



Alltronics Holdings Limited  
華訊股份有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 833

**2012**  
Interim Report

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# Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2012

	Note	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue	5	414,739	357,398
Cost of sales	6	(355,569)	(290,599)
Gross profit		59,170	66,799
Distribution costs	6	(2,255)	(2,365)
Administrative expenses	6	(37,748)	(40,035)
Other gains	7	5,798	171
Operating profit		24,965	24,570
Finance income	8	122	110
Finance costs	8	(2,737)	(2,081)
Profit before income tax		22,350	22,599
Income tax expense	9	(5,619)	(5,883)
Profit for the period		16,731	16,716
Profit attributable to:			
Owners of the Company		18,265	17,222
Non-controlling interests		(1,534)	(506)
		16,731	16,716
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– basic	10	5.81	5.48
– diluted	10	5.81	5.43
Interim dividend	11	9,433	12,577

The notes on pages 9 to 43 form part of the condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2012

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

The notes on pages 9 to 43 form part of the condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2012

		As at	
	Note	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	49,648	53,539
Leasehold land and land use rights	13	1,896	1,921
Intangible assets		20,452	20,452
Available-for-sale financial assets	19(c)	2,850	2,826
Prepayments		21,810	560
Deferred income tax assets		1,010	875
<b>Total non-current assets</b>		<b>97,666</b>	<b>80,173</b>
<b>Current assets</b>			
Inventories		150,240	124,142
Trade receivables	14	99,322	126,270
Prepayments, deposits and other receivables		29,150	14,011
Amount due from a related company		–	16
Amount due from the ultimate holding company		34	34
Amount due from non-controlling shareholders of a subsidiary		1,561	613
Financial assets at fair value through profit or loss		1,634	2,088
Pledged bank deposits	19(b)	5,962	4,957
Tax recoverable		61	57
Cash and cash equivalents (excluding bank overdrafts)		67,286	72,736
<b>Total current assets</b>		<b>355,250</b>	<b>344,924</b>
<b>Total assets</b>		<b>452,916</b>	<b>425,097</b>

The notes on pages 9 to 43 form part of the condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2012

	Note	As at	
		30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	3,144	3,144
Reserves			
Proposed dividend		9,433	15,721
Others		213,502	204,658
		<b>226,079</b>	<b>223,523</b>
<b>Non-controlling interests</b>		<b>(9,956)</b>	<b>(8,434)</b>
<b>Total equity</b>		<b>216,123</b>	<b>215,089</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	18	2,250	3,944
Deferred income tax liabilities		982	1,351
<b>Total non-current liabilities</b>		<b>3,232</b>	<b>5,295</b>
<b>Current liabilities</b>			
Trade payables	15	71,781	76,039
Accruals and other payables		26,731	28,841
Amount due to non-controlling shareholder of a subsidiary		26	–
Current income tax liabilities		8,491	5,352
Borrowings	18	122,536	85,192
Derivative financial instruments		3,996	9,289
<b>Total current liabilities</b>		<b>233,561</b>	<b>204,713</b>
<b>Total liabilities</b>		<b>236,793</b>	<b>210,008</b>
<b>Total equity and liabilities</b>		<b>452,916</b>	<b>425,097</b>
<b>Net current assets</b>		<b>121,689</b>	<b>140,211</b>
<b>Total assets less current liabilities</b>		<b>219,355</b>	<b>220,384</b>

The notes on pages 9 to 43 form part of the condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserve	Statutory reserve	Share option reserve	Exchange reserve	Revaluation reserve	Capital redemption reserve	Retained earnings	Proposed dividend	Non-controlling interests	Total
	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)
<b>Balance at 1 January 2011</b>	3,143	42,602	5,799	5,482	-	4,620	236	42	127,563	15,716	(7,163)	198,040
Comprehensive income												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	17,222	-	(506)	16,716
Other comprehensive income:												
Fair value gain on available-for-sale financial assets	-	-	-	-	-	-	22	-	-	-	21	43
<b>Total other comprehensive income for the six months ended 30 June 2011</b>	-	-	-	-	-	-	22	-	-	-	21	43
<b>Total comprehensive income for the six months ended 30 June 2011</b>	-	-	-	-	-	-	22	-	17,222	-	(485)	16,759
Share option scheme – value of employee services	-	-	-	-	8,296	-	-	-	-	-	-	8,296
Share option scheme – issue of shares upon exercise of share options	1	281	-	-	(51)	-	-	-	-	-	-	231
Transactions with owners in their capacity as owners:												
Final dividend relating to 2010	-	-	-	-	-	-	-	-	(5)	(15,716)	-	(15,721)
Proposed interim dividend	-	-	-	-	-	-	-	-	(12,577)	12,577	-	-
<b>Balance at 30 June 2011</b>	3,144	42,883	5,799	5,482	8,245	4,620	258	42	132,203	12,577	(7,648)	207,605

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners 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)	Non- controlling interests HK\$'000 (Unaudited)	
Balance at 1 January 2012	3,144	42,883	5,799	6,820	8,245	9,260	264	42	131,345	15,721	(8,434)	215,089
Comprehensive income												
Profit/(loss) for the period	-	-	-	-	-	-	-	-	18,265	-	(1,534)	16,731
Other comprehensive income:												
Fair value gain on available-for-sale financial assets	-	-	-	-	-	-	12	-	-	-	12	24
<b>Total other comprehensive income for the six months ended 30 June 2012</b>	-	-	-	-	-	-	12	-	-	-	12	24
<b>Total comprehensive income for the six months ended 30 June 2012</b>	-	-	-	-	-	-	12	-	18,265	-	(1,522)	16,755
Transactions with owners in their capacity as owners												
Final dividend relating to 2011	-	-	-	-	-	-	-	-	-	(15,721)	-	(15,721)
Proposed interim dividend	-	-	-	-	-	-	-	-	(9,433)	9,433	-	-
Balance at 30 June 2012	3,144	42,883	5,799	6,820	8,245	9,260	276	42	140,177	9,433	(9,956)	216,123

The notes on page 9 to 43 form part of the condensed consolidated interim financial information.



# Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	25,157	43,684
Net cash used in investing activities	(24,932)	(3,991)
Net cash used in financing activities	(4,640)	(13,775)
Net (decrease)/increase in cash and cash equivalents, net of bank overdrafts	(4,415)	25,918
Cash and cash equivalents, net of bank overdrafts at 1 January	53,458	32,695
Exchange gain on cash and cash equivalents, net of bank overdrafts	–	–
Cash and cash equivalents, net of bank overdrafts at 30 June	49,043	58,613
Analysis of balances of cash and cash equivalents, net of bank overdrafts		
Cash and cash equivalents	67,286	76,374
Bank overdrafts	(18,243)	(17,761)
	49,043	58,613

The notes on pages 9 to 43 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, the manufacturing and trading of biodiesel products, and the provision of energy saving business solutions. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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

This condensed consolidated interim financial information (“Interim Financial Information”) is presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. This Interim Financial Information has been approved for issue by the Board of Directors (the “Board”) of the Company on 28 August 2012 and has not been audited.

### Key events

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

## 2 Basis of preparation

The Interim Financial Information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

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

The following new standards, amendment to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2012, but are not currently relevant to the Group:

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

## 3 Accounting policies (Continued)

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

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

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

## 4 Financial risk management

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

### 4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### 4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# Notes to the Condensed Consolidated Interim Financial Information

## 4 Financial risk management (Continued)

### 4.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2012 (unaudited).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Financial assets at fair value				
through profit or loss	1,634	–	–	1,634
Available-for-sale financial assets	–	–	2,850	2,850
<b>Total assets</b>	<b>1,634</b>	<b>–</b>	<b>2,850</b>	<b>4,484</b>
<b>Liabilities</b>				
Derivative financial instruments	–	–	3,996	3,996
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>3,996</b>	<b>3,996</b>

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Financial assets at fair value				
through profit or loss	2,088	–	–	2,088
Available-for-sale financial assets	–	–	2,826	2,826
<b>Total assets</b>	<b>2,088</b>	<b>–</b>	<b>2,826</b>	<b>4,914</b>
<b>Liabilities</b>				
Derivative financial instruments	–	–	9,289	9,289
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>9,289</b>	<b>9,289</b>

## 4 Financial risk management (Continued)

### 4.3 Fair value estimation (Continued)

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

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

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

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

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

## 4 Financial risk management (Continued)

### 4.3 Fair value estimation (Continued)

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

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

In 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

In 2012, there were no reclassifications of financial assets.



## 5 Segment information

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

For the six months ended 30 June 2012, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide.

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

- (i) the electronic products segment – the manufacturing and trading of electronic products, plastic moulds, plastic and other components for electronic products;
- (ii) the biodiesel products segment – the manufacturing and trading of biodiesel products in Hong Kong; and
- (iii) the energy saving business segment – the provision of energy saving business solutions to customers.

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

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

# Notes to the Condensed Consolidated Interim Financial Information

## 5 Segment information (Continued)

All sales between segments are eliminated on consolidation. All segment revenue reported is derived from external parties. The revenue from external parties reported to the executive Directors is measured in a manner consistent with that in the consolidated income statement.

	Electronic products HK\$'000	Biodiesel products HK\$'000	Energy saving business HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2012</b>				
<b>(Unaudited)</b>				
Total segment revenue and revenue from external customers	392,220	22,388	131	414,739
Segments results	31,215	(1,093)	(3,766)	26,356
Finance income	121	–	1	122
Finance costs	(2,241)	(496)	–	(2,737)
Income tax expense	(5,619)	–	–	(5,619)
	23,476	(1,589)	(3,765)	18,122
Unallocated operating costs				(1,391)
Profit for the period				16,731
Other information:				
Depreciation and amortisation	(7,155)	(372)	(65)	(7,592)
Fair value gain on derivative financial instruments – net	5,293	–	–	5,293

**5 Segment information (Continued)**

	Electronic products HK\$'000	Biodiesel products HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2011</b>			
<b>(Unaudited)</b>			
Total segment revenue and revenue from external customers	348,866	8,532	357,398
Segment results	29,734	(3,129)	26,605
Finance income	110	–	110
Finance costs	(1,587)	(494)	(2,081)
Income tax expense	(5,883)	–	(5,883)
	22,374	(3,623)	18,751
Unallocated operating costs			(2,035)
Profit for the period			16,716
Other information:			
Depreciation and amortisation	(7,945)	(497)	(8,442)
Fair value loss on derivative financial instruments – net	(123)	–	(123)

# Notes to the Condensed Consolidated Interim Financial Information

## 5 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:

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
The United States	<b>184,246</b>	209,336
Hong Kong	<b>123,837</b>	67,797
Europe	<b>78,627</b>	44,039
The PRC	<b>19,029</b>	27,335
Other countries	<b>9,000</b>	8,891
	<b>414,739</b>	357,398

For the six months ended 30 June 2012, revenues of approximately HK\$134,951,000 (2011: HK\$149,667,000) were derived from a single external customer. These revenues were attributable to the electronic products segment.

The Group's non-current assets by geographical location, which is determined by the places/countries in which the asset is located, is as follows:

	<b>As at</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Hong Kong	<b>52,435</b>	31,623
The PRC	<b>45,231</b>	48,550
	<b>97,666</b>	80,173

## Notes to the Condensed Consolidated Interim Financial Information

### 5 Segment information (Continued)

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

### 6 Expenses by nature

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of land use rights (Note 13)	25	25
Depreciation		
– Owned property, plant and equipment	6,727	7,847
– Leased property, plant and equipment	840	570
Staff costs (including directors' emoluments)	71,090	77,417
Cost of inventories sold	269,143	203,212
Operating leases on rented premises	7,016	6,618
Other expenses	40,731	37,310
Total of cost of sales, distribution costs and administrative expenses	395,572	332,999

# Notes to the Condensed Consolidated Interim Financial Information

## 7 Other gains – net

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange loss	(1,706)	(1,242)
(Loss)/gain on disposal of property, plant and equipment	(1)	524
Realised gain on derivative financial instruments – net	2,215	1,269
Fair value gain/(loss) on derivative financial instruments – net	5,293	(123)
Gain on disposals of financial assets at fair value through profit or loss	103	141
Fair value loss on financial assets at fair value through profit or loss	(566)	(592)
Dividend income from financial assets at fair value through profit or loss	4	9
Others	456	185
	<b>5,798</b>	<b>171</b>

## Notes to the Condensed Consolidated Interim Financial Information

### 8 Finance income and costs

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank loans, trust receipt loans and bank overdrafts wholly repayable within five years	2,561	1,917
Interest on loans from a customer	71	–
Interest element of finance leases	105	164
Total finance costs	2,737	2,081
Less: Interest income from bank deposits	(122)	(110)
Finance costs – net	2,615	1,971

# Notes to the Condensed Consolidated Interim Financial Information

## 9 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	4,100	3,115
PRC enterprise income tax (Note a)	2,014	2,443
Under-provision in prior years	9	37
Deferred income tax (credit)/charge	(504)	288
Income tax expense	5,619	5,883

Note:

- (a) PRC enterprise income tax has been calculated on the estimated assessable profit at the rates of taxation prevailing in the PRC. As at 30 June 2012, the Company had six subsidiaries operating in the PRC, namely Shenzhen Allcomm Electronic Co. Ltd. (“Shenzhen Allcomm”), Alltronics Tech. Mftg. Limited (“ATM”), Southchina Engineering and Manufacturing Limited (“Southchina”), 陽江華訊電子制品有限公司 (“陽江華訊”), Alltronics Energy Saving and 南盈科技發展(深圳)有限公司 (“南盈”). During the period, Shenzhen Allcomm, ATM, Southchina and 南盈 were subject to an income tax rate of 25% (2011: 24%), 陽江華訊 and Alltronics Energy Saving were subject to a standard income tax rate of 25% (2011: 25%) in accordance with the relevant applicable tax laws.



## 10 Earnings per share

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<b>18,265</b>	17,222
Weighted average number of ordinary shares in issue (thousand)	<b>314,420</b>	314,384
Basic earnings per share (HK cents per share)	<b>5.81</b>	5.48

### (b) Diluted

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

# Notes to the Condensed Consolidated Interim Financial Information

## 10 Earnings per share (Continued)

### (b) Diluted (Continued)

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

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

## 11 Interim dividend

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

## 11 Interim dividend (Continued)

The Board recommends the payment of an interim dividend of HK\$0.03 per ordinary share for the six months ended 30 June 2012. The Interim Financial Information does not reflect the above proposed dividend as dividend payable but account for it as proposed dividend from the reserves. The declaration of the interim dividend for the six months ended 30 June 2012 has been approved by the Board on 28 August 2012.

## 12 Property, plant and equipment

	HK\$'000 (Audited)
<hr/>	
<b>Year ended 31 December 2011</b>	
Opening net book amount as at 1 January 2011	57,105
Exchange differences	1,029
Additions	12,648
Disposals	(82)
Depreciation	(17,161)
	<hr/>
Closing net book amount as at 31 December 2011	53,539
	<hr/>
	<b>HK\$'000 (Unaudited)</b>
<hr/>	
<b>Six months ended 30 June 2012</b>	
Opening net book amount as at 1 January 2012	<b>53,539</b>
Additions	<b>3,677</b>
Disposals	<b>(1)</b>
Depreciation	<b>(7,567)</b>
	<hr/>
Closing net book amount as at 30 June 2012	<b>49,648</b>
	<hr/>

## 12 Property, plant and equipment (Continued)

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.

## 13 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)
<hr/>	
<b>Year ended 31 December 2011</b>	
Opening net book amount as at 1 January 2011	1,971
Amortisation charge	(50)
	<hr/>
Closing net book amount as at 31 December 2011	1,921
	<hr/>
	<b>HK\$'000 (Unaudited)</b>
<hr/>	
<b>Six months ended 30 June 2012</b>	
Opening net book amount as at 1 January 2012	1,921
Amortisation charge (Note 6)	(25)
	<hr/>
Closing net book amount as at 30 June 2012	1,896
	<hr/>

## 14 Trade receivables

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

As at 30 June 2012 and 31 December 2011, the fair values of trade receivables approximated their carrying values.

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

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

# Notes to the Condensed Consolidated Interim Financial Information

## 14 Trade receivables (Continued)

Movements on the provision for impairment of trade receivables are as follows:

	<b>Six months ended</b>	Year ended
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Opening balance	<b>2,364</b>	–
Provision for impairment of receivables	–	2,364
Closing balance	<b>2,364</b>	2,364

## 15 Trade payables

The ageing analysis of trade payables is as follows:

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

The fair values of trade payables approximated their carrying values.

# Notes to the Condensed Consolidated Interim Financial Information

## 16 Share capital

	As at 30 June 2012		As at 31 December 2011	
	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 beginning of the period/year	314,420,000	3,144	314,320,000	3,143
Issue of shares upon exercise of share options under the Share Option Scheme	–	–	100,000	1
At end of the period/year	314,420,000	3,144	314,420,000	3,144

### Notes:

- (a) On 13 January 2011, the Company granted 15,900,000 share options to subscribe for up to an aggregate of 15,900,000 new ordinary shares of HK\$0.01 each in the share capital of the Company to the eligible participants under the share option scheme (the “Share Option Scheme”) of the Company adopted on 22 June 2005. No share options were granted during the six months ended 30 June 2012.
- (b) There was no share option exercised during the six months ended 30 June 2012. During the year ended 31 December 2011, 100,000 share options were exercised resulting in 100,000 shares being issued, with exercise proceeds of HK\$231,000. The closing market price per share immediately before the date on which the share options were exercised was HK\$3.04.

## 16 Share capital (Continued)

Notes: (Continued)

- (c) As at 30 June 2012 and 31 December 2011, 15,800,000 share options were outstanding, representing 5.0% of the total number of shares of the Company in issue at respective dates.
- (d) The Company has not repurchased any of its own shares during the six months ended 30 June 2012 nor during the year ended 31 December 2011.

## 17 Share-based payment transactions

On 22 June 2005, the Company adopted the Share Option Scheme for the primary purpose of providing incentives or rewards to employees and Directors of the Company or any of its subsidiaries and any supplier and/or sub-contractor of the Group (the “Participants”) 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 the date on which the Share Option Scheme is adopted.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent. (the “General Scheme Limit”) of the total number of shares on 15 July 2005, the listing date. The Company may seek approval of the shareholders in general meeting to refresh the General Scheme Limit such that the total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10 per cent. of the issued share capital of the Company at the date of approval to refresh such limit. At the annual general meeting of the Company held on 18 May 2011, an ordinary resolution has been passed by the shareholders of the Company to refresh the General Scheme Limit.



## 17 Share-based payment transactions (Continued)

Notwithstanding the above, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30 per cent. of the total number of shares of the Company in issue from time to time. No option may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in the aforesaid 30 per cent. limit being exceeded. Unless with the approval of the shareholders in general meeting, the maximum number of shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme and other share option schemes of the Company in any twelve – month period shall not exceed 1 per cent. of the shares in issue.

An option must be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of the option is made, but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made, subject to the provisions for early termination thereof. The amount payable on acceptance of the grant of an option is HK\$1. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is neither any performance target that needs to be achieved by a grantee before an option can be exercised nor any minimum period for which an option must be held before it can be exercised.

The subscription price in respect of each share issued under the Share Option Scheme shall be a price solely determined by the Directors but shall not be less than the highest of:

- (i) the nominal value of a share;
- (ii) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date upon which the relevant option is accepted and deemed to be granted (the “Commencement Date”), which must be a business day; and

## 17 Share-based payment transactions (Continued)

- (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Commencement Date.

During the six months ended 30 June 2012, no share options were granted, exercised, lapsed or cancelled.

On 13 January 2011, 15,900,000 share options were granted to certain directors and employees of the Group with an exercisable period of two years from 13 January 2011 to 12 January 2013. 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\$2.31. The estimated fair value of these share options was approximately HK\$8,296,000 and has been recognised within staff costs in the consolidated interim income statement for the six months ended 30 June 2011, with a corresponding increase in share option reserve in equity. Share option expenses in relation to the share options attributable to directors and employees of the Group recognised by the Company and the main operating subsidiaries of the Company were HK\$698,000 and HK\$7,598,000 respectively.

The fair values of the share options granted during the six months ended 30 June 2011 were determined using the Black-Scholes valuation model. The significant inputs into the model are as follows:

	<b>Options granted to directors</b>	<b>Options granted to employees</b>
Year of grant	2011	2011
Exercise price	HK\$2.31	HK\$2.31
Closing share price on date of grant	HK\$2.31	HK\$2.31
Expected life	0.841 years	0.558 years
Expected volatility	71.08%	78.91%
Expected dividend yield	2.814%	2.814%
Risk free rate	0.277%	0.247%

## 17 Share-based payment transactions (Continued)

The expected volatility is the historical volatility of the Company over the most recent period commensurate with the expected life of the share options.

The following table discloses details of the Company's share options held by employees and directors and movements in such holding during the six months ended 30 June 2012:

	Number of share options			Held at 30 June 2012	Exercise price per share (HK\$)
	Held at 1 January 2012	Granted during the Period	Exercised during the Period or lapsed during the Period		
<b>Executive Directors</b>					
Mr Lam Yin Kee	1,000,000	-	-	1,000,000	2.31
Ms Yeung Po Wah	1,000,000	-	-	1,000,000	2.31
Mr Lam Chee Tai, Eric	3,000,000	-	-	3,000,000	2.31
Mr So Kin Hung	500,000	-	-	500,000	2.31
	5,500,000	-	-	5,500,000	
Other employees	10,300,000	-	-	10,300,000	2.31
	15,800,000	-	-	15,800,000	

# Notes to the Condensed Consolidated Interim Financial Information

## 18 Borrowings

The analysis of the carrying amount of borrowings is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Current liabilities</b>		
Bank overdrafts, secured (Note 19)	<b>18,243</b>	19,278
Bills payable, secured (Note 19)	<b>49,020</b>	24,990
Trust receipt loans, secured (Note 19)	<b>569</b>	–
Portion of term loans from banks due for repayment within one year (Note a)	<b>27,210</b>	22,463
Portion of term loans from banks due for repayment after one year which contain a repayment on demand clause (Note a)	<b>24,049</b>	15,000
Obligations under finance leases (Note b)	<b>2,436</b>	2,484
Loans from a customer (Note c)	<b>1,009</b>	977
	<b>122,536</b>	85,192
<b>Non-current liabilities</b>		
Obligations under finance leases (Note b)	<b>1,357</b>	2,538
Loans from a customer (Note c)	<b>893</b>	1,406
	<b>2,250</b>	3,944

Details of the available banking facilities and securities given in respect of the above secured borrowings are set out in Note 19.

## 18 Borrowings (Continued)

- (a) The Group's bank loans were due for repayment as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>27,210</b>	22,463
In the second year	<b>15,214</b>	8,200
In the third to fifth year	<b>8,835</b>	6,800
	<b>51,259</b>	37,463

The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The interest-bearing bank borrowings, including the term loans repayable on demand, are carried at amortised cost. None of the portion of term loans due for repayment after one year which contains a repayment on demand clause and classified as a current liability is expected to be settled within one year.

# Notes to the Condensed Consolidated Interim Financial Information

## 18 Borrowings (Continued)

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

	As at	
	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Within one year	2,567	2,667
In the second year	1,044	1,965
In the third to fifth year	352	665
	<b>3,963</b>	5,297
Future finance charges on finance leases	(170)	(275)
Present value of finance lease liabilities	<b>3,793</b>	5,022

The present value of finance lease liabilities is as follows:

	As at	
	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Within one year	2,436	2,484
In the second year	1,013	1,890
In the third to fifth year	344	648
	<b>3,793</b>	5,022

## 18 Borrowings (Continued)

(c) The loans from a customer were repayable as follows:

	As at	
	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Within one year	1,009	977
In the second year	893	1,043
In the third to fifth year	–	363
	<b>1,902</b>	<b>2,383</b>

The loans from a customer are unsecured and bear interest at commercial rates.

All of the banking facilities are subject to the fulfillment of covenants relating to certain of the Company's or the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Company or the Group was to breach the covenants the drawn down facilities would become repayable on demand. In addition, certain of the Company's and the Group's term loan arrangements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Company or the Group has complied with the covenants and met the scheduled repayment obligations.

The Company and the Group regularly monitor its compliance with these covenants, are up to date with the scheduled repayments of the term loans and do not consider it probable that the respective banks will exercise their discretion to demand repayment for so long as the Company and the Group continue to meet these requirements. As at 30 June 2012 and 31 December 2011, none of the covenants relating to drawn down facilities had been breached.

## 19 Banking facilities

As at 30 June 2012, the Group's total available banking facilities amounted to approximately HK\$532 million (As at 31 December 2011: HK\$403 million), of which approximately HK\$412 million (As at 31 December 2011: HK\$321 million) was unutilised. These facilities were secured by the following:

- (a) corporate guarantees given by the Company (Note 21);
- (b) pledge of the Group's bank deposits denominated in HK\$ of approximately HK\$5.0 million (As at 31 December 2011: HK\$4.0 million) and bank deposits denominated in US\$ of approximately HK\$1.0 million (As at 31 December 2011: HK\$1.0 million);
- (c) available-for-sale financial assets with carrying value totaling approximately HK\$2.8 million (As at 31 December 2011: HK\$2.8 million); and
- (d) the Group's trade receivables of HK\$1.2 million (As at 31 December 2011: HK\$2.5 million).

The banking facilities granted to two subsidiaries, Southchina and Dynamic Progress International Limited ("Dynamic"), are also secured by personal guarantees given by Mr. Lam Yin Kee, a Director of the Company and other non – controlling shareholders of Southchina and Dynamic.



## 20 Commitments

### (a) Capital commitments

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

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Property, plant and equipment		
Contracted but not provided for	–	97
Authorised but not contracted for	–	–
	–	97

### (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

### 20 Commitments (Continued)

#### (b) Operating lease commitments (Continued)

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

	As at	
	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Not later than one year	14,049	16,069
Later than one year and not later than five years	9,425	13,738
	<b>23,474</b>	29,807

### 21 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 2012. In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company of the Company.

## 21 Related party transactions (Continued)

- (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:

	Note	Six month ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Sales of goods and moulds to Maruman Product Co. Limited ("Maruman")	(i)	–	826
Rental expenses paid to Profit Home Investments Limited	(ii)	900	750

- (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.

Significant related party transactions between the Company and its subsidiaries were as follows:

	As at	
	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Financial guarantees given to subsidiaries (Note 19 (a))	101,052	62,611

# Notes to the Condensed Consolidated Interim Financial Information

## 21 Related party transactions (Continued)

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

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Amount due from a related company	–	16

Amount due from a related company was aged less than one year and was unsecured, non-interest bearing and with normal credit terms of 60 days.

- (c) Key management compensation

	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Directors' fees	451	451
Salaries and other short-term employee benefits	8,308	8,367
Share-based payments	–	4,744
Post-employment benefits	75	75
	<b>8,834</b>	13,637

## **INTERIM DIVIDEND**

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

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 18 September 2012 to 21 September 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 17 September 2012.

## FINANCIAL REVIEW

### Turnover

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

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

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

The performance of the biodiesel products segment had improved significantly, with total turnover increased from HK\$8.5 million in 2011 to HK\$22.4 million in 2012. On 25 November 2011, the Group has obtained a government contract for the supply of 3,533,000 litres of B5 biodiesel for delivery to various government departments over a period of 16 months, commencing from January 2012. This represents an official recognition of the quality of the Group’s biodiesel products and further confirms the leading position of the Group in the biodiesel market in Hong Kong.

## Management Discussion and Analysis

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

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

### Gross profit

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

### Operating expenses and other losses

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

## Net profit attributable to owners of the Company

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

## PRODUCTION FACILITIES

The Group currently has three production plants in the PRC for the manufacturing of electronic products and components, two of which are located in Shenzhen, and one in Yangxi. During the Period, the Group spent approximately HK\$1.5 million to acquire new plant and machinery and spent approximately HK\$1.1 million on leasehold improvements to enhance its production capacity.

The Group's biodiesel production facilities are located in Tuen Mun, Hong Kong with a current production capacity of approximately 18,000 tons of biodiesel on an annual basis.

The Group believes that the current production facilities for the electronic products segment and the biodiesel products segment are sufficient for their production requirements in the near future.

The Group has set up an office with LED testing facilities in Shenzhen to carry out its energy saving business.

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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



## Management Discussion and Analysis

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

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

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

At 30 June 2012, the Company had in issue a total of 314,420,000 ordinary shares of HK\$0.01 each.

### CASH FLOWS

The net balance of cash, cash equivalents and bank overdrafts at 30 June 2012 was HK\$49.0 million, which had decreased by HK\$4.4 million compared to the balance at 31 December 2011.

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

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

# Management Discussion and Analysis

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

## CAPITAL EXPENDITURE

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

## PLEDGE OF ASSETS

At 30 June 2012, the Group had total bank borrowings (excluding obligations under finance leases) of HK\$119.1 million, out of which HK\$34.9 million were secured by short-term bank deposits of HK\$5.5 million, available-for-sale financial assets of HK\$2.8 million and trade receivables of HK\$1.2 million. In addition, a bank deposit of HK\$0.5 million was pledged to a bank as security for bank guarantee given to a third party.

## GEARING RATIO

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

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

## CONTINGENT LIABILITIES

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

# Management Discussion and Analysis

## EMPLOYEES

At 30 June 2012, the Group had 2,737 employees, of which 85 were employed in Hong Kong and 2,652 were employed in the PRC. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund retirement benefits scheme for all its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations in the PRC. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group. Total staff costs, including directors' emoluments, incurred by the Group for the Period amounted to HK\$71.0 million.

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

The Group did not experience any significant labour disputes or substantial changes in the number of its employees that led to any disruption of its normal business operations. The Board believes that the Group's management and employees are the most valuable asset of the Group and they have contributed to the success of the Group.

## FOREIGN EXCHANGE EXPOSURE

Most of the Group's sales are denominated in United States dollars and most of the purchases of raw materials are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

# Management Discussion and Analysis

The Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Although the foreign currency risk is not considered to be significant, management has taken action to minimise the risk. In particular, the Group entered into forward exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. As at 30 June 2012, the notional amounts of outstanding forward foreign exchange contracts to buy Renminbi is approximately US\$16.0 million (equivalent to approximately HK\$124.8 million). These are for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. Management will continue to evaluate the Group's foreign currency exposure and take further actions as appropriate to minimise the Group's exposure whenever necessary.

## OUTLOOK

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

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

## Management Discussion and Analysis

In view of the strong support from the PRC Government on energy saving industry, the Group will focus more of its resources on the development of energy saving business in the PRC. During the Period, the Group has entered into an energy management contract with Suning Appliance, China Potevio and Beijing Dragon for the provision of energy saving solutions to at least 1,000 retail stores operated by Suning Appliance in the PRC, through the use of LED lighting equipment. Up to 30 June 2012, the Group was in the process of completing the installation of LED lighting equipment in over 200 retail stores of Suning Appliance.

Energy management contract business can provide an additional stable source of income to the Group. The Group will continue its negotiations with other potential customers on other energy saving projects using LED lighting equipment, and will enter into more energy management contracts in the future. Looking forward, the Group will continue to explore opportunities for energy saving projects with other potential customers and will grasp every opportunity and continue to look for investment opportunity so as to diversify its business and to provide a better return to all shareholders.

## Share Option Scheme

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 Period, no share options had been granted, exercised, lapsed or cancelled. Details of the outstanding share options during the Period are as follows:

	Number of share options				Held at 30 June 2012 (Note)	Exercise price per share (HK\$)
	Held at 1 January 2012	Granted during the Period	Exercised during the Period	Cancelled or lapsed during the Period		
Executive Directors						
Mr. Lam Yin Kee	1,000,000	–	–	–	1,000,000	2.31
Ms. Yeung Po Wah	1,000,000	–	–	–	1,000,000	2.31
Mr. Lam Chee Tai, Eric	3,000,000	–	–	–	3,000,000	2.31
Mr. So Kin Hung	500,000	–	–	–	500,000	2.31
	5,500,000	–	–	–	5,500,000	
Other employees	10,300,000	–	–	–	10,300,000	2.31
	15,800,000	–	–	–	15,800,000	

Note: These share options were granted on 13 January 2011 with an exercisable period of two years from 13 January 2011 to 12 January 2013. 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\$2.31.

## 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 2012, 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 2012

Name of Director		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 (Note 1)	216,949,000	69.0
Ms. Yeung Po Wah	Long positions	-	216,949,000	-	216,949,000	69.0
Mr. Lam Chee Tai, Eric	Long positions	1,386,000	-	-	1,386,000	0.4

#### 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.
- Mr. Lam Chee Tai, Eric is the son of Mr. Lam Yin Kee and Ms. Yeung Po Wah.

## 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) Share options of the Company at 30 June 2012

Name of Directors	Capacity	Number of options held	Number of underlying shares
Mr. Lam Yin Kee	Beneficial owner	1,000,000	1,000,000
Ms. Yeung Po Wah	Beneficial owner	1,000,000	1,000,000
Mr. Lam Chee Tai, Eric	Beneficial owner	3,000,000	3,000,000
Mr. So Kin Hung	Beneficial owner	500,000	500,000

(c) Interests in an associated corporation, Profit International Holdings Limited (Ordinary shares of US\$1 each) at 30 June 2012

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	95.0
Ms. Yeung Po Wah	Long positions	50	-	-	50	5.0

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 2012, 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 2012, 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.

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.

### **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 of the Company (the “Audit Committee”) was established with written terms of reference in compliance with the Listing Rules. The Audit Committee shall meet at least twice every year and currently comprises three members being the independent non-executive Directors of the Company, namely Ms. Yeung Chi Ying (Chairman), Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

The Interim Financial Information has been reviewed by the Audit Committee at a meeting held on 28 August 2012, which is of the opinion that the Interim Financial Information complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

### REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established with written terms of reference in compliance with the Listing Rules. The Remuneration Committee shall meet at least once every year and shall have a minimum of five members, comprising a majority of independent non-executive directors. The Chairman of the Remuneration Committee is Ms. Yeung Chi Ying and other current members include Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

### NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) was established with written terms of reference in compliance with the Listing Rules. The Nomination Committee shall meet at least once every year and shall have a minimum of five members, comprising a majority of independent non-executive directors. The Chairman of the Nomination Committee is Mr. Lam Yin Kee and other current members include Ms. Yeung Po Wah, Ms. Yeung Chi Ying, Mr. Yau Ming Kim, Robert and Mr. Leung Kam Wah.

### CHANGES IN INFORMATION OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in directors’ information required to be disclosed since publication of the 2011 annual report of the Company are set out below:

- (1) Mr. Fan, William Chung Yue, a non-executive Director of the Company, resigned as an independent non-executive director of Artini China Co. Ltd, which is listed on the main board of the Stock Exchange, with effect from 8 May 2012.
- (2) Mr. Lam Chee Tai, Eric was appointed as an executive Director of the Company with effect from 30 March 2012.

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **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, 28 August 2012

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

*Executive Directors*

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

*Non-executive Director*

Mr. Fan, William Chung Yue

*Independent Non-executive Directors*

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

# Corporate Information

## DIRECTORS

### Executive Directors

Mr. LAM Yin Kee (*Chairman*)

Ms. YEUNG Po Wah

Mr. SO Kin Hung

Mr. LAM Chee Tai, Eric

(appointed on 30 March 2012)

### 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

## 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*)

Mr. YAU Ming Kim, Robertt

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>