ALLTRONICS HOLDINGS LIMITED
華訊股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 833)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board (the "Board") of directors ("Directors") of Alltronics Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 (the "Period") together with comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2009

	Note	Six months ended 30 June	
		2009	2008
		HK$'000	*HK$'000*
		(Unaudited)	(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		**150**	295
Operating profit/(loss)		**7,077**	(5,313)
Finance costs – net		**(1,995)**	(844)
Profit/(Loss) before income tax		**5,082**	(6,157)
Income tax (charge)/credit	*6*	**(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	*7*	**1.32**	(2.03)
– diluted	*7*	**1.29**	(2.03)
Dividend attributable to the period:			
Interim dividend	*8*	**6,286**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(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)

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		**60,129**	64,942
Leasehold land and land use rights		**2,047**	2,072
Intangible assets		**20,508**	20,508
Available-for-sale financial assets		**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	*9*	**95,414**	89,495
Prepayments, deposits and other receivables		**5,934**	6,586
Amount due from a related company		**25**	8,218
Amount due from ultimate holding company		**34**	29
Amount due from minority shareholders of a subsidiary		**1,504**	557
Derivative financial instrument		**142**	–
Pledged bank deposits		**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
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**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

	Note	As at 30 June 2009 HK$'000 (Unaudited)	As at 31 December 2008 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**32,920**	33,324
Deferred income tax liabilities		**1,263**	1,444
Total non-current liabilities		**34,183**	34,768
Current liabilities			
Trade payables	*10*	**45,646**	55,912
Accruals and other payables		**20,931**	26,363
Current income tax liabilities		**2,385**	2,136
Borrowings		**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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 24 July 2003 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The 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 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.

  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.

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(FIRIC) – Int 16 (amendment)	Hedges of a net investment in a foreign operation

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 were 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 turnover reported is derived from external third parties.

	Electronic products *HK$'000* (Unaudited)	Biodiesel products *HK$'000* (Unaudited)	Total *HK$'000* (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	–	–	–

Analysis of revenue by geographical locations:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(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. Revenue 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 revenue 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**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
As at 30 June 2009			
Total assets	**310,425**	**15,764**	**326,189**
Unallocated			**1,285**
			327,474
As at 31 December 2008			
Total assets	333,044	15,300	348,344
Unallocated			866
			349,210

Analysis of total assets by geographical locations:

	As at	
	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong	**179,682**	155,106
PRC	**147,792**	194,104
	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	2008
	HK$'000	*HK$'000*
	(Unaudited)	(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

6 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
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong profits tax	**(918)**	(370)
PRC enterprise income tax *(Note a)*	**(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. Mftg. Limited ("ATM"), Southchina, 陽光市華訊電子制品有限公司 ("陽光華訊") 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 陽光華訊 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.

7 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
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(Loss) attributable to equity holders of the Company	**4,153**	(6,341)
Weighted average number of ordinary shares in issue *(thousand)*	**314,320**	312,990
Basic earnings/(loss) per share *(HK cents per share)*	**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
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(Loss) attributable to equity holders of the Company	**4,153**	(6,341)
Weighted average number of ordinary shares in issue *(thousand)*	**314,320**	312,990
Adjustments for share options *(thousand)*	**6,379**	–
Weighted average number of ordinary shares for diluted earnings per share *(thousand)*	**320,699**	312,990
Diluted earnings/(loss) per share *(HK cents per share)*	**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.

8 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.

9 TRADE RECEIVABLES

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

As at 30 June 2009 and 31 December 2008, 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 2009 HK$'000 (Unaudited)	As at 31 December 2008 HK$'000 (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.

10 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at	
	30 June	31 December
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(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.

11 ULTIMATE HOLDING COMPANY

The Group is controlled by Profit International Holdings Limited (incorporated in the British Virgin Islands), which owns 66.8% of the Company's issued shares as at 30 June 2009. In the opinion of the Directors, Profit International Holdings Limited is the ultimate holding company of the Company.

INTERIM DIVIDEND

The Board declared an interim dividend of 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 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 relatively more stable as compared to last year.

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.

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.

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.

CORPORATE GOVERNANCE

The Board believes that corporate governance is essential to the success of the Group. The Group keeps abreast of the best practices in the corporate governance areas and strives to implement such practices as appropriate. None of the Directors of the Company is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not at any time during the Period and up to the date of this announcement, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code for dealing in securities of the Company by the Directors (the "Code"). 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 Code during the Period.

AUDIT COMMITTEE

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

The Interim Financial Information has been reviewed by the Audit Committee at a meeting held on 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and our Company's website (http://www.irasia.com/listco/hk/alltronics/index.htm). An interim report for the six months ended 30 June 2009 containing the information required by Appendix 16 of the Listing Rules will be despatched to shareholders and published on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 22 September 2009

As at the date of this announcement, 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