

**ALLTRONICS HOLDINGS LTD:  
THE FUTURE SUCCESS OF THIS COMPANY  
IS DEPENDENT ON ONE PRODUCT AND JUST FIVE CUSTOMERS**

No matter how one views this newly listed company, at the end of the day, it is very apparent that it is just another Chinese, owned-and-controlled family company, operated along lines that would best serve the interests of the family, first and foremost, and minority shareholders, standing at the rear of the queue.

The company is Alltronics Holdings Ltd (Code: 833, Main Board, The Stock Exchange of Hongkong Ltd), whose main emphasis in life is in the manufacture of irrigation controllers for use by companies, which maintain large grassy areas, such as golf club courses and landscapes where the turf must be irrigated on a regular basis.

One must not be misled on reading the section of the June 30, 2005, Placing and Offer Prospectus of Alltronics, when it describes its business in the following terms:

*'The Group is principally engaged in the research and development, manufacture and sales of electronic products. The products of the Group are generally classified into three categories, namely i) home improvement electronic products; ii) other electronic products; and iii) electronic product components. The Group's electronic products are produced on both OEM\*(Original Equipment Manufacturing) and ODM\*(Original Design Manufacturing) bases with emphasis on the former and the products are marketed under the brandnames of the Group's customers. A significant portion of the Group's products were manufactured on OEM basis. Throughout the Track Record Period, sales of products manufactured on ODM basis accounted for less than 5% of the Group's total Turnover.'*

\* **OEM** = Manufacturing, whereby products are produced in whole or in part in accordance with customers' specifications and are marketed under brand names, designated by customers.

**ODM** = Manufacturing, whereby the manufacturer owns the design of the products and the products are marketed under the brand names, designated by customers

Page 55 of the Prospectus breaks down the Company's manufactured products, in some detail, allowing the more discerning prospective investor to realise just how important is the production of irrigation controllers to the Company as a whole:

	Financial Year, Ended December 31					
	2002		2003		2004	
	\$HK'000	%	\$HK'000	%	\$HK'000	%
<b>Home Improvement Electronic Products</b>						
Irrigation Systems	90,891	51.40	141,113	55.80	149,436	51.10
Aroma Ionizers	Nil	Nil	13,706	5.40	21,109	7.20
Corded Telephones	26,115	14.80	12,273	4.90	12,586	4.30
Battery Chargers	20,099	11.30	9,935	3.90	8,064	2.80
Radio Controlled Clocks and Clock	12,501	7.00	15,659	6.20	17,586	6.00

Movement Units						
Carbon Monoxide Detectors	3,579	2.00	5,631	2.20	4,994	1.70
Others	11,081	6.30	23,999	9.50	25,696	8.80
<b>Other Electronic Products</b>						
Bank Smart Cards/ Readers	9,671	5.50	17,813	7.10	9,665	3.30
<b>Electronic Product Components</b>						
Solenoids	100	0.10	2,045	0.80	2,150	0.70
Conventional Adapters, Transformers and Others	2,765	1.60	10,586	4.20	41,161	14.10
<b>TOTALS</b>	<b>176,802</b>	<b>100.00</b>	<b>252,760</b>	<b>100.00</b>	<b>292,447</b>	<b>100.00</b>

Throughout the Track-Record Period, therefore, the manufacture and sales of irrigation controllers were responsible for more than 50 percent of the Turnover of this Company.

### **The Flotation**

On June 30, 2005, Alltronics Offered a total of 90 million, one-cent Shares at a Premium of 79 cents per Share.

Of the total number of Shares on Offer, 81 million Shares were Placed and 9 million Shares were designated Public Offer Shares.

After all of the applications for Shares were counted and scrutinised, it was determined that the Placing tranche had been 'moderately over-subscribed' while the 9 million, Public Offer Shares had been over-subscribed by about 2.38 times.

Alltronics ... [CLICK TO ORDER FULL ARTICLE](#)

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