed in note (a) above.

(c) Key management compensation

	Six months ended 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Directors' fees	414	345
Salaries and other short-term employee benefits	6,132	7,300
Post-employment benefits	74	72
	6,620	7,717

Interim Dividend

The Board declared an interim dividend of HK1.5 cents per ordinary share for the six months ended 30 June 2010, payable on or about 30 September 2010, to the shareholders whose names appear on the register of members of the Company on 17 September 2010.

Closure of Register of Members

The register of members of the Company will be closed from 15 September 2010 to 17 September 2010, 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 14 September 2010.

Management Discussion and Analysis

FINANCIAL REVIEW

Review of Results

Market conditions during the six months period ended 30 June 2010 (the “Period”) showed some improvements when compared to the corresponding period in 2009. Total turnover of the Group has increased from HK\$211.9 million in 2009 to HK\$234.3 million for the Period, representing an increase of 10.6%. The net profit attributable to equity holders of the Company for the Period has also increased by 58.4% to HK\$6.6 million when compared to HK\$4.2 million for the same period in 2009. The improved performance was mainly due to the increase in gross margin for most of the Group’s electronic products and also the improved performance of the biodiesel business.

During the Period, sales of electronic products and components amounted to HK\$229.8 million, representing an increase of 9.0% compared to HK\$210.8 million for the corresponding period in 2009. The increase was mainly due to the continued recovery of the United States market and increase in sales to the PRC and local customers. On the other hand, the total sales of biodiesel products during the Period were HK\$4.5 million, representing an increase of 319.3% from HK\$1.1 million in 2009. The performance of the biodiesel business continued to show improvements. With the Air Pollution Control (Motor Vehicle Fuel) (Amendment) Regulation 2009 becoming effective from 1 July 2010, management expects that the performance of the biodiesel business will improve continuously.

Gross Profit

The Group recorded an overall gross profit of HK\$43.4 million for the Period, with a gross profit margin of 18.5%. The gross profit and gross profit margin for the corresponding period in 2009 were HK\$32.8 million and 15.5% respectively. The improved margin was mainly due to the increase in unit selling prices for certain major products of the Group and raw material costs were relatively more stable as compared to last year.

Operating expenses

During the Period, distribution costs have increased by HK\$0.7 million and administrative expenses have increased by HK\$2.4 million. The increase in administrative expenses was mainly due to increase in total staff costs as a result of increase in headcount and annual salary adjustment. However, the Group will continue to implement tighter cost control measures.

Net finance costs reduced by HK\$0.4 million mainly due to the reduction in total bank borrowings during the Period.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL INFORMATION

The liquidity position of the Group remained healthy as at 30 June 2010. Most of the Group's liquid fund is placed as deposits at various banks. As at 30 June 2010, the total amount of cash and cash equivalents of the Group was HK\$46.0 million, compared to HK\$91.2 million as at 31 December 2009. The drop was mainly due to funds used to finance the operations of the Group; the payment of final dividend for the year 2009 of HK\$9.4 million and the repayment of bank loans of HK\$14.9 million during the Period. As at 30 June 2010, bank deposits of HK\$3.4 million were pledged to banks as securities for banking facilities granted to a subsidiary, Southchina. The total bank and other borrowings as at 30 June 2010 amounted to HK\$86.6 million, representing a decrease of HK\$2.8 million when compared to 31 December 2009.

As at 30 June 2010, the gearing ratio, representing total borrowings less trade related debts and cash and cash equivalents divided by equity attributable to equity holders of the Company, was 17.5%. The Group was in a net cash position as at 31 December 2009. The increase in the gearing ratio is due to the reduction in cash and cash equivalents during the Period.

The current ratio (current assets divided by current liabilities) as at 30 June 2010 was 1.7, which has reduced from 2.1 as at 31 December 2009.

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars or Hong Kong dollars. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Although the foreign currency risk is not considered to be significant, management has taken action to minimise the risk. In particular, a substantial portion of the Group's borrowings were denominated in Hong Kong dollars. Management will continue to evaluate the Group's foreign currency exposure and take further actions as appropriate to minimise the Group's exposure whenever necessary.

Management Discussion and Analysis

CASH FLOWS

Net cash outflow from operating activities for the Period was HK\$18.8 million. In addition, HK\$10.4 million had been used for the acquisition of property, plant and equipment, HK\$9.4 million had been used to pay for the final dividend for the year 2009, HK\$14.9 million had been used to repay bank loans and HK\$0.4 million had been used to repay obligations under finance leases. New bank loans obtained by the Group during the Period were HK\$6.0 million. The net decrease in cash and cash equivalents for the Period was HK\$46.0 million. Cash and cash equivalents, net of bank overdrafts, as at 30 June 2010 amounted to HK\$33.0 million, which were mainly denominated in United States dollars, Hong Kong dollars and Renminbi.

The Group has maintained an adequate level of cash flows for its business operations and capital expenditures. As at 30 June 2010, the Group has unutilised banking facilities amounted to HK\$337 million.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK\$10.4 million of which HK\$5.8 million was paid for construction in progress to further enhance and upgrade its production capacity. These capital expenditures were financed by internal resources of the Group.

PLEDGE OF ASSETS

As at 30 June 2010, bank loans of approximately HK\$0.9 million were secured by trade receivables of approximately HK\$0.9 million. Except as disclosed above, the Group's total available banking facilities of HK\$423 million were secured by fixed deposits of approximately HK\$3.4 million and available-for-sale financial assets with carrying value of approximately HK\$2.7 million. The banking facilities granted to certain subsidiaries of the Group are also secured by personal guarantees given by a director of the Company, Mr. Lam Yin Kee and other non-controlling shareholders of these subsidiaries.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2010.

Management Discussion and Analysis

EMPLOYEES

As at 30 June 2010, the Group had a total of 3,170 employees, of which 82 of them were employed in Hong Kong and 3,088 of them were employed in the PRC. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund and options granted under the Share Option Scheme (as defined below).

The Group operates a defined contribution mandatory provident fund retirement benefits scheme for all of its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulation of the PRC. The Group also offers discretionary bonuses to its employees by reference to individual performance and the performance of the Group.

PROSPECTS

Although the performance of the Group during the Period has shown some improvements when compared to the results of the corresponding period in 2009, the global economic environment is still uncertain. In addition, in view of the recent rises in raw material costs and commodities prices and the increasing labour costs in PRC, management is certain that the operating environment for manufacturing sector will remain to be tough in the coming months. However, the Group has focused and will continue to focus on ways to reduce costs and to streamline its organisational structure so as to put itself in a better position to meet all challenges and adverse factors. The Group will also continue to find ways to improve the margins for its products and to improve the efficiency of its operations.

Regarding the biodiesel business, with the Air Pollution Control (Motor Vehicle Fuel) (Amendment) Regulation 2009 becoming effective from 1 July 2010, the Group is confident that the use of biodiesel as an alternative green energy for diesel vehicles and vessels will be well accepted in Hong Kong and the performance of the biodiesel business will show continuous improvement in future.

The Group will grasp every opportunity and continue to look for investment opportunity so as to diversify its business and to provide a better return to all shareholders.

Share Option

Pursuant to a written resolution of the shareholders of the Company passed on 22 June 2005, a share option scheme (the "Share Option Scheme") was approved and adopted. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentive or rewards for their contributions or potential contributions to the Group.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from 22 June 2005, being the date on which the Share Option Scheme was adopted.

During the six months ended 30 June 2010, no share options were granted, exercised, cancelled or lapsed and there were no outstanding share options as at 30 June 2010.

Directors' and Chief Executives' Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30 June 2010, the interests and short positions of the Directors and Chief Executives of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

(a) Ordinary shares of HK\$0.01 each of the Company at 30 June 2010

Name of Director		Number of shares held			Total	% of the issued share capital of the Company
		Personal interests	Family interests	Corporate interests		
Mr. Lam Yin Kee	Long positions	6,949,000	–	210,000,000 (Note 1)	216,949,000	69.0
Ms. Yeung Po Wah	Long positions	–	216,949,000	–	216,949,000	69.0

Notes:

- 210,000,000 shares are owned by Profit International Holdings Limited, a company incorporated in the British Virgin Islands and is owned as to 95% by Mr. Lam Yin Kee and 5% by Ms. Yeung Po Wah. Ms. Yeung Po Wah is an executive Director of the Company and the spouse of Mr. Lam Yin Kee.
- Mr. Lam Yin Kee and Ms. Yeung Po Wah are directors and beneficial owners of Profit International Holdings Limited.

Directors' and Chief Executives' Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

(b) Interests in an associated corporation, Profit International Holdings Limited (Ordinary shares of US\$1 each)

Name of Director		Number of shares held			% of the issued share capital of the associated corporation	
		Personal interests	Family interests	Corporate interests	Total	
Mr. Lam Yin Kee	Long positions	950	–	–	950	95.00
Ms. Yeung Po Wah	Long positions	50	–	–	50	5.00

Saved as disclosed above, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations which were required to be disclosed pursuant to the SFO.

Other than those interests and short positions disclosed above, the Directors and Chief Executives also hold shares of certain subsidiaries solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Substantial Shareholders' Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that at 30 June 2010, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives of the Company.

		Number of shares			% of the issued share capital of the Company
		Personal interests	Nature of interest	Total	
Profit International Holdings Limited	Long positions	210,000,000	Beneficially owned	210,000,000	66.8

Save as disclosed above and so far as the Directors and Chief Executives of the Company are aware of, at 30 June 2010, there were no other person, other than the Directors or Chief Executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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 report, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation 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 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 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 25 August 2010, who 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 was established with written terms of reference in compliance with the Listing Rules. The Remuneration Committee shall meet at least once every year and shall have a minimum of five members, comprising a majority of independent non-executive directors. The Chairman of the Remuneration Committee is Mr. Lam Yin Kee and other current members include Ms. Yeung Po Wah, Ms. Yeung Chi Ying, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

Supplementary Information

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

The electronic version of this report will be 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>).

APPRECIATION

The Board would like to thank the Company's shareholders and the Group's business partners for their continuous support and to extend its sincere appreciation to all of the Group's management and staff for their dedication and contribution throughout the Period.

By order of the Board
Alltronics Holdings Limited
Lam Yin Kee
Chairman

Hong Kong, 26 August 2010

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

Executive Directors

Mr. Lam Yin Kee, Ms. Yeung Po Wah and Mr. So Kin Hung

Non-executive Director

Mr. Fan, William Chung Yue

Independent Non-executive Directors

Ms. Yeung Chi Ying, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah

Corporate Information

DIRECTORS

Executive Directors

Mr. LAM Yin Kee (*Chairman*)

Ms. YEUNG Po Wah

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

Mr. LEUNG Kam Wah

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No. 5 A Kung Ngam Village Road

Shau Kei Wan

Hong Kong

COMPANY SECRETARY

Mr. LEUNG Fuk Cheung

STOCK CODE

833

INDEPENDENT AUDITOR

PricewaterhouseCoopers

AUDIT COMMITTEE

Ms. YEUNG Chi Ying (*Chairman*)

Mr. YAU Ming Kim, Robert

Mr. LEUNG Kam Wah

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Standard Chartered Bank (Hong Kong) Limited

SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong

Tricor Tengis Limited

26/F, Tesbury Centre

28 Queen's Road East

Hong Kong

In Cayman Islands

Butterfield Fulcrum Group (Cayman) Limited

P. O. Box 705

Butterfield House

68 Fort Street, George Town

Grand Cayman, Cayman Islands

WEBSITES

<http://www.irasia.com/listco/hk/alltronics/index.htm>

<http://www.alltronics.com.hk>