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## **ALLTRONICS HOLDINGS LIMITED**

**華訊股份有限公司**

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

**(Stock Code: 833)**

### **(I) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF BEIJING PROPERTY; AND (II) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DEBT ARRANGEMENT**

#### **THE DISPOSAL**

The Board is pleased to announce that on 20 December 2018 (after trading hours), the Vendor, the Purchaser and the Guarantor entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Disposal Equity, representing the entire issued share capital of the Disposal Company, at the Consideration of RMB100 million (equivalent to approximately HK\$114 million). The Guarantor has agreed to provide an irrevocable guarantee to the Vendor in respect of all the obligations and liabilities of the Purchaser pursuant to the Sale and Purchase Agreement.

## **THE DEBT ARRANGEMENT**

Pursuant to the Sale and Purchase Agreement, on the Completion Date, the Company and Alltronics Energy Saving (Shenzhen) Limited\* (華訊節能科技(深圳)有限公司), an indirect wholly-owned subsidiary of the Company (collectively, as Creditors), Beijing Wan Heng Da (as Debtor) and the Guarantor shall enter into the Debt Undertaking, pursuant to which Beijing Wan Heng Da shall undertake to repay the Debt to the Creditors within one year from the Completion Date, and the Guarantor shall provide an irrevocable guarantee to the Creditors in respect of all the obligations and liabilities of the Debtor pursuant to the Debt Undertaking.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the entire issued share capital of the Purchaser is held by Ms. Hu Zhifang (胡志芳) in trust for the Guarantor. Madam Meng is an associate of Mr. Meng, an executive Director, and deemed to be the controlling shareholder of the Guarantor through the control of an investment entity which beneficially owns 99.01% of the equity interest in the Guarantor. Accordingly, the Purchaser is a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) is above 75%, the transactions contemplated under the Sale and Purchase Agreement (including the related irrevocable guarantee and the Deed of Tax Indemnity) constitute a very substantial disposal and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and therefore are subject to the reporting, circular and the independent shareholders' approval requirements under the Listing Rules.

Upon the Completion of the Disposal, the Disposal Group will cease to be subsidiaries of the Company. Therefore, the Debt will then constitute financial assistance provided by the Group to an associate of a connected person under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) is above 5% but less than 25%, the transactions contemplated under the Debt Undertaking (including the related irrevocable guarantee) will constitute a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and therefore are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

## **GENERAL**

Mr. Meng, an executive Director, has abstained from voting on the resolution(s) of the Board to approve the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder. Save as mentioned above, none of the Directors has any material interest in the transactions contemplated under the Sale and Purchase Agreement and the Debt Undertaking who is required to abstain from voting on the resolution(s) of the Board in respect of the Disposal and the Debt Arrangement.

The independent board committee of the Company, comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the Disposal and the Debt Arrangement as to (i) whether the terms of the Sale and Purchase Agreement (including the related irrevocable guarantee and the Deed of Tax Indemnity) and the Debt Undertaking (including the related irrevocable guarantee) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and whether the Disposal and the Debt Arrangement are in the interests of the Company and the Shareholders as a whole; and (ii) whether to vote in favour of the Disposal and the Debt Arrangement, after taking into account the recommendation of the independent financial adviser to be appointed. The Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Meng, the Purchaser, the Guarantor and their associates do not have any interests in the Shares. No Shareholder will be required to abstain from voting at the resolution(s) considering and approving the transactions contemplated under the Sale and Purchase Agreement and the Debt Undertaking at the EGM.

As the Company needs additional time to prepare the circular, which contains, among other things, (i) details of the Disposal and the transactions contemplated under the Sale and Purchase Agreement; (ii) details of the Debt Arrangement and the transactions contemplated under the Debt Undertaking; (iii) the recommendations from the independent board committee of the Company; (iv) the letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders; (v) the valuation report on the Beijing Property issued by the Independent Property Valuer; (vi) the financial information of the Group and the Disposal Group; (vii) the pro forma financial information of the Remaining Group following Completion; (viii) other information as required to be disclosed under the Listing Rules; and (ix) the notice of the EGM, it is expected to be despatched to the Shareholders on or before 28 February 2019, which is more than 15 Business Days (as required by the Listing Rules) after the publication of this announcement.

**Completion of the Disposal is subject to the satisfaction and/or waiver of conditions precedent set out in the Sale and Purchase Agreement. Therefore, the Disposal and the Debt Arrangement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.**

## **THE DISPOSAL**

The Board is pleased to announce that on 20 December 2018 (after trading hours), the Vendor, the Purchaser and the Guarantor entered into the Sale and Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Disposal Equity, representing the entire issued share capital of the Disposal Company, at the Consideration of RMB100 million (equivalent to approximately HK\$114 million). The Guarantor has agreed to provide an irrevocable guarantee to the Vendor in respect of all the obligations and liabilities of the Purchaser pursuant to the Sale and Purchase Agreement.

The principal terms of the Sale and Purchase Agreement are set out below.

## **THE SALE AND PURCHASE AGREEMENT**

**Date** : 20 December 2018 (after trading hours)

### **Parties**

**Vendor** : Sino Growth Holdings Limited (華生控股有限公司), a direct wholly-owned subsidiary of the Company

**Purchaser** : Yingtai Holdings Limited (盈泰控股有限公司), a company incorporated in the Cayman Islands with limited liability

**Guarantor** : Luohe Yinge Industrial Group Company Limited\* (漯河銀鴿實業集團有限公司), a private company established in the PRC with limited liability and the ultimate beneficial owner of the Purchaser

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the entire issued share capital of the Purchaser is held by Ms. Hu Zhifang (胡志芳) in trust for the Guarantor.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Madam Meng is an associate of Mr. Meng, an executive Director, and deemed to be the controlling shareholder of the Guarantor through the control of an investment entity which beneficially owns 99.01% of the equity interest in the Guarantor. Accordingly, the Purchaser is a connected person of the Company under the Listing Rules.

### **Assets to be disposed of**

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Disposal Equity, representing the entire issued share capital of the Disposal Company. The principal asset of the Disposal Group is the entire interest in the Beijing Property. The Beijing Property is a commercial complex which is mainly a shopping mall located at Beijing and is known as "Sunshine Plaza (太陽飄亮購物中心)", the details of which are set out in the paragraph headed "Information of the Disposal Group" in this announcement.

## **Consideration**

The Consideration for the Disposal Equity is RMB100 million (equivalent to approximately HK\$114 million) and shall be payable in cash by the Purchaser.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to (i) the preliminary market value of the Beijing Property of approximately RMB2,028 million as at 30 November 2018, according to the preliminary property valuation prepared by the Independent Property Valuer; (ii) the net assets value of the Disposal Group of approximately RMB51.2 million (equivalent to approximately HK\$58.3 million) based on its unaudited consolidated management accounts as at 30 September 2018; (iii) the Debt Arrangement; and (iv) the prevailing market conditions in the PRC.

### *Payment of the Consideration*

The Consideration shall be payable in cash by the Purchaser in accordance with the following schedule:

- (i) RMB30 million or equivalent Hong Kong dollars (i.e. approximately HK\$34.2 million) shall be payable within 15 Business Days after signing of the Sale and Purchase Agreement;
- (ii) RMB30 million or equivalent Hong Kong dollars (i.e. approximately HK\$34.2 million) shall be payable within three months after Completion Date; and
- (iii) RMB40 million or equivalent Hong Kong dollars (i.e. approximately HK\$45.6 million) shall be payable within six months after Completion Date.

If any amount of the Consideration remains outstanding after its specific payment date, the Purchaser shall pay interest on the respective overdue Consideration calculated at the best lending rate per annum from time to time of the Hongkong and Shanghai Banking Corporation Limited from the specific payment date to the actual date of payment (both days inclusive).

In light of the foregoing, the Directors (excluding the independent non-executive Directors who reserved their views pending advice from the independent financial adviser) are of the view that the Consideration and the terms of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent**

Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions precedent:

- (i) the passing by the Independent Shareholders at the EGM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder;
- (ii) all necessary consents, confirmation and approvals in respect of the Sale and Purchase Agreement, the Debt Undertaking, the Deed of Tax Indemnity and the transactions contemplated thereunder being obtained by the Vendor and the Disposal Company (including but not limited to the approval from the respective board of directors of the Vendor and the Disposal Company);
- (iii) all necessary consents, confirmation and approvals in respect of the Sale and Purchase Agreement, the Debt Undertaking, the Deed of Tax Indemnity and the transactions contemplated thereunder being obtained by the Purchaser and the Guarantor (including but not limited to the approval from the respective board of directors of the Purchaser and the Guarantor);
- (iv) all necessary waivers, consents, approvals, licenses, authorisations and orders (if necessary) in respect of the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder being obtained from the relevant government or regulatory authorities or third parties;
- (v) all necessary consents, waivers, agreements, execution, relevant deeds or any other form of documents in respect of the outstanding third party loans (including but not limited to the Shengjing Bank Loan and the National Trust Loan) due by the Disposal Group and pledges (including but not limited to the Pledges on the Beijing Property) being obtained;
- (vi) all the warranties given by the Vendor to the Purchaser (other than those waived by the Purchaser in accordance with the Sale and Purchase Agreement) being true, accurate and not misleading and there being no matters, facts or circumstances related to the Vendor and/or the Disposal Group which constitutes or may constitute a breach of any warranties given by the Vendor to the Purchaser or the Sale and Purchase Agreement;

- (vii) all the warranties given by the Purchaser to the Vendor being true, accurate and not misleading and there being no matters, facts or circumstances related to the Purchaser and/or the Guarantor which constitutes or may constitute a breach of any warranties given by the Purchaser to the Vendor or the Sale and Purchase Agreement; and
- (viii) no breach of the respective obligations by the Vendor and the Purchaser under the Sale and Purchase Agreement.

The Purchaser may at any time waive condition (vi) as stated above while the other conditions cannot be waived by any parties to the Sale and Purchase Agreement. The Vendor shall use its best endeavors to ensure that the conditions (i), (ii), (iv), (v), (vi) and (viii) shall be fulfilled on or before the Long Stop Date and the Purchaser shall use its best endeavors to ensure that the conditions (iii), (vii) and (viii) shall be fulfilled on or before the Long Stop Date. If any of the conditions set out above not being fulfilled is not as a result of the fault of the Vendor and/or the Purchaser or, as the case may be, waived by the Purchaser on or before the Long Stop Date, then all obligations of the parties to the Sale and Purchase Agreement shall cease and terminate (save and except those provisions dealing with termination, guarantee by the Guarantor, confidentiality, notice, fees and governing law and jurisdiction which shall continue to have full force and effect) and the Vendor shall refund the first payment of the Consideration of RMB30 million (equivalent to approximately HK\$34.2 million) to the Purchaser together with interest calculated at the prevailing Hong Kong dollars deposit rate per annum from time to time of the Hong Kong and Shanghai Banking Corporation Limited from the payment date of the first payment of the Consideration to the actual date of refund payment to the Purchaser (both days inclusive). Neither party shall have any claim under the Sale and Purchase Agreement against the other save for any antecedent breaches of the terms thereof. In the event that the Sale and Purchase Agreement is ceased and terminated due to the fault of the Purchaser and/or the Guarantor's obligations in fulfilling any of the conditions set out above, the Vendor is required to refund RMB27 million (equivalent to approximately HK\$30.8 million) of the first payment of the Consideration to the Purchaser without interest and the Vendor shall keep the remaining portion of the first payment of the Consideration of RMB3 million (equivalent to approximately HK\$3.4 million) as compensation. In the event that the Sale and Purchase Agreement is ceased and terminated due to the fault of the Vendor's obligations in fulfilling any of the conditions set out above, the Vendor is required to refund RMB30 million (equivalent to approximately HK\$34.2 million), being the first payment of the Consideration, together with interest calculated at the best lending rate per annum from time to time of the Hongkong and Shanghai Banking Corporation Limited from the payment date of the first payment of the Consideration to the actual date of refund payment to the Purchaser (both days inclusive).



## **Guarantee of the Purchaser's obligations**

Pursuant to the Sale and Purchase Agreement, the Guarantor has unconditionally and irrevocably agreed to guarantee the performance by the Purchaser of all its obligations and liabilities (the “**Guarantee on Purchaser**”), including but not limited to the payment obligations by the Purchaser of the Consideration, the late payment penalty, other fees payable by the Purchaser under the Sale and Purchase Agreement (if applicable), or any cost and expenses incurred by the Vendor as a result of failure of the Purchaser's obligations under the Sale and Purchase Agreement. The Guarantee on Purchaser will remain in force from the effective date of the Sale and Purchase Agreement until all obligations of the Purchaser under the Sale and Purchase Agreement have been fulfilled (including but not limited to the date being 180 days after the date on which the Purchaser has settled all the Consideration under the Sale and Purchase Agreement). In the event that the Purchaser fails to make payment of the Consideration or other fees payable by the Purchaser under the Sale and Purchase Agreement, the Guarantor agrees to make such payment on behalf of the Purchaser within five Business Days upon receipt of the written notice from the Vendor.

## **THE DEBT ARRANGEMENT**

Pursuant to the Sale and Purchase Agreement, on the Completion Date, the Company and Alltronics Energy Saving (Shenzhen) Limited\* (華訊節能科技(深圳)有限公司), an indirect wholly-owned subsidiary of the Company (collectively, as Creditors), Beijing Wan Heng Da (as Debtor) and the Guarantor shall enter into the Debt Undertaking, pursuant to which Beijing Wan Heng Da shall undertake to repay the Debt to the Creditors within one year from the Completion Date, and the Guarantor shall provide an irrevocable guarantee to the Creditors in respect of all the obligations and liabilities of the Debtor pursuant to the Debt Undertaking (the “**Debt Arrangement**”).

The principal terms of the Debt Undertaking are set out below.

## **THE DEBT UNDERTAKING**

### **Parties**

Creditor(s) : the Company

and

Alltronics Energy Saving (Shenzhen) Limited\* (華訊節能科技(深圳)有限公司), an indirect wholly-owned subsidiary of the Company

Debtor : Beijing Wan Heng Da

Guarantor : the Guarantor

## **Amount of Debt**

The amount of Debt indebted by the Debtor to the Creditors shall be based on the unaudited management accounts of Beijing Wan Heng Da as at 28 February 2019. The Debtor shall repay the Debt to the Creditors within one year from the Completion Date. The amount of the Debt provided from Alltronics Energy Saving (Shenzhen) Limited\* (華訊節能科技(深圳)有限公司) to Beijing Wan Heng Da is interest-bearing at the rate of 2% per annum. Apart from that, the remaining portion of the Debt is interest-free.

As at 30 September 2018, the amount of Debt due from the Debtor to the Creditors was approximately RMB189.8 million (equivalent to approximately HK\$216.4 million).

If any amount of the Debt remains outstanding after its specific payment date, the Debtor shall pay interest on the respective overdue Debt calculated at the best lending rate per annum from time to time of the Hongkong and Shanghai Banking Corporation Limited from the specific payment date to the actual date of payment (both days inclusive).

## **Guarantee of the Debtor's obligations**

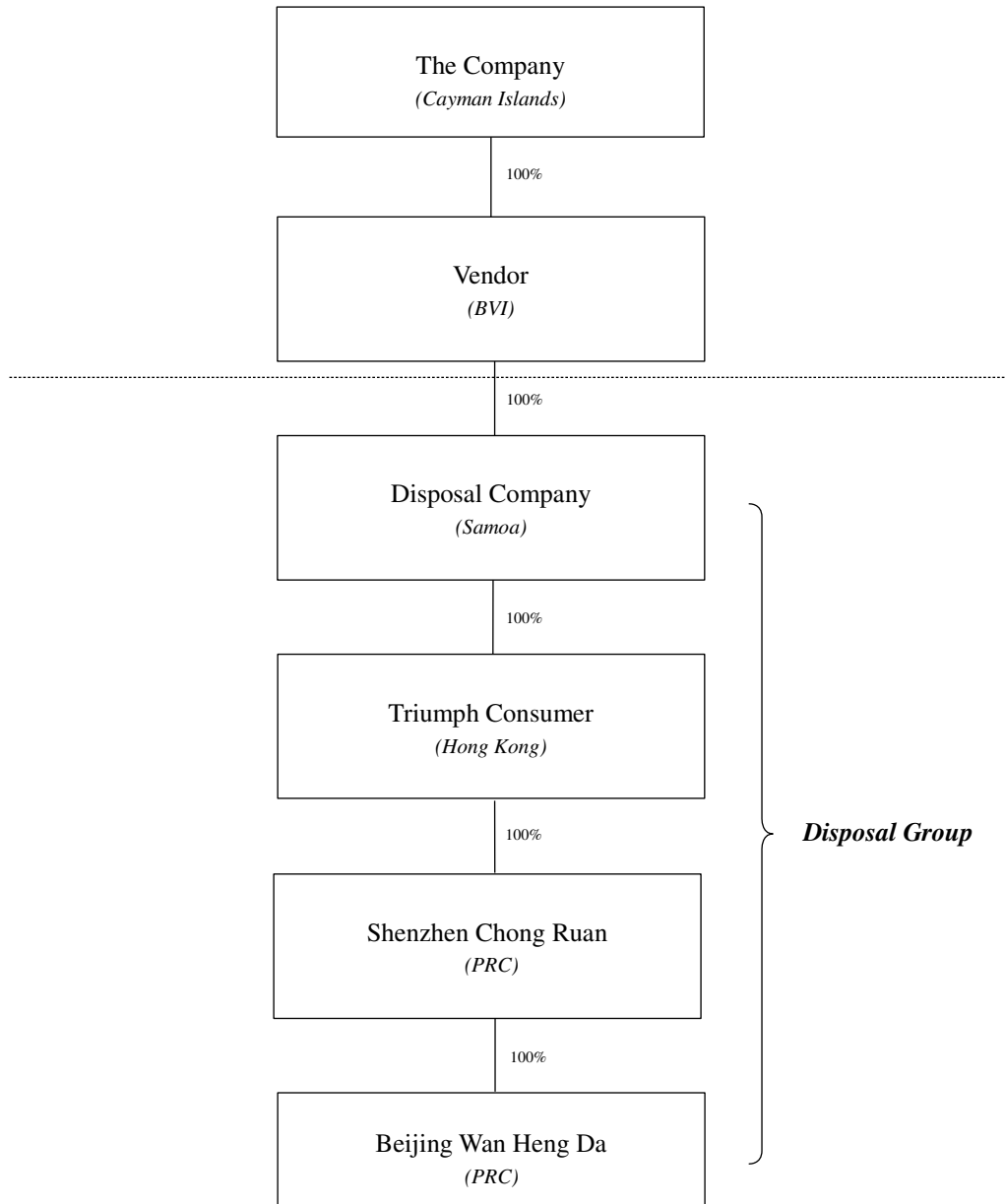
The Guarantor shall unconditionally and irrevocably agree to guarantee the performance by the Debtor of all its obligations and liabilities (the “**Guarantee on Debtor**”), including but not limited to the repayment obligations of the Debt indebted by the Debtor to the Creditors under the Debt Undertaking, or any cost and expenses incurred by the Creditors as a result of failure of the Debtor's repayment obligations under the Debt Undertaking. The Guarantee on Debtor will remain in force from the effective date of the Debt Undertaking until all repayment obligations of the Debtor under the Debt Undertaking have been fulfilled (including but not limited to the date being 180 days after the date on which the Debtor has settled the Debt under the Debt Undertaking). In the event that the Debtor fails to make repayment of the Debt under the Debt Undertaking, the Guarantor agrees to make such repayment on behalf of the Debtor within five Business Days upon receipt of the written notice from the Creditors.

The Directors (excluding the independent non-executive Directors who reserved their views pending advice from the independent financial adviser) are of the view that the terms of the Debt Undertaking are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## INFORMATION OF THE DISPOSAL GROUP

### Group structure of the Disposal Group

The diagram below depicts the group structure of the Disposal Group as at the date of this announcement:



## **Principal business of the Disposal Group**

The Disposal Group comprises the Disposal Company, Triumph Consumer, Shenzhen Chong Ruan and Beijing Wan Heng Da.

The Disposal Company is a company incorporated in Samoa on 20 May 2016 as limited liability company with a registered share capital of US\$1 million, divided into 1,000,000 shares. The Disposal Company is an investment holding company. As at the date of this announcement, the issued share capital of the Disposal Company was US\$1 and it was wholly-owned by the Vendor.

Triumph Consumer is a company incorporated in Hong Kong on 17 November 2009 with limited liability and its issued share capital was HK\$10,000. Triumph Consumer is an investment holding company. As at the date of this announcement, the entire issued share capital of Triumph Consumer was owned by the Disposal Company.

Shenzhen Chong Ruan is a company incorporated in the PRC on 10 March 2015 as a foreign wholly-owned enterprise with limited liability. The total registered capital of Shenzhen Chong Ruan was US\$15 million and it is wholly-owned by Triumph Consumer. The principal business scopes of Shenzhen Chong Ruan are finance leasing, properties investment and rental, leasing properties salvage value management and leasing related business. As at the date of this announcement, none of the registered capital of Shenzhen Chong Ruan has been paid up.

Beijing Wan Heng Da is a company incorporated in the PRC on 29 November 2010 as a domestic company invested by a foreign investment enterprise with limited liability. The total registered capital of Beijing Wan Heng Da is RMB570 million. As at the date of this announcement, Beijing Wan Heng Da is wholly-owned by Shenzhen Chong Ruan. The principal business scopes of Beijing Wan Heng Da include the project investment, investment management, asset management, corporation management, economic contract guarantee and leasing of commercial properties. As at the date of this announcement, the entire registered capital of Beijing Wan Heng Da has been fully paid up.

The principal assets of Beijing Wan Heng Da are the entire interest in the Beijing Property under 24 land use rights certificates and 24 real estate ownership certificates, of which 4 land use rights certificates shall be expired on 12 April 2043 and the remaining 20 land use rights certificates shall be expired on 12 April 2033. The Beijing Property is a commercial complex which is mainly a shopping mall and is known as “Sunshine Plaza (太陽飄亮購物中心)”. The Beijing Property was built in 1999 and comprises two-story and one-level of basement with gross floor area of approximately 40,083.94 square meters. It locates at No. 68 Anli Road, Chaoyang District, Beijing, the PRC (北京市朝陽區安立路68號). The Beijing Property was

under renovation work and has not received any rental from the tenant during the period for the six months ended 30 June 2018, being the latest financial reporting period of the Company up to the date of this announcement. The Beijing Property has completed the renovation work and has re-opened for business by the end of September 2018.

As at the date of this announcement, the Beijing Property has been pledged to (i) Shengjing Bank Co., Ltd. (盛京銀行股份有限公司) for a loan obtained by Beijing Wan Heng Da amounting to RMB1.20 billion (equivalent to approximately HK\$1.37 billion) (the “**Shengjing Bank Loan**”); and (ii) National Trust Ltd. (國民信託有限公司) for a loan obtained by Beijing Wan Heng Da amounting to RMB300 million (equivalent to approximately HK\$342 million) (the “**National Trust Loan**”) (collectively, the “**Pledges on the Beijing Property**”). Upon Completion, the Group will no longer be obliged for the outstanding amount of the loans as stated above.

### **Financial information of the Disposal Group**

Based on the latest financial information available, set out below is a summary of the unaudited consolidated financial information of the Disposal Group as extracted from the unaudited consolidated management accounts of the Disposal Group for the two years ended 31 December 2017 and for the nine months ended 30 September 2018, respectively, which were prepared in accordance with the relevant accounting principles generally accepted in Hong Kong:

	<b>For the year ended/as at 31 December</b>		<b>For the nine months ended/as at 30 September</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	94,984	64,471	153,930
Net profit before taxation	1,092,295	32,685	27,235
Net profit after taxation	832,557	2,188	21,985
Net assets	21,809	23,997	51,164

## **INFORMATION OF THE PURCHASER AND THE GUARANTOR**

Yingtai Holdings Limited (盈泰控股有限公司), being the Purchaser, is a company incorporate in the Cayman Islands with limited liability and is an investment holding company. As at the date of this announcement, the Guarantor is the ultimate beneficial owner of the Purchaser, through the trust arrangement with Ms. Hu Zhifang (胡志芳), who currently holds the entire issued share capital of the Purchaser.

As at the date of this announcement, Ms. Hu Zhifang (胡志芳) is the legal representative of Shenzhen Chong Ruan and Beijing Wan Heng Da.

Luohe Yinge Industrial Group Company Limited\* (漯河銀鴿實業集團有限公司), being the Guarantor, is a private company established in the PRC with limited liability. It is principally engaged in investment holding in the PRC. As at the date of this announcement, it holds approximately 47.35% of the equity interest in Henan Yinge Industrial Investment Company Limited\* (河南銀鴿實業投資股份有限公司) (“**Yinge**”), whose shares are listed on the Shanghai Stock Exchange (stock code: 600069) and is the controlling shareholder of Yinge. Mr. Gu Qi, the chairman and a director of Yinge, was the guarantor and former beneficiary owner of the Disposal Company at the time when the Group entered into the sale and purchase agreement in relation to the acquisition of the Disposal Group on 19 September 2016 (the “**Previous Acquisition**”). According to the sale and purchase agreement of the Previous Acquisition, the Group was granted a put option to sell back the entire issued share capital of the Disposal Company to the vendor at the consideration of US\$1 plus all outstanding amount due to the Group by the Disposal Group. The details of the Previous Acquisition were disclosed in the announcement of the Company dated 19 September 2016 and the circular of the Company dated 23 December 2016.

The Directors consider that the Disposal will provide a better return to the Company and the Shareholders than to exercise the put option pursuant to the Previous Acquisition. Therefore, the Directors consider that it is in the interests of the Company and the Shareholders as a whole for not exercising the put option according to the sale and purchase agreement of the Previous Acquisition.

## **INFORMATION OF THE VENDOR**

Sino Growth, being the Vendor, is an investment holding company and incorporated in the BVI with limited liability on 17 May 2016, and is a direct wholly-owned subsidiary of the Company.

## **INFORMATION OF THE REMAINING GROUP**

The Company is an investment holding company with limited liability incorporated in the Cayman Islands. Upon Completion, the Remaining Group remains to focus on its principal activities of manufacturing and trading of electronic products, plastic molds, plastic and other components for electronic products, the trading of biodiesel products and the provision of energy saving business solutions.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS AS A WHOLE**

The principal activities of the Group are the manufacturing and trading of electronic products, plastic molds, plastic and other components for electronic products, the trading of biodiesel products and the provision of energy saving business solutions.

The Company acquired the entire issued share capital of the Disposal Company pursuant to the sale and purchase agreement of the Previous Acquisition at a consideration of US\$1. At the time of the Previous Acquisition, the Company intended to hold the Beijing Property as long term investment until appropriate opportunity to realise the investment arises.

As disclosed in the interim report of the Company for the six months ended 30 June 2018, the Board continuously explores investment opportunities to strengthen the long term growth of the Group. Having closely monitored the market environment and business prospects of the property market in the PRC, and having regard to the increasingly challenging business operation environment of the property leasing market in the PRC, the Company considers that the Group can benefit from the Disposal as it is expected to recognise a gain arising from the Disposal and obtain positive cash flow from the Disposal which will strengthen the financial position of the Group and will provide funds for the future expansion of the core manufacturing business of the Group.

The Board noted that there had been an appreciation in the value of the Beijing Property from approximately RMB1,850 million at the completion of the acquisition of the Beijing Property to approximately RMB2,028 million based on the preliminary valuation as at 30 November 2018. The consideration for the Disposal Equity is RMB100 million which is higher than the net assets value of the Disposal Group of approximately RMB51.2 million as at 30 September 2018, as well as higher than the original consideration in the Previous Acquisition by approximately RMB100 million. The Company considers that the Disposal is in line with the original investment purpose of the Previous Acquisition of the Beijing Property and the Consideration is fair and reasonable, which was determined by an updated indication of value of the Beijing Property, and referencing to fair market value which is a generally accepted market practice for an arm's length transaction involving the sale and purchase of property.

Since the completion of the Previous Acquisition, the Group has incurred approximately RMB60 million on renovation of the Beijing Property and has provided financial assistance to Beijing Wan Heng Da amounting to approximately RMB189.8 million (equivalent to approximately HK\$216.4 million) as at 30 September 2018. The Company considers that the Disposal and the Debt Arrangement will alleviate the financial pressure of the Group's continued investment in the Disposal Group. Thus, the Company considers that the portion of the proceeds from the Disposal allocated to other existing businesses of the Group would support the enlargement of these businesses and enhance their profitability. For other details please refer to the paragraph headed "Financial effects of the Disposal and the Debt Arrangement" in this announcement.

Taking these into account, the Directors (excluding the independent non-executive Directors who reserved their views pending advice from the independent financial adviser) are of the view that the terms of the Sale and Purchase Agreement, including the Consideration, and the Debt Undertaking are fair and reasonable and the Disposal and the Debt Arrangement are in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND THE DEBT ARRANGEMENT**

Upon Completion of the Disposal, the Company will cease to hold any equity interest in the Disposal Group which will cease to be the subsidiaries of the Company. The results, assets and liabilities of the Disposal Group will no longer be consolidated into the financial statements of the Company.

For illustrative purpose, based on (i) the unaudited adjusted net assets value of the Disposal Group as at 30 September 2018; and (ii) the Consideration, it is estimated that the Remaining Group will record a gain of approximately RMB48.8 million arising from the Disposal, which represents the difference between the Consideration and the carrying amount of net assets value of the Disposal Group as at 30 September 2018. The gain is estimated without taking into account any tax implications relating to the Disposal and is subject to changes to be caused by the activities and performance results of the Disposal Group subsequent to 30 September 2018.

After the Disposal and after taking into account the Debt Arrangement, the creditor's rights of the Group will increase by approximately RMB189.8 million, which is estimated by making reference to the amount of the Debt as at 30 September 2018. According to the Debt Arrangement, these creditor's rights will be recorded as short-term creditor's rights in the balance sheet of the Group.



It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the actual financial position of the Remaining Group will be upon Completion.

## **USE OF PROCEEDS OF THE DISPOSAL**

The net proceeds from the Disposal are estimated to be approximately RMB98.5 million. The Group intends to apply the net proceeds as follows: (a) approximately RMB20 million will be used for the expansion of the Group's production facilities at Shenzhen and Yichun, the PRC; (b) approximately RMB40 million will be used for repayment of outstanding bank borrowings of the Group; and (c) the remaining net proceeds will be used as general working capital for the Group's existing businesses and/or other suitable investment opportunities that may arise from time to time. As at the date of this announcement, the Company had not identified any other business and investment opportunities or was not engaged in any negotiations regarding such opportunities.

## **THE LISTING RULES IMPLICATIONS**

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the entire issued share capital of the Purchaser is held by Ms. Hu Zhifang (胡志芳) in trust for the Guarantor. Madam Meng is an associate of Mr. Meng, an executive Director, and deemed to be the controlling shareholder of the Guarantor through the control of an investment entity which beneficiary owns 99.01% of the equity interest in the Guarantor. Accordingly, the Purchaser is a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) is above 75%, the transactions contemplated under the Sale and Purchase Agreement (including the related irrevocable guarantee and the Deed of Tax Indemnity) constitute a very substantial disposal and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and therefore are subject to the reporting, circular and the independent shareholders' approval requirements under the Listing Rules.

Upon the Completion of the Disposal, the Disposal Group will cease to be subsidiaries of the Company. Therefore, the Debt will then constitute financial assistance provided by the Group to an associate of a connected person under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) is above 5% but less than 25%, the transactions contemplated under the Debt Undertaking (including the related irrevocable guarantee) will constitute a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and therefore are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

## **GENERAL**

Mr. Meng, an executive Director, has abstained from voting on the resolution(s) of the Board to approve the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder. Save as mentioned above, none of the Directors has any material interest in the transactions contemplated under the Sale and Purchase Agreement and the Debt Undertaking who is required to abstain from voting on the resolution(s) of the Board in respect of the Disposal and the Debt Arrangement.

The independent board committee of the Company, comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the Disposal and the Debt Arrangement as to (i) whether the terms of the Sale and Purchase Agreement (including the related irrevocable guarantee and the Deed of Tax Indemnity) and the Debt Undertaking (including the related irrevocable guarantee) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and whether the Disposal and the Debt Arrangement are in the interests of the Company and the Shareholders as a whole; and (ii) whether to vote in favour of the Disposal and the Debt Arrangement, after taking into account the recommendation of the independent financial adviser to be appointed. The Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders in this regard.

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Meng, the Purchaser, the Guarantor and their associates do not have any interests in the Shares. No Shareholder will be required to abstain from voting at the resolution(s) considering and approving the transactions contemplated under the Sale and Purchase Agreement and the Debt Undertaking at the EGM.

As the Company needs additional time to prepare the circular, which contains, among other things, (i) details of the Disposal and the transactions contemplated under the Sale and Purchase Agreement; (ii) details of the Debt Arrangement and the transactions contemplated under the Debt Undertaking; (iii) the recommendations from the independent board committee of the Company; (iv) the letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders; (v) the valuation report on the Beijing Property issued by the Independent Property Valuer; (vi) the financial information of the Group and the Disposal Group; (vii) the pro forma financial information of the Remaining Group following Completion; (viii) other information as required to be disclosed under the Listing Rules; and (ix) the notice of the EGM, it is expected to be despatched to the Shareholders on or before 28 February 2019, which is more than 15 Business Days (as required by the Listing Rules) after the publication of this announcement.

**Completion of the Disposal is subject to the satisfaction and/or waiver of conditions precedent set out in the Sale and Purchase Agreement. Therefore, the Disposal and the Debt Arrangement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.**

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as set forth below:

“Beijing Property”	“Sunshine Plaza (太陽飄亮購物中心)” located at Beijing, the PRC, being the principal asset of the Disposal Group
“Beijing Wan Heng Da” or “Debtor”	Beijing Wan Heng Da Investment Company Limited* (北京萬恒達投資有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Disposal Company
“Board”	the board of Directors
“Business Day(s)”	any day (other than Saturdays, Sundays and public holidays) on which commercial banks in Hong Kong are open to the public
“BVI”	British Virgin Islands
“Company”	Alltronics Holdings Limited (華訊股份有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal contemplated under the Sale and Purchase Agreement in accordance with its terms and conditions
“Completion Date”	the date on which Completion occurs
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Consideration”	the consideration for the Disposal Equity payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement
“Creditors”	the Company and Alltronics Energy Saving (Shenzhen) Limited* (華訊節能科技(深圳)有限公司), an indirect wholly-owned subsidiary of the company
“Debt”	the outstanding debt including any interests accrued thereon, due from Beijing Wan Heng Da to the Creditors, based on the unaudited management accounts of Beijing Wan Heng Da as at 28 February 2019
“Debt Arrangement”	has the meaning ascribed to it in the paragraph headed “The Debt Arrangement” in this announcement
“Debt Undertaking”	the deed of debt undertaking in relation to the Debt Arrangement to be entered into between the Creditors, the Debtor and the Guarantor on the Completion Date
“Deed of Tax Indemnity”	a deed of tax indemnity to be entered into by the Company and the Vendor in favour of the Purchaser and the Disposal Company on the Completion Date pursuant to which, among other things, the Company and the Vendor shall jointly and severally undertake to indemnify the Purchaser and the Disposal Group within three years from the execution date of the deed of tax indemnity in respect of certain taxation liabilities or claims prior to the execution date of the deed of tax indemnity
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Disposal Equity by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Disposal Company”	Bonroy Limited, a company incorporated in Samoa with limited liability and is a direct wholly-owned subsidiary of the Vendor

“Disposal Equity”	the entire issued share capital of the Disposal Company held by the Vendor
“Disposal Group”	the Disposal Company and its subsidiaries
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, among other things, the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantee on Purchaser”	has the meaning ascribed to it in the paragraph headed “Guarantee of the Purchaser’s obligations” in this announcement
“Guarantee on Debtor”	has the meaning ascribed to it in the paragraph headed “Guarantee of the Debtor’s obligations” in this announcement
“Guarantor”	Luohe Yingde Industrial Group Company Limited* (漯河銀鴿實業集團有限公司), a company incorporated in the PRC with limited liability and is the ultimate beneficial owner of the Purchaser through the trust arrangement between the Guarantor and Ms. Hu Zhifang (胡志芳), who currently holds the entire issued share capital of the Purchaser, and being the guarantor to the Sale and Purchase Agreement and the Debt Undertaking
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Property Valuer”	LCH (Asia-Pacific) Surveyors Limited, an independent professional valuer nominated by the Company for the purpose of the Disposal

“Independent Shareholders”	The Shareholders who are not required to abstain from voting at the EGM in relation to the resolutions for approving the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	20 April 2019, being four months from the date of the Sale and Purchase Agreement, or such other date as the Vendor and Purchaser shall agree in writing
“Mr. Meng”	Mr. Meng Fei (孟飛), an executive Director
“Madam Meng”	Madam Meng Ping (孟平), an associate of Mr. Meng and is deemed to be the controlling shareholder of the Guarantor through the control of an investment entity which beneficially owns 99.01% of the equity interest in the Guarantor
“National Trust Loan”	has the meaning ascribed to it in the paragraph headed “Principal business of the Disposal Group” in this announcement
“Pledges on the Beijing Property”	has the meaning ascribed to it in the paragraph headed “Principal business of the Disposal Group” in this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Yingtai Holdings Limited (盈泰控股有限公司), a company incorporated in the Cayman Islands with limited liability

“Remaining Group”	the Group, excluding the Disposal Group
“RMB”	Renminbi, the lawful currency in the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Disposal dated 20 December 2018 entered into between the Vendor, the Purchaser and the Guarantor
“Share(s)”	share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shengjing Bank Loan”	has the meaning ascribed to it in the paragraph headed “Principal business of the Disposal Group” in this announcement
“Shenzhen Chong Ruan”	Shenzhen Chong Ruan Finance Lease Company Limited* (深圳市創潤融資租賃有限公司), a wholly foreign-owned enterprise incorporated in the PRC and an indirect wholly-owned subsidiary of the Disposal Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Triumph Consumer”	Triumph Consumer Goods Limited (創富日用品有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Disposal Company

“US\$”	United States dollars, the lawful currency in the United States of America
“Vendor” or “Sino Growth”	Sino Growth Holdings Limited (華生控股有限公司), a direct wholly-owned subsidiary of the Company
“%”	per cent

\* For identification purpose only

*If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles and their English translations mentioned in this announcement, the Chinese version shall prevail.*

*In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.14. The conversion rates are for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rates or at other rates or at all.*

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

Hong Kong, 20 December 2018

*As at the date of this announcement, Mr. Lam Yin Kee, Ms. Yeung Po Wah, Mr. Meng Fei, Ms. Liu Jing, Mr. Lam Chee Tai, Eric and Mr. So Kin Hung are the executive Directors of the Company, Mr. Fan, William Chung Yue and Mr. Lau Fai Lawrence are the non-executive Directors of the Company, and Mr. Pang Kwong Wah, Mr. Yau Ming Kim, Robert, Mr. Yen Yuen Ho, Tony and Mr. Lin Kam Sui are the independent non-executive Directors of the Company.*