Alltronics Holdings Limited
華訊股份有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 833)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005

The board (the "Board") of directors ("Directors") of Alltronics Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005, together with comparative figures for the corresponding year in 2004. The annual results have been reviewed by the audit committee of the Company.

RESULTS

The Board is pleased to report that the Group achieved a turnover amounting to HK$316,903,000 in the fiscal year ended 31 December 2005, representing an increase of 8.4% as compared with HK$292,447,000 for the previous year. The net profit for the current year is HK$26,935,000, which is 30.3% lower than the previous year's net profit of HK$38,670,000.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2005

	Notes	Year ended 31 December 2005 HK$'000	2004 HK$'000 (Restated)
Turnover	4	**316,903**	292,447
Cost of goods sold		**(236,236)**	(201,493)
Gross profit		**80,667**	90,954
Other revenues	4	**1,564**	100
Distribution costs		**(4,489)**	(4,718)
Administrative expenses		**(39,702)**	(36,654)
Other operating income/(expenses), net		**32**	(196)
Operating profit	5	**38,072**	49,486
Finance costs		**(3,315)**	(2,577)
Share of (losses) less profits of an associated company		**(812)**	240
Profit before taxation		**33,945**	47,149
Taxation	6	**(7,010)**	(8,479)
Profit attributable to equity holders of the Company		**26,935**	38,670
Earnings per share (HK cents)			
– Basic	7	**8.98**	12.89
– Diluted	7	**N/A**	N/A
Dividends	8	**15,000**	25,000

CONSOLIDATED BALANCE SHEET
As at 31 December 2005

	At 31 December 2005 HK$'000	2004 HK$'000 (Restated)
Non-current assets		
Property, plant and equipment	**48,361**	29,635
Leasehold land and land use rights	**2,222**	2,272
Goodwill	**11,672**	–
Interest in an associated company	**188**	6,646
Available-for-sale financial assets	**2,903**	–
Deferred tax assets	**331**	–
	65,677	38,553
Current assets		
Inventories	**74,401**	33,387
Accounts receivable	**62,607**	26,220
Prepayments, deposits and other receivables	**9,375**	5,419
Due from an associated company	**91**	4,000
Due from a related company	**807**	1,667
Due from ultimate holding company	**29**	–
Due from minority shareholders of subsidiary	**1,340**	–
Financial assets at fair value through profit and loss	**9,627**	–
Trading listed securities	**–**	15,723
Pledged bank deposits	**4,933**	13,372
Bank balances and cash	**91,052**	24,925
	254,262	124,713
Current liabilities		
Accounts payable	**44,501**	20,193
Accruals and other payables	**15,034**	7,270
Dividend payable	**–**	10,000
Due to an associated company	**650**	3,430
Taxation payable	**17,552**	14,538
Current portion of borrowings	**14,010**	5,104
Bills payable, secured	**42,819**	25,343
Trust receipt loans, secured	**1,210**	772
Bank overdrafts, secured	**36,814**	21,759
	172,590	108,409
Net current assets	**81,672**	16,304
Total assets less current liabilities	**147,349**	54,857
Financed by:		
Share capital	**3,000**	500
Reserves	**128,814**	51,543
Shareholders' equity	**131,814**	52,043
Minority interest	**3,258**	–
Total equity	**135,072**	52,043
Non-current liabilities		
Long-term borrowings	**10,704**	1,533
Deferred tax liabilities	**1,573**	1,281
	147,349	54,857

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 General information and group reorganisation

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.

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for a listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 17 June 2005. Following the completion of the public offering and placing of 90,000,000 shares as set out in the prospectus dated 30 June 2005 issued by the Company (the "Prospectus"), the Company's shares were listed on the Main Board of the Stock Exchange on 15 July 2005 (the "Listing").

The Company is an investment holding company. The principal activities of the Group are manufacture and sales of plastic moulds, plastic components, electronic products and components.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated income statement and consolidated cash flow statement for the two years ended 31 December 2005 and 2004 were prepared on the basis as if the current group structure had been in existence throughout the periods. The consolidated balance sheet of the Group as at 31 December 2004 has been prepared to present the assets and liabilities of the Group as at 31 December 2004 as if the current group structure had been in existence at that date.

This consolidated financial information should be read in conjunction with the Group's audited financial information as included in the Prospectus. This consolidated financial information have been prepared in accordance with Hong Kong Accounting Standards ("HKAS"), Hong Kong Financial Reporting Standards ("HKFRS"), and interpretations of HKAS (together "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. This consolidated financial information have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit and loss, which are carried at fair value.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in Note 2 below.

2 Changes in accounting policies

Effect of adopting new HKFRSs

In 2005, the Group adopted the new/revised standards and interpretations of HKFRSs below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28 and 33 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.

– HKASs 2, 7, 8, 10, 16, 23, 27, 28 and 33 had no material effect on the Group's policies.

– HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment losses.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets.

The adoption of HKFRS 2 has no effect on the Group's policies as the Group has not granted any share option since the adoption of the share option scheme on 22 June 2005.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

– Amortised on a straight line basis over its estimated useful life up to 10 years.

– Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

– The Group ceased amortisation of goodwill from 1 January 2005;

– Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;

– From the year ending 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, where applicable. All standards adopted by the Group require retrospective application other than:

– HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

– HKAS 21 – prospective accounting for goodwill and fair value adjustments as part of foreign operations;

– HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities for the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1 January 2005.

– HKFRS 3 – prospectively after the adoption date.

The adoption of revised HKAS 17 has resulted in changes in the consolidated balance sheet as follows:

	As at 31 December 2005 HK$'000	31 December 2004 HK$'000 (Restated)
Decrease in property, plant and equipment	**(2,222)**	(2,272)
Increase in leasehold land and land use rights	**2,222**	2,272

The adoption of revised HKASs 32 and 39 has resulted in changes in the consolidated balance sheet as follows:

	As at 31 December 2005 HK$'000	31 December 2004 HK$'000
Decrease in trading listed securities	**(9,627)**	–
Increase in financial assets at fair value through profit and loss	**9,627**	–

There was no impact on basic and diluted earnings per share from the adoption of HKAS 32 and HKAS 39.

There was no impact on opening retained earnings at 1 January 2004 from the adoption of HKFRS2 and HKFRS3.

3 Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segment

During the year, the Group has been operating in one single business segment, namely the manufacturing and trading of electronic products.

(b) Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical presence of customers. Segment assets and capital expenditures are based on the geographical location of the assets.

	Year ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Turnover		
The United States	**218,541**	213,835
Europe	**29,532**	23,150
PRC	**83**	17
Hong Kong	**49,178**	33,311
Other countries	**19,569**	22,134
	316,903	292,447

	Year ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Capital expenditures		
PRC	**15,876**	8,459
Hong Kong	**452**	336
	16,328	8,795

	As at 31 December	
	2005	2004
	HK$'000	*HK$'000*
Total Assets		
PRC	**130,542**	66,277
Hong Kong	**189,397**	96,989
	319,939	163,266

4 TURNOVER AND OTHER REVENUES

The Group is principally engaged in the manufacturing and trading of electronic products. Revenues recognised during the year are as follows:

	Year ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**316,903**	292,447
Other revenue		
Interest income on bank deposits	**1,564**	100
Total revenue	**318,467**	292,547

5 Operating profit

Operating profit is stated after crediting and charging the following:

	Year ended 31 December	
	2005	2004
	HK$'000	*HK$'000* (Restated)
Crediting:		
Gain on disposal of an associate company	–	2
Unrealised gain on trading listed securities	–	424
Realised gain on financial assets at fair value through profit and loss	**1,993**	–
Dividend received from financial assets at fair value through profit and loss/trading listed securities	**60**	251
Charging:		
Amortisation of leasehold land and land use rights	**50**	38
Auditors' remuneration		
– Current year provision	**850**	358
– Under-provision in prior year	**12**	–
Cost of inventories sold	**235,948**	200,954
Depreciation		
– Owned fixed assets	**6,845**	5,947
– Leased fixed assets	**357**	981
Loss on disposal of fixed assets	**1,301**	–
Net exchange loss	**1,218**	901
Operating leases – land and buildings	**5,618**	4,623
Provision for impairment on receivables	–	153
Staff costs (excluding directors' emoluments)	**43,089**	36,214
Unrealised loss on financial assets at fair value through profit and loss	**155**	–
Realised loss on trading listed securities	–	1,093

6 Taxation

The amount of taxation charged to the consolidated income statement represents:

	Year ended 31 December	
	2005	2004
	HK$'000	*HK$'000* (Restated)
Current income tax		
– Hong Kong profits tax *(Note (a))*	**6,366**	8,026
– PRC enterprise income tax *(Note (b))*	**828**	568
Deferred income tax	**(184)**	(115)
Taxation charge	**7,010**	8,479

(a) *Hong Kong profits tax*

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year.

(b) *PRC enterprise income tax*

PRC enterprise income tax has been calculated on the estimated assessable profits at the rates of taxation prevailing in the PRC. The Company has two subsidiaries operating in the PRC, namely Shenzhen Allcomm Electronic Co. Ltd. ("Shenzhen Allcomm") and 南盈塑膠實業(深圳)有限公司 ("南盈"). During the year, Shenzhen Allcomm and 南盈 are subject to a standard income tax rate of 15% 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 (i.e. 7.5%) for the three years ending 31 December 2008.

7 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares deemed to be issued during the year as if the share capital of the Company outstanding immediately after the share exchange in connection with the Reorganisation and the related subsequent capitalisation issue had been in existence throughout the year.

	2005	2004
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**26,935**	38,670
Weighted average number of ordinary shares in issue (thousands)	**300,000**	300,000
Basic earnings per share (HK cents per share)	**8.98**	12.89

Diluted

No diluted earnings per share are presented as no diluting event existed during the year (2004: Nil).

8 Dividends

	Year ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Interim dividend paid of HK$ Nil (2004: HK$30) per ordinary share by the Company's subsidiary *(Note a)*	–	25,000
Interim dividend paid of HK$0.02 (2004: HK$Nil) per ordinary share	**6,000**	–
Special interim dividend paid of HK$0.015 (2004: HK$Nil) per ordinary share *(Note b)*	**4,500**	–
Proposed final dividend of HK$0.015 (2004: HK$Nil) per ordinary share *(Note c)*	**4,500**	–
	15,000	25,000

Notes:

(a) The interim dividend for the year ended 31 December 2004 was paid by the Company's subsidiary, Alltronics (BVI) Limited, to its then shareholders.

(b) In recognition of the continued support from the shareholders and the successful listing of the Company's share on the Main Board of the Stock Exchange on 15 July 2005, the Board declared and paid a special interim dividend of HK$0.015 per ordinary share.

(c) A dividend in respect of 2005 of HK$0.015 per share, amounting to a total of HK$4,500,000 is to be proposed at the Annual General Meeting on 24 May 2006. This financial information does not reflect this dividend payable but accounted for as the proposed dividends from the reserves.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

During the year ended 31 December 2005, the turnover of the Group has increased by 8.4% to HK$317 million, as compared to HK$292 million for the year 2004. The table below shows the turnover analysis by electronic products and electronic product components for the two years ended 31 December 2005 and 2004 respectively:

	Year ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
Sales of electronic products	**267,880**	249,136
Sales of electronic product components	**49,023**	43,311
	316,903	292,447

The turnover for electronic products has increased by HK$19 million to HK$268 million whereas the turnover for electronic product components has increased by HK$6 million to HK$49 million. The increase for both products was mainly due to the continued strong growth in demand for the Group's products from customers.

During the year ended 31 December 2005, the sales for carbon monoxide detectors and audio equipment have increased significantly by more than 310% and 86% to HK$21 million and HK$21 million respectively. The demand for these two products is expected to remain strong in the year ahead with at least double digit growth rate. On the other hand, the sales of the Group's major product, irrigation controllers, had slowed down during the year 2005. The total sales for irrigation controllers accounted for only 40% of the total turnover of the Group for the year 2005, reduced from 51% of the total turnover of the Group for the year 2004. However, certain new models of irrigation controllers will be launched in the market in 2006 and the Group expects the sales of irrigation controllers will regain its growth momentum in the coming year.

The increase in turnover for the Group's electronic product components was mainly due to the expansion in the customer base as well as the increase in business volume with individual customers. The demand for the Group's component products such as electronic ballasts, transformers, inductors and coils continued to be strong. In order to cope with the increasing demand, the factory for the manufacture of component products has been relocated to new factory premises in November 2005. The new premises comprise a four storey factory complex with a total gross floor area of approximately 13,200 sq. m., which is more than double the size of the old factory.

Gross profit

Despite the growth in turnover, the gross profit margin has been decreased by approximately 5% during the year 2005. As a result of the global energy crisis, the unit prices of certain plastic and metal components have been increased consistently during the year, particular in the second half of the year 2005. The large fluctuation in the unit prices of raw materials has adversely affected the results of the Group and led to a drop in gross profit margin. In addition, in accordance with the requirements of the labour laws in PRC, the average wages level has been increased in July 2005 and this has resulted in an increase in the overall labour costs during the year. The relocation of the electronic product components manufacturing process to a larger factory and the leasing of additional factory premises for the manufacture of electronic products had also increased the overall rental expenses of the Group.

In order to overcome the increases in material, labour and overhead costs, the Group had exercised tighten controls over production costs and overhead. Furthermore, the Group has negotiated with most of its customers to raise the unit selling prices of its products so as to mitigate the effect on rising raw material prices and overhead costs.

The change in product mix during the year has also resulted in a lower average gross profit margin for the year 2005.

Beginning the year 2006, the unit prices for most of the raw materials have remained fairly stable and the Group expects that the fluctuation in unit prices of raw materials would not be as severe as that in 2005. The Group has confident that the performance for the year 2006 can be improved and the gross margin will be raised.

Operating Expenses

During the year ended 31 December 2005, distribution costs have decreased slightly by 5% because there was less shipment by air during the year. Finance costs have increased by 29% mainly due to the increase in utilisation of banking facilities granted by banks and the general increases in interest rates during the year. Total bank borrowings as at 31 December 2005 was HK$58 million as compared to HK$27 million as at 31 December 2004.

Administrative expenses for the year 2005 have increased by 8% mainly due to a number of reasons, including the donation of HK$1 million to The Community Chest upon successful listing of the Company's shares on the Stock Exchange in July 2005; additional listing fees, professional fees and compliance fees incurred to maintain the status as a listed company; and the increase in staff salaries and allowances as a result of the annual salary increment in January 2005.

Net Profit

The net profit margin for the year has dropped from 13.2% for the year 2004 to 8.5% for the year 2005. The reduction in net profit margin was mainly due to the decrease in average gross profit margin and increase in administrative expenses as explained above.

PRODUCTION FACILITIES

The production capacity of the main factory for the manufacture of electronic products was more than 90% utilised during the year 2005. This has limited the Group's capacity for further expansion. In view of this, the Group has leased additional factory premises for the manufacture of electronic products during the year. The new factory premises, being a four storey factory complex, are located adjacent to the existing factory and have a total gross floor area of approximately 9,400 sq. m. The new factory premises have commenced its operations since December 2005, and currently are mainly used to cope with the expansion in manufacture of carbon monoxide detectors and audio equipment.

Besides, the factory for the production of electronic product components has also been relocated to new premises with enlarged production capacity and a total gross floor area of approximately 13,200 sq. m.. The new factory has commenced operation in November 2005. These expanded production capacity will provide a strong base for the Group's expansion in future.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company issued 90,000,000 shares at HK$0.8 per share by way of placing and public offer in July 2005. The net proceeds after deducting the relevant expenses were approximately HK$60 million.

During the year 2005, the Group utilised the above proceeds in accordance with that disclosed in the Prospectus, namely HK$11.9 million for enhancing the Group's production capacity and HK$0.7 million for upgrading the information systems.

The balances of the proceeds were placed in banks as short-term deposits as at 31 December 2005.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The financial position of the Group remained to be strong and healthy. As at 31 December 2005, the total bank balances and cash amounted to HK$96 million (2004: HK$38 million), of which 85% was held in Hong Kong dollars, 10% was held in United States dollars and the remaining balance was held in Renminbi and other currencies. The bank balances are used to finance the Group's working capital and capital expenditure plans.

As at 31 December 2005, the total bank borrowings of the Group amounted to HK$58 million (2004: HK$27 million), comprising bank overdrafts of HK$37 million and bank loans of HK$21 million, all denominated in Hong Kong dollars. The average effective interest rates for these borrowings for the year 2005 was approximately 6.2%.

The Group's accounts receivable turnover, inventory turnover and accounts payable turnover were 58 days, 85 days and 72 days respectively for the year 2005. The turnover periods are consistent with the respectively policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

As at 31 December 2005, the Company has issued a total of 300,000,000 ordinary shares of HK$0.01 each.

CASH FLOWS

Total balance of cash and cash equivalents as at 31 December 2005 was HK$54 million, which has increased by HK$51 million as compared to 31 December 2004. The increase was mainly due to the cash inflows from operating activities and the proceeds from initial public offering, less the amount utilised for purchase of fixed assets and acquisition of a further 26% equity interest in an associated company.

Due to continued strong sales growth in 2005, there was a net cash inflow from operating activities of HK$9 million. The net cash outflow from investing activities in 2005 amounting to HK$8 million, which was mainly due to the acquisition of fixed assets and the consideration paid for the acquisition of additional equity interest in an associated company.

The net cash inflow from financing activities in 2005 was mainly due to the net proceeds from initial public offering of HK$63 million and new bank loans obtained of HK$13 million. During the year, total dividends paid amounted to HK$20.5 million.

PLEDGE OF ASSETS

As at 31 December 2005, the Group had total bank borrowings of HK$58 million which were secured by short-term bank deposits of HK$5 million and available-for-sale financial assets of HK$3 million.

GEARING RATIO

As at 31 December 2005, the total borrowings (excluding trade related debts) were HK$62 million and the shareholders' equity was HK$132 million. The gearing ratio of the Group, calculated as total borrowings over shareholders' equity, was 47%.

ACQUISITION OF SUBSIDIARY

In December 2005, the Group has increased its equity interest in an associated company, Southchina Engineering and Manufacturing Limited ("Southchina"), from 25% to a total of 51%. Southchina is engaged in the manufacture of plastic moulds, plastic components and electronic accessories. The management considered that the acquisition of Southchina as a subsidiary can generate a synergy effect for the Group's future expansion.

The Group will continue to look for other investment opportunities actively in the electronics industry, either in Hong Kong or overseas, so as to expand is operation horizontally and vertically.

CONTINGENT LIABILITIES

As at 31 December 2005, the Group did not have any material contingent liabilities.

EMPLOYEES

As at 31 December 2005, the Group had 2,022 employees, of which 75 of them are in Hong Kong and 1,947 of them are 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 regulation in the PRC. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the performance of the Group. Total staff costs, excluding directors' emoluments, incurred by the Group for 2005 amounted HK$43 million.

The Company has also adopted a share option scheme on 22 June 2005.

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

FOREIGN EXCHANGE EXPOSURE

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 is considered to be minimal. The Board considered that the new exchange rate control mechanism for Renminbi adopted in July 2005 does not have any significant impact to the Group.

In view of the current financial position and operations of the Group, the management of the Group considered that it was not necessary for the Group to have any kind of financial instrument for hedging purposes or to adopt any hedging policy.

OUTLOOK

The Group's primary objective is to become a leading and internationally well known manufacturer and "total solution provider" of electronic products and electronic product components. After the Listing on 15 July 2005, the Group has been focusing on developing new designs to meet customers' needs and continuously expanding its service to international customers.

Looking ahead, the Company has strong confidence in the future. The Company is very clear about its responsibility towards its shareholders and their expectation. The Listing provides a platform for the Group to become a stronger leader in the global electronic industry. Although there are challenges ahead in terms of competition and fluctuation in raw material costs, the Group is confident that it will overcome these challenges because it has a well distributed worldwide customer base, consistently high quality products and timely delivery, strong engineering and development support to its customers, an experienced and dedicated management team and its highly skilled and efficient workforce.

DIVIDENDS

In appreciation of the support from our shareholders, the Board proposed the payment of a final dividend of HK1.5 cents per share. Together with the interim dividend of HK2 cents per share and the special interim dividend of HK1.5 cents per share paid in October 2005, the total dividends paid for the year 2005 will be HK5 cents per share, represents a dividend payout of 55.7% on the net profit of the year 2005. All dividends are paid out from funds generated from the Group's operations.

The proposed final dividend of HK1.5 cents per share will be payable to shareholders whose name appear on the register of members of the Company on Wednesday, 24 May 2006. The Register of Members will be closed from Friday, 19 May 2006 to Wednesday, 24 May 2006, both days inclusive, and the proposed final dividend will be paid on or about Wednesday, 7 June 2006. The payment of dividend shall be subject to the approval of the shareholders at the forthcoming Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 19 May 2006 to Wednesday, 24 May 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 18 May 2005.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The ordinary shares of the Company have been listed on the Stock Exchange since 15 July 2005. Pursuant to the Prospectus, a total of 90,000,000 shares were issued at the offer price of HK$0.8 per share by way of public offer and placing.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the current year.

CORPORATE GOVERNANCE

The Company was only listed on the Stock Exchange on 15 July 2005. For the remaining period since the listing of the Company's shares on the Stock Exchange covered by the annual report, the Company and the Directors confirm, to the best of their knowledge, that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, except for the deviation as mentioned below.

Code Provision A.2.1 stipulates that the role of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive and Mr. Lam Yin Kee currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to 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, all the Directors of the Company confirmed that they had complied with the required standard set out in the Code for the year ended 31 December 2005.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") pursuant to a resolution of the Board passed on 22 June 2005 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duty of the Audit Committee is to review the financial reporting process of the Group. The Audit Committee comprises the three independent non-executive Directors of the Company, namely Mr. Barry John Buttifant, Mr. Leung Kam Wah and Ms. Yeung Chi Ying. Mr. Barry John Buttifant is the Chairman of the Audit Committee.

The audited consolidated financial statements of the Company for the year ended 31 December 2005 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") pursuant to a resolution of the Board passed on 22 June 2005 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duty of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for remuneration of directors and senior executives of the Group. In addition, it has the responsibility for reviewing and making appropriate recommendations to the Board on compensation payable to executive Directors and senior executives in connection with any loss or termination of their office, or relating to dismissal or removal of directors for misconduct.

The Remuneration Committee comprises the three independent non-executive Directors and two executive Directors of the Company, namely Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Barry John Buttifant, Mr. Leung Kam Wah and Ms. Yeung Chi Ying. Mr. Lam Yin Kee is the Chairman of the Remuneration Committee.

ANNUAL GENERAL MEETING

The Annual General Meeting 2006 (the "AGM") will be held at Lavender Room, Level 27, The Park Lane Hotel, 310 Gloucester Road, Hong Kong on 24 May 2006 at 10:30 a.m.. The notice of the AGM will be published in Hong Kong Standard and Sing Tao Daily and despatched to shareholders on or about 29 April 2006.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement will be published on the website of the Stock Exchange (http://www.hkex.com.hk). The annual report for the year ended 31 December 2005 containing the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange in due course.

On behalf of the Board
ALLTRONICS HOLDINGS LIMITED
Lam Yin Kee
Chairman

Hong Kong, 24 April 2006

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

Executive Directors

Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Toshio Daikai and Mr. William Peter Shelley

Non-executive Director

Mr. Fan, William Chung Yue

Independent Non-executive Directors

Mr. Barry John Buttifant, Mr. Leung Kam Wah and Ms. Yeung Chi Ying

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2005 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.