



Alltronics Holdings Limited
華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 833



2009

Interim Report

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2009

| | Note | Six months ended 30 June | |
|------------------------------------------------------------------------------------------------------------------------------------|------|---------------------------------|---------------------------------|
| | | 2009 HK\$'000 (Unaudited) | 2008 HK\$'000 (Unaudited) |
| Revenue | 4 | 211,901 | 228,378 |
| Cost of sales | 5 | (179,056) | (203,885) |
| Gross profit | | 32,845 | 24,493 |
| Distribution costs | 5 | (1,632) | (2,246) |
| Administrative expenses | 5 | (24,286) | (27,855) |
| Other gains – net | 6 | 150 | 295 |
| Operating profit/(loss) | | 7,077 | (5,313) |
| Finance costs – net | 7 | (1,995) | (844) |
| Profit/(Loss) before income tax | | 5,082 | (6,157) |
| Income tax (charge)/credit | 8 | (2,936) | 56 |
| Profit/(Loss) for the period | | 2,146 | (6,101) |
| Attributable to: | | | |
| Equity holders of the Company | | 4,153 | (6,341) |
| Minority interest | | (2,007) | 240 |
| | | 2,146 | (6,101) |
| Earnings/(Loss) per share for profit/(loss) attributable to equity holders of the Company (expressed in HK cents per share) | | | |
| – basic | 9 | 1.32 | (2.03) |
| – diluted | 9 | 1.29 | (2.03) |
| Dividend attributable to the period: | | | |
| Interim dividend | 10 | 6,286 | – |

The notes on pages 8 to 27 form part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

| | Six months ended 30 June | |
|-----------------------------------------------------------|---------------------------------|-----------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Profit/(Loss) for the period | 2,146 | (6,101) |
| Other comprehensive income/(expense) | | |
| Fair value loss on available-for-sale financial assets | (100) | (43) |
| Currency translation differences | – | 873 |
| Total comprehensive income/(loss) for the period | 2,046 | (5,271) |
| Total comprehensive income/(loss) attributable to: | | |
| Equity holders of the Company | 4,102 | (5,720) |
| Minority interest | (2,056) | 449 |
| | 2,046 | (5,271) |

The notes on pages 8 to 27 form part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2009

| | Note | As at | |
|-------------------------------------------------------|-------|--------------------------------------------|----------------------------------------------|
| | | 30 June 2009 HK\$'000 (Unaudited) | 31 December 2008 HK\$'000 (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 60,129 | 64,942 |
| Leasehold land and land use rights | 12 | 2,047 | 2,072 |
| Intangible assets | | 20,508 | 20,508 |
| Available-for-sale financial assets | 17(c) | 3,513 | 3,613 |
| Prepayments for non-current assets | | 3,267 | 2,894 |
| Deferred income tax assets | | 1,271 | 2,660 |
| Total non-current assets | | 90,735 | 96,689 |
| Current assets | | | |
| Inventories | | 71,442 | 80,430 |
| Trade receivables | 13 | 95,414 | 89,495 |
| Prepayments, deposits and other receivables | | 5,934 | 6,586 |
| Amount due from a related company | 19(b) | 25 | 8,218 |
| Amount due from the ultimate holding company | | 34 | 29 |
| Amount due from minority shareholders of a subsidiary | | 1,504 | 557 |
| Derivative financial instrument | | 142 | – |
| Pledged bank deposits | 17(b) | 2,432 | 2,410 |
| Cash and cash equivalents | | 59,812 | 64,796 |
| Total current assets | | 236,739 | 252,521 |
| Total assets | | 327,474 | 349,210 |

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2009

| | Note | As at | |
|---------------------------------------------------------------------------|------|--------------------------------------------|----------------------------------------------|
| | | 30 June 2009 HK\$'000 (Unaudited) | 31 December 2008 HK\$'000 (Audited) |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | 15 | 3,143 | 3,143 |
| Reserves | | | |
| Proposed dividend | | 6,286 | – |
| Others | | 169,037 | 171,221 |
| | | 178,466 | 174,364 |
| Minority interest | | (2,941) | (885) |
| Total equity | | 175,525 | 173,479 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 16 | 32,920 | 33,324 |
| Deferred income tax liabilities | | 1,263 | 1,444 |
| Total non-current liabilities | | 34,183 | 34,768 |
| Current liabilities | | | |
| Trade payables | 14 | 45,646 | 55,912 |
| Accruals and other payables | | 20,931 | 26,363 |
| Current income tax liabilities | | 2,385 | 2,136 |
| Borrowings | 16 | 48,572 | 55,202 |
| Derivative financial instruments | | 232 | 1,350 |
| Total current liabilities | | 117,766 | 140,963 |
| Total liabilities | | 151,949 | 175,731 |
| Total equity and liabilities | | 327,474 | 349,210 |
| Net current assets | | 118,973 | 111,558 |
| Total assets less current liabilities | | 209,708 | 208,247 |

The notes on pages 8 to 27 form part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

| | Attributable to equity holders of the Company | | | | | | | | | | | Total HK\$'000 (Unaudited) |
|---------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------------|-----------------------------------------------|-------------------------------------------------|-------------------------------------------------------|------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|----------------------------------|
| | Share capital HK\$'000 (Unaudited) | Share premium HK\$'000 (Unaudited) | Capital reserve HK\$'000 (Unaudited) | Statutory reserve HK\$'000 (Unaudited) | Share option reserve HK\$'000 (Unaudited) | Exchange reserve HK\$'000 (Unaudited) | Revaluation reserve HK\$'000 (Unaudited) | Capital redemption reserve HK\$'000 (Unaudited) | Retained earnings HK\$'000 (Unaudited) | Proposed dividend HK\$'000 (Unaudited) | Minority interest HK\$'000 (Unaudited) | |
| Balance at | | | | | | | | | | | | |
| 1 January 2008 | 3,130 | 50,157 | 5,799 | 3,314 | 414 | 3,907 | 89 | - | 123,988 | 12,520 | 6,956 | 210,274 |
| (Loss)/profit for the period | - | - | - | - | - | - | - | - | (6,341) | - | 240 | (6,101) |
| Other comprehensive income: | | | | | | | | | | | | |
| Fair value loss on available-for-sale financial assets | - | - | - | - | - | - | (22) | - | - | - | (21) | (43) |
| Currency translation differences | - | - | - | - | - | 643 | - | - | - | - | 230 | 873 |
| Total comprehensive income for the period ended 30 June 2008 | - | - | - | - | - | 643 | (22) | - | (6,341) | - | 449 | (5,271) |
| Final dividend relating to 2007 | - | - | - | - | - | - | - | - | - | (12,520) | - | (12,520) |
| Balance at 30 June 2008 | 3,130 | 50,157 | 5,799 | 3,314 | 414 | 4,550 | 67 | - | 117,647 | - | 7,405 | 192,483 |
| Balance at 1 January 2009 | 3,143 | 42,602 | 5,799 | 4,064 | 353 | 4,550 | 156 | 42 | 113,655 | - | (885) | 173,479 |
| Profit/(Loss) for the period | - | - | - | - | - | - | - | - | 4,153 | - | (2,007) | 2,146 |
| Other comprehensive income: | | | | | | | | | | | | |
| Fair value loss on available-for-sale financial assets | - | - | - | - | - | - | (51) | - | - | - | (49) | (100) |
| Total comprehensive income for the period 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 |

The notes on pages 8 to 27 form part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2009

| | Six months ended 30 June | |
|-----------------------------------------------------------------------|--------------------------|----------------|
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Net cash used in operating activities | (3,636) | (20,256) |
| Net cash used in investing activities | (3,945) | (3,874) |
| Net cash generated from/(used in) financing activities | <u>2,438</u> | (19,048) |
| Net decrease in cash, cash equivalents and bank overdrafts | (5,143) | (43,178) |
| Cash, cash equivalents and bank overdrafts at 1 January | 48,139 | 95,090 |
| Effect of foreign exchange rate changes | <u>–</u> | 605 |
| Cash, cash equivalents and bank overdrafts at 30 June | <u>42,996</u> | <u>52,517</u> |
| Analysis of balances of cash, cash equivalents and bank overdrafts | | |
| Cash and cash equivalents | 59,812 | 61,503 |
| Bank overdrafts | <u>(16,816)</u> | <u>(8,986)</u> |
| | <u>42,996</u> | <u>52,517</u> |

The notes on pages 8 to 27 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 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 sale of biodiesel products. The principal place of business of the Company is at Room 1108, 11/F, Eastwood Centre, No. 5 A Kung Ngam Village Road, Shau Kei Wan, Hong Kong.

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

This condensed consolidated interim financial information (“Interim Financial Information”) is presented in Hong Kong (“HK”) dollars, unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors (the “Board”) of the Company on 22 September 2009 and has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2009 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 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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 2008, 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 and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), ‘Presentation of financial statements’. The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be shown in a performance statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to management who makes strategic decisions. The adoption of HKFRS 8 does not result in a redesignation of the Group's reportable segments, and has had no impact on the reported results or financial position of the Group. In prior years, the Group had one business segment, electronic products, as the primary segment reporting format with geographical segments as the secondary reporting format. In the current period upon the adoption of HKFRS 8, the Group has identified the electronic products segment and biodiesel products segment as separate reportable segments. The biodiesel products segment was newly acquired in the second half of 2008. The segment information (Note 4) for both the current period and the comparative figures of prior period has been presented on a consistent basis under the requirements of HKFRS 8.

Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill relating to the acquisition of Southchina Engineering and Manufacturing Limited ("Southchina") has been allocated to the electronic products segment. Goodwill relating to the acquisition of Dynamic Progress International Limited has been allocated to the biodiesel products segment. It has not resulted in any additional goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements as at and for the year ending 31 December 2009.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group.

- HKAS 23 (amendment) Borrowing costs
- HKAS 32 (amendment) Financial instruments: presentation
- HKAS 39 (amendment) Financial instruments: recognition and measurement
- HKFRS 2 (amendment) Share-based payment
- HK(IFRIC) 9 (amendment) Reassessment of embedded derivatives and HKAS 39 (amendment), 'Financial instruments: recognition and measurement'
- HK(IFRIC) 13 Customer loyalty programmes
- HK(IFRIC) 15 Agreements for the construction of real estate
- HK(IFRIC) 16 Hedges of a net investment in a foreign operation

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- HKAS 27 (revised) Consolidated and separate financial statements
- HKAS 39 (amendment) Financial instruments: recognition and measurement – Eligible hedged items
- HKFRS 3 (revised) Business combinations
- HK(IFRIC) – Int 17 Distributions of non-cash assets to owners
- HK(IFRIC) – Int 18 Transfers of assets from customers

Improvements to the following HKFRSs from the Hong Kong Institute of Certified Public Accountants published in May 2009:

- HKAS 1 (amendment) Presentation of financial statements
- HKAS 7 (amendment) Cash flow statements
- HKAS 17 (amendment) Leases
- HKAS 36 (amendment) Impairment of assets
- HKAS 38 (amendment) Intangible assets
- HKAS 39 (amendment) Financial instrument: recognition and measurement
- HKFRS 2 (amendment) Share-based payment
- HKFRS 5 (amendment) Non-current assets held for sale and discontinued operations
- HKFRS 8 (amendment) Operating segments
- HK(IFRIC) – Int 9 Reassessment of embedded derivatives
- HK(IFRIC) – Int 16 (amendment) Hedges of a net investment in a foreign operation

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

4 SEGMENT INFORMATION

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

The Group considers the business from both a geographic and product perspective. From a product perspective, management assesses the performance of electronic products (including component products) and biodiesel products. Revenue of electronic products is further evaluated on a geographic basis (United States, the People's Republic of China ("PRC"), Hong Kong and other territories). Biodiesel products segment is a new segment as the business was newly acquired in the second half of 2008. Biodiesel products were all sold to Hong Kong 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). Other information provided is measured in a manner consistent with that in the financial statements.

Revenue consists of sales from electronic products and biodiesel products, which were HK\$210,819,000 and HK\$1,082,000 for the six months ended 30 June 2009 respectively. Revenue from electronic products for the six months ended 30 June 2008 was HK\$228,378,000 and there were no sales from biodiesel products for the six months ended 30 June 2008.

There were no sales between segments. The revenue from external parties reported to management is measured in a manner consistent with that in the condensed consolidated interim income statement. All of the segment revenue reported is derived from external third parties.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

| | Electronic products <i>HK\$'000</i> (Unaudited) | Biodiesel products <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|----------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------|
| Six months ended 30 June 2009 | | | |
| Total revenue | 210,819 | 1,082 | 211,901 |
| Operating profit/(loss) | 13,023 | (4,894) | 8,129 |
| Finance income | 70 | - | 70 |
| Finance costs | (1,551) | (514) | (2,065) |
| Income tax charge | (2,936) | - | (2,936) |
| Segment results | 8,606 | (5,408) | 3,198 |
| Corporate overheads | | | (1,052) |
| Profit for the period | | | 2,146 |
| Other information: | | | |
| Depreciation and amortisation | (7,931) | (517) | (8,448) |
| Fair value gain on derivative financial instruments, net | 1,260 | - | 1,260 |
| Six months ended 30 June 2008 | | | |
| Total revenue | 228,378 | - | 228,378 |
| Operating loss | (3,712) | - | (3,712) |
| Finance income | 1,128 | - | 1,128 |
| Finance costs | (1,972) | - | (1,972) |
| Income tax credit | 56 | - | 56 |
| Segment results | (4,500) | - | (4,500) |
| Corporate overheads | | | (1,601) |
| Loss for the period | | | (6,101) |
| Other information: | | | |
| Depreciation and amortisation | (7,857) | - | (7,857) |
| Fair value gain on derivative financial instruments, net | - | - | - |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Analysis of revenue by geographical locations:

| | Six months ended 30 June | |
|-------------------|---------------------------------|--------------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| The United States | 94,313 | 97,572 |
| Hong Kong | 65,295 | 72,367 |
| PRC | 18,253 | 7,585 |
| Other countries | 34,040 | 50,854 |
| | 211,901 | 228,378 |

The Group's revenue arises mainly from sales of its products to customers in places/countries within the United States, Hong Kong and the PRC. Revenue is presented based on the places/countries in which the customers are located.

The Company is domiciled in Hong Kong. Revenues from external customers in Hong Kong for the six months ended 30 June 2009 were HK\$65,295,000 (2008: HK\$72,367,000), and the total of its revenues from external customers from other countries were HK\$146,606,000 (2008: HK\$156,011,000). For the six months ended 30 June 2009, revenues of approximately HK\$62,631,000 (2008: HK\$54,228,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

| | Electronic products | Biodiesel products | Total |
|-------------------------------|--------------------------------|-------------------------------|--------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| As at 30 June 2009 | | | |
| Total assets | 310,425 | 15,764 | 326,189 |
| Unallocated | | | 1,285 |
| | | | 327,474 |
| | (Audited) | (Audited) | (Audited) |
| As at 31 December 2008 | | | |
| Total assets | 333,044 | 15,300 | 348,344 |
| Unallocated | | | 866 |
| | | | 349,210 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Analysis of total assets by geographical locations:

| | As at | |
|-----------|--------------------------------------------|----------------------------------------------|
| | 30 June 2009 HK\$'000 (Unaudited) | 31 December 2008 HK\$'000 (Audited) |
| Hong Kong | 179,682 | 194,104 |
| PRC | 147,792 | 155,106 |
| | 327,474 | 349,210 |

Total assets are allocated based on where the assets are located.

5 EXPENSES BY NATURE

| | Six months ended 30 June | |
|------------------------------------------------------------------------|---------------------------------|---------------------------------|
| | 2009 HK\$'000 (Unaudited) | 2008 HK\$'000 (Unaudited) |
| Amortisation of land use rights | 25 | 25 |
| Depreciation | | |
| – Owned property, plant and equipment | 7,946 | 6,981 |
| – Leased property, plant and equipment | 477 | 851 |
| Staff costs (including directors' emoluments) | 44,707 | 51,346 |
| Cost of inventories sold | 115,415 | 133,963 |
| (Reversal of)/Provision for impairment of receivables | (1,497) | 589 |
| Operating leases on rented premises | 6,383 | 5,739 |
| Other expenses | 31,518 | 34,492 |
| Total of cost of sales, distribution costs and administrative expenses | 204,974 | 233,986 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 OTHER GAINS – NET

| | Six months ended 30 June | |
|-------------------------------------------------------------------------------------|--------------------------|-----------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Net foreign exchange loss | (1,293) | (484) |
| (Loss)/Gain on disposal of property, plant and equipment | (32) | 145 |
| Fair value gain on derivative financial instruments, net | 1,260 | – |
| Gain on disposals of other financial assets at fair value through profit or loss | – | 252 |
| Others | 215 | 382 |
| | 150 | 295 |

7 FINANCE COSTS – NET

| | Six months ended 30 June | |
|------------------------------------------|--------------------------|-----------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Interest on bank loans and overdrafts | 1,995 | 1,846 |
| Interest element of finance leases | 70 | 126 |
| Total finance costs | 2,065 | 1,972 |
| Less: Interest income from bank deposits | (70) | (1,128) |
| Finance costs – net | 1,995 | 844 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 INCOME TAX (CHARGE)/CREDIT

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (2008: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

| | Six months ended 30 June | |
|---------------------------------------------|--------------------------|-----------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Current income tax | | |
| Hong Kong profits tax | (918) | (370) |
| PRC enterprise income tax (<i>Note a</i>) | (787) | (1,403) |
| Under-provision in prior years | (23) | (30) |
| Deferred taxation (charge)/credit | (1,208) | 1,859 |
| Income tax (charge)/credit | (2,936) | 56 |

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 2009, the Company had five subsidiaries operating in the PRC, namely Shenzhen Allcomm Electronic Co. Ltd. ("Shenzhen Allcomm"), Alltronics Tech. Mfg. Limited ("ATM"), 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 20% (2008: 18%) and 陽江華訊 was subject to a standard income tax rate of 25% in accordance with the relevant applicable tax laws. 南盈 is entitled to full exemption of PRC income tax for the two years ended 31 December 2005, followed by a 50% reduction of PRC income tax for the three years ended 31 December 2008.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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 | |
|-------------------------------------------------------------------------|---------------------------------|--------------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Profit/(Loss) attributable to equity holders of the Company | 4,153 | (6,341) |
| Weighted average number of ordinary shares in issue (<i>thousand</i>) | 314,320 | 312,990 |
| Basic earnings/(loss) per share (<i>HK cents per share</i>) | 1.32 | (2.03) |

(b) Diluted

Diluted earnings/(loss) 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 has 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.

| | Six months ended 30 June | |
|-----------------------------------------------------------------------------------------------|---------------------------------|--------------------|
| | 2009 | 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Profit/(Loss) attributable to equity holders of the Company | 4,153 | (6,341) |
| Weighted average number of ordinary shares in issue (<i>thousand</i>) | 314,320 | 312,990 |
| Adjustments for share options (<i>thousand</i>) | 6,379 | – |
| Weighted average number of ordinary shares for diluted earnings per share (<i>thousand</i>) | 320,699 | 312,990 |
| Diluted earnings/(loss) per share (<i>HK cents per share</i>) | 1.29 | (2.03) |

Diluted loss per share is the same as basic loss per share presented for the six months ended 30 June 2008 as the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period was anti-dilutive.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 INTERIM DIVIDEND

| | Six months ended 30 June | |
|-------------------------------------------------------|---------------------------------|-------------|
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Interim dividend proposed of HK\$0.02 (2008: HK\$Nil) | | |
| per ordinary share | 6,286 | – |

The Board recommends the payment of an interim dividend of HK\$0.02 per ordinary share for the six months ended 30 June 2009. 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 2009 has been approved by the Board on 22 September 2009.

For the six months ended 30 June 2008, the Board did not recommend the payment of an interim dividend.

11 PROPERTY, PLANT AND EQUIPMENT

| | <i>HK\$'000</i> |
|------------------------------------------------|----------------------|
| | (Audited) |
| Year ended 31 December 2008 | |
| Opening net book amount as at 1 January 2008 | 57,528 |
| Exchange differences | 2,221 |
| Acquisition of a subsidiary | 3,322 |
| Additions | 18,389 |
| Disposals | (212) |
| Depreciation | <u>(16,306)</u> |
| Closing net book amount as at 31 December 2008 | <u>64,942</u> |
| | (Unaudited) |
| Six months ended 30 June 2009 | |
| Opening net book amount as at 1 January 2009 | 64,942 |
| Additions | 3,642 |
| Disposals | (32) |
| Depreciation | <u>(8,423)</u> |
| Closing net book amount as at 30 June 2009 | <u>60,129</u> |

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 2009, the net book value of the Group's share of these buildings amounted to approximately HK\$6,915,000 (As at 31 December 2008: HK\$7,001,000).

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 <i>HK\$'000</i> |
|------------------------------------------------|-----------------------------------------------|
| | <i>(Audited)</i> |
| <hr/> | |
| Year ended 31 December 2008 | |
| Opening net book amount as at 1 January 2008 | 2,122 |
| Amortisation charge | <u>(50)</u> |
| Closing net book amount as at 31 December 2008 | <u>2,072</u> |
| | (Unaudited) |
| Six months ended 30 June 2009 | |
| Opening net book amount as at 1 January 2009 | 2,072 |
| Amortisation charge | <u>(25)</u> |
| Closing net book amount as at 30 June 2009 | <u>2,047</u> |

13 TRADE RECEIVABLES

| | As at | |
|-----------------------------------------------|-------------------------|---------------------|
| | 30 June 2009 | 31 December 2008 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Audited) |
| Trade receivables | 97,299 | 92,877 |
| Less: provision for impairment of receivables | <u>(1,885)</u> | <u>(3,382)</u> |
| | <u>95,414</u> | <u>89,495</u> |

As at 30 June 2009 and 31 December 2008, the fair values of trade receivables approximated their carrying values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2009 <i>HK\$'000</i> (Unaudited) | 31 December 2008 <i>HK\$'000</i> (Audited) |
| 0 – 30 days | 45,609 | 47,506 |
| 31 – 60 days | 22,122 | 22,563 |
| 61 – 90 days | 23,863 | 10,854 |
| 91 – 120 days | 2,820 | 8,181 |
| 121 – 365 days | 932 | 2,308 |
| Over 365 days | 1,953 | 1,465 |
| | 97,299 | 92,877 |
| Less: provision for impairment of receivables | (1,885) | (3,382) |
| | 95,414 | 89,495 |

As at 30 June 2009, trade receivables of HK\$1,885,000 were impaired (As at 31 December 2008: HK\$3,382,000). The movement in provision for impaired receivables has been included in administrative expenses in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

| | As at | |
|----------------|---------------------------------------------------|-----------------------------------------------------|
| | 30 June 2009 <i>HK\$'000</i> (Unaudited) | 31 December 2008 <i>HK\$'000</i> (Audited) |
| 0 – 30 days | 23,629 | 25,999 |
| 31 – 60 days | 14,498 | 24,036 |
| 61 – 90 days | 5,471 | 3,816 |
| 91 – 120 days | 1,211 | 509 |
| 121 – 365 days | 532 | 1,260 |
| Over 365 days | 305 | 292 |
| | 45,646 | 55,912 |

The carrying amounts of trade payables approximated their fair values. The credit periods granted by the creditors generally range from 30 to 60 days.

15 SHARE CAPITAL

| | As at 30 June 2009 | | As at 31 December 2008 | |
|-------------------------------|-----------------------|------------------------------------------|---------------------------|----------------------------------------|
| | Number of shares | Amount <i>HK\$'000</i> (Unaudited) | Number of shares | Amount <i>HK\$'000</i> (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 2008 and | | | | |
| 30 June 2009 | 314,320,000 | 3,143 | 314,320,000 | 3,143 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Notes:

- (a) No share options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2009 and during the year ended 31 December 2008, except that a total of 510,000 share options have been lapsed during the year ended 31 December 2008.
- (b) The Company has not repurchased any of its own shares during the six months ended 30 June 2009. During the year ended 31 December 2008, the Company repurchased its own shares on the Stock Exchange as follows:

| Month/year | Number of shares repurchased | Highest price paid per share <i>HK\$</i> | Lowest price paid per share <i>HK\$</i> | Aggregate price paid <i>HK\$'000</i> |
|-------------------|---------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| August 2008 | 4,170,000 | 2.45 | 1.70 | 8,329 |

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK\$8,287,000 was charged to the share premium.

- (c) No new shares have been issued by the Company during the six months ended 30 June 2009. During the year ended 31 December 2008, the Company has issued a total of 5,500,000 shares, credited as fully paid, as the initial consideration for the acquisition of a subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 BORROWINGS

| | As at | |
|---------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|
| | 30 June 2009 <i>HK\$'000</i> (Unaudited) | 31 December 2008 <i>HK\$'000</i> (Audited) |
| Bank loans, secured (<i>Note a</i>) | 55,643 | 52,384 |
| Obligations under finance leases (<i>Note b</i>) | 1,598 | 2,397 |
| Bills payable, secured | 6,069 | 15,329 |
| Trust receipt loans, secured | 1,366 | 1,759 |
| Bank overdrafts, secured | 16,816 | 16,657 |
| <hr/> | | |
| Total borrowings, wholly repayable within five years | 81,492 | 88,526 |
| Current portion of borrowings | (48,572) | (55,202) |
| <hr/> | | |
| Long-term borrowings | 32,920 | 33,324 |

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 2009 <i>HK\$'000</i> (Unaudited) | 31 December 2008 <i>HK\$'000</i> (Audited) |
| Within one year | 23,401 | 20,159 |
| In the second year | 28,115 | 23,568 |
| In the third to fifth year | 4,127 | 8,657 |
| <hr/> | | |
| | 55,643 | 52,384 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

| | As at | |
|--------------------------------------------|--------------------------------------------|----------------------------------------------|
| | 30 June 2009 HK\$'000 (Unaudited) | 31 December 2008 HK\$'000 (Audited) |
| Within one year | 980 | 1,398 |
| In the second year | 644 | 766 |
| In the third to fifth year | 54 | 376 |
| | 1,678 | 2,540 |
| Future finance charges on finance leases | (80) | (143) |
| Present value of finance lease liabilities | 1,598 | 2,397 |

The present value of finance lease liabilities is as follows:

| | As at | |
|----------------------------|--------------------------------------------|----------------------------------------------|
| | 30 June 2009 HK\$'000 (Unaudited) | 31 December 2008 HK\$'000 (Audited) |
| Within one year | 920 | 1,298 |
| In the second year | 625 | 729 |
| In the third to fifth year | 53 | 370 |
| | 1,598 | 2,397 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 BANKING FACILITIES

As at 30 June 2009, the Group's total available banking facilities amounted to approximately HK\$361 million (As at 31 December 2008: HK\$351 million). These facilities were secured by the following:

- (a) corporate guarantees given by the Company;
- (b) pledge of the Group's fixed deposits of approximately HK\$2.4 million (As at 31 December 2008: HK\$2.4 million);
- (c) available-for-sale financial assets held by the Group with carrying value of approximately HK\$3.5 million (As at 31 December 2008: HK\$3.6 million); and
- (d) The Group's trade receivables of HK\$364,000 (As at 31 December 2008: HK\$2.1 million).

The banking facilities granted to two of the Company's subsidiaries, namely Southchina and Dynamic Progress International Limited, are also secured by personal guarantees given by Mr. Lam Yin Kee, a director of the Company, and other minority shareholders of these two subsidiaries.

18 COMMITMENTS

(a) Capital commitments

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

| | As at | |
|-----------------------------------|--------------------------------------------|----------------------------------------------|
| | 30 June 2009 HK\$'000 (Unaudited) | 31 December 2008 HK\$'000 (Audited) |
| Property, plant and equipment | | |
| Contracted but not provided for | 133 | 841 |
| Authorised but not contracted for | — | — |
| | 133 | 841 |

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

| | As at | |
|---------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|
| | 30 June 2009 <i>HK\$'000</i> (Unaudited) | 31 December 2008 <i>HK\$'000</i> (Audited) |
| Not later than one year | 12,560 | 12,932 |
| Later than one year and not later than five years | 8,289 | 12,701 |
| | <u>20,849</u> | <u>25,633</u> |

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 shares as at 30 June 2009. In the opinion of the Board, 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:

| | <i>Notes</i> | Six month ended 30 June | |
|----------------------------------------|--------------|----------------------------------------|----------------------------------------|
| | | 2009 <i>HK\$'000</i> (Unaudited) | 2008 <i>HK\$'000</i> (Unaudited) |
| Sales of goods and toolings to Maruman | | | |
| Product Co. Limited ("Maruman") | <i>(i)</i> | 7,661 | 9,196 |
| Rental expense paid to Profit Home | | | |
| Investments Limited | <i>(ii)</i> | <u>600</u> | <u>600</u> |

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

- (b) Period/year end balances arising from the related parties transactions as disclosed in note (a) above were as follows:

| | | As at | |
|----------------------------|-----|-----------------|---------------------|
| | | 30 June 2009 | 31 December 2008 |
| <i>Note</i> | | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (Unaudited) | (Audited) |
| Due from a related company | (i) | 25 | 8,218 |

- (i) The amount due from Maruman, a related company, is aged less than one year and is unsecured, non-interest bearing and with normal credit terms of 60 days.

- (c) **Key management compensation**

| | | Six months ended 30 June | |
|-------------------------------------------------|--|--------------------------|-----------------|
| | | 2009 | 2008 |
| | | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | | (Unaudited) | (Unaudited) |
| Directors' fees | | 345 | 504 |
| Salaries and other short-term employee benefits | | 7,300 | 6,492 |
| Post-employment benefits | | 72 | 48 |
| | | 7,717 | 7,044 |

INTERIM DIVIDEND

The Board declared an interim dividend of HK2 cents per ordinary share for the six months ended 30 June 2009, payable on or about 30 October 2009, to the shareholders whose names appear on the register of members of the Company on 16 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 October 2009 to 16 October 2009, 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 13 October 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of Results

Market conditions during the six months period ended 30 June 2009 (the “Period”) continued to be challenging when compared to the corresponding period in 2008. As a result of the adverse effects of the global financial crisis, total turnover of the Group has dropped by 7.2%. However, the Group managed to turn from a loss of HK\$6.1 million in 2008 to a profit of HK\$2.1 million for the Period. The improved performance was due to a number of reasons, including the increase in unit selling prices for certain major products of the Group; raw material costs were relatively more stable as compared to last year; and tighter cost control measures implemented by management.

During the Period, sales of electronic products and components amounted to HK\$210.8 million, representing a decrease of 7.7% compared to HK\$228.4 million for the corresponding period in 2008. The decrease was due to the continued drop in sales to the United States, Hong Kong and other territories. Sales of electronic products and components to the PRC market had increased HK\$10.7 million as the PRC economy was less affected by the global financial crisis. On the other hand, the total sales of biodiesel products during the Period were HK\$1.1 million. The performance of the biodiesel business was behind management’s expectation. This is mainly due to the fluctuation in crude oil prices during the Period, especially the significant drop at the beginning of this year; the use of biodiesel as an alternative energy is not popular in Hong Kong and the lack of support from government for green energy such as biodiesel. However, the sales of biodiesel products began to show sign of expansion since June 2009 and management expects to have a steady upward trend in monthly turnover in the second half of this year.

Gross Profit

The Group recorded an overall gross profit of HK\$32.8 million for the Period, with a gross profit margin of 15.5%. The gross profit and gross profit margin for the corresponding period in 2008 were HK\$24.5 million and 10.7% 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 less relatively more stable as compared to last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating expenses

During the Period, distribution costs have dropped by HK\$0.6 million and administrative expenses have dropped by HK\$3.6 million. The reduction in administrative expenses was mainly due to a decrease in total staff costs as a result of reduction in headcount and tighter cost control measures implemented by management during the Period.

Net finance costs increased by HK\$1.1 million mainly due to the reduction in bank interest income of HK\$1.1 million during the Period.

LIQUIDITY AND FINANCIAL INFORMATION

The liquidity position of the Group remained healthy as at 30 June 2009. Most of the Group's liquid fund is placed as deposits at various banks. As at 30 June 2009, the total amount of cash and cash equivalents of the Group was HK\$59.8 million, compared to HK\$64.8 million as at 31 December 2008. The drop was mainly due to funds used to finance the operations of the Group during the Period. As at 30 June 2009, bank deposits of HK\$2.4 million were pledged to banks as securities for banking facilities granted to Southchina. The total bank and other borrowings as at 30 June 2009 amounted to HK\$81.5 million, representing a decrease of HK\$7.0 million when compared to 31 December 2008 due to repayment made during the Period.

As at 30 June 2009, 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 8.0%, as compared to 3.8% as at 31 December 2008. The slight 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 2009 was 2.0, which has improved slightly from 1.8 as at 31 December 2008.

Most of the Group's sales are denominated in United States dollars and Hong Kong dollars and most of the purchases of raw materials are denominated in United States dollars, Hong Kong dollars and Renminbi. Furthermore, as most of the Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi, the exchange rate risk of the Group for the time being is not considered to be significant.

MANAGEMENT DISCUSSION AND ANALYSIS

CASH FLOWS

Net cash outflow from operating activities for the Period was HK\$3.6 million. In addition, HK\$3.6 million had been used for the acquisition of property, plant and equipment, HK\$9.1 million had been used to repay bank loans and HK\$0.8 million had been used to repay obligations under finance leases. New bank loans obtained by the Group during the Period were HK\$12.4 million. The net decrease in cash and cash equivalents for the Period was HK\$5.0 million. Cash and cash equivalents, net of bank overdrafts, as at 30 June 2009 amounted to HK\$43.0 million, which were mainly denominated in US dollars, Hong Kong dollars and RMB.

The Group has maintained an adequate level of cash flows for its business operations and capital expenditures.

CAPITAL EXPENDITURE

During the Period, the Group acquired property, plant and equipment at a total cost of HK\$3.6 million 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 2009, bank loans of approximately HK\$0.4 million were secured by trade receivables of approximately HK\$0.4 million. Except as disclosed above, the Group's banking facilities were secured by corporate guarantees given by the Company, fixed deposits of approximately HK\$2.4 million and available-for-sale financial assets with carrying value of approximately HK\$3.5 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 minority shareholders of these subsidiaries.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

As at 30 June 2009, the Group had a total of 2,764 employees, of which 83 of them were employed in Hong Kong and 2,681 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

In view of the fast changing global economic conditions and the uncertainties resulted from the unprecedented financial tsunami, it is difficult for management to predict the business environment in the near future, both locally and overseas. Although the United States market has recently showed some sign of recovery, it is still uncertain whether such recovery is built on solid grounds or will just have short-term effect. However, management is certain that the operating environment for manufacturing sector will remain to be tough in the coming months. 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 effects of such measures had been reflected in improved performance during the Period. The Group will continue to find ways to improve the margins for its products and to improve the efficiency of its operations.

The Group has maintained excellent business relationship with its major customers and is in negotiations with various potential customers in order to expand its customer base and global sales network. The Group will continue to make prudent investments in research and development to meet customers' needs and to develop new products.

Regarding the biodiesel business, the Group has been in talks with various potential customers and most of these negotiations are in the final stage of discussions with sales expected in the near future. Management has confidence that the use of biodiesel as an alternative green energy for diesel vehicles and vessels will be well accepted in Hong Kong. The Group is currently the only supplier of biodiesel in Hong Kong with all relevant licences granted by the government. Management believes the biodiesel business can broaden the source of the Group's revenue and is a key development in the Group's business strategy.

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.

Details of the share options granted and a summary of the movements of the outstanding share options during the Period are as follows:

| | Number of share options | | | | | Exercise price per share <i>HK\$</i> |
|-----------------------------------------------------|------------------------------|---------------------------------|-----------------------------------|------------------------------------------------|----------------------------|-----------------------------------------|
| | Held at 1 January 2009 | Granted during the Period | Exercised during the Period | Cancelled or lapsed during the Period | Held at 30 June 2009 | |
| Employees other than Directors (<i>Note 1</i>) | 600,000 | – | – | – | 600,000 | 2.94 |

Notes:

- (1) These share options were granted on 6 July 2007 with an exercisable period of two years from 6 July 2007 to 5 July 2009. There are no vesting periods for these share options. The closing market price per share at the date preceding the date on which the share options were granted was HK\$2.94.
- (2) During the six months ended 30 June 2009, no share options were granted, exercised, cancelled or lapsed.

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 2009, the interests and short positions of each Director and Chief Executive 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 2009

| | | Number of shares held | | | | % of the issued share capital of the Company |
|------------------|----------------|-----------------------|------------------|---------------------|-------------|----------------------------------------------|
| | | Personal interests | Family interests | Corporate interests | Total | |
| Mr. Lam Yin Kee | Long positions | 6,949,000 | – | 210,000,000* | 216,949,000 | 69.0 |
| Ms. Yeung Po Wah | Long positions | – | 216,949,000 | – | 216,949,000 | 69.0 |

* These 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

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

| | | Number of shares held | | | | % of the issued share capital of the associated corporation |
|------------------|----------------|-----------------------|------------------|---------------------|-------|-------------------------------------------------------------|
| | | Personal interest | Family interests | Corporate interests | Total | |
| Mr. Lam Yin Kee | Long positions | 950 | – | – | 950 | 95.0 |
| Ms. Yeung Po Wah | Long positions | 50 | – | – | 50 | 5.0 |

- (c)** As part of the deferred consideration for the acquisition of a 51% owned subsidiary during the year ended 31 December 2008, the Company will issue a maximum of 5,500,000 (subject to adjustment) ordinary shares of HK\$0.01 each of the Company, at an issue price of HK\$2.8 per share, to Mr. Lam Yin Kee, if certain profit targets are met. Details of the acquisition and the number of shares to be issued to Mr. Lam Yin Kee are set out in the circular dated 3 July 2008 issued by the Company.

Saved as disclosed above, at no time during the Period, 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 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, 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 2009, 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.

| Name | 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 2009, 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 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.

On 2 June 2009, Mr. Barry John Buttifant retired from the office as an independent non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Following the retirement of Mr. Barry John Buttifant, the number of independent non-executive Directors of the Company had fell below the minimum number required under Rule 3.10(1) of the Listing Rules and the number of Audit Committee members had fell below the minimum number required under Rule 3.21 of the Listing Rules. On 1 September 2009, Mr. Yau Ming Kim, Robert had been appointed as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee of the Company. Upon the appointment of Mr. Yau Ming Kim, Robert, the Company has three independent non-executive Directors, namely Ms. Yeung Chi Ying, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah, where the Company has duly complied with Rule 3.10(1) and Rule 3.21 of the Listing Rules. On 1 September 2009, Ms. Yeung Chi Ying had been appointed as the Chairman of the Audit Committee of the Company. Details of the above changes in directors are set out in the announcements dated 29 April 2009 and 17 August 2009 issued by the Company.

MODEL CODE OF 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.

CORPORATE GOVERNANCE

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 18 September 2009, 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 of Hong Kong Limited (<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, 22 September 2009

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

Mr. Toshio DAIKAI

(resigned on 1 April 2009)

Non-executive Director

Mr. FAN, William Chung Yue

Independent Non-executive Directors

Ms. YEUNG Chi Ying

Mr. YAU Ming Kim, Robert

(appointed on 1 September 2009)

Mr. LEUNG Kam Wah

Mr. Barry John BUTTIFANT

(resigned on 2 June 2009)

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL

PLACE OF BUSINESS

Room 1108, 11/F

Eastwood Centre

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* from 1 September 2009)

Mr. YAU Ming Kim, Robert

(appointed on 1 September 2009)

Mr. LEUNG Kam Wah

Mr. Barry John BUTTIFANT (*Chairman*)

(resigned on 2 June 2009)

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.irasia.com/listco/hk/alltronics/index.htm)

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