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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)

UPDATE ON VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF BONROY LIMITED

This announcement is made by Alltronics Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 20 December 2018, 15 January 2019, 20 March 2019, 15 April 2019, 2 May 2019, 30 July 2019 and 26 August 2019 (the “**Announcements**”) and the circular of the Company dated 27 February 2019 (the “**Circular**”) in relation to, among other things, the Disposal and the Debt Undertaking. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

UPDATE ON SETTLEMENT OF OVERDUE CONSIDERATION

The Company issued a legal letter to the Purchaser and the Guarantor on 2 August 2019 requesting the Purchaser and the Guarantor to settle the overdue Consideration immediately, failing which the Company might consider initiating legal proceedings against the Purchaser and the Guarantor to recover the overdue Consideration. The board (the “**Board**”) of directors of the Company is aware that the Guarantor has been undergoing restructuring to raise new funds and part of the funds raised would be used to repay the Consideration and the Debt due to the Group. The Purchaser and the Guarantor have informed the Company that the scheme of the said restructuring is expected to be completed by the end of 2019 and they have requested for the Company to withhold any legal action against the Guarantor in the meantime as any such legal action would most likely affect the progress and the viability of the said restructuring of the Guarantor. The Board has agreed to allow more time for the Guarantor to complete the said restructuring and has requested the Purchaser and the Guarantor to keep the Company updated on the progress of the said restructuring. Nonetheless, the Board will consider initiating legal proceedings against the Purchaser and/or the Guarantor as and when necessary.

As at the date of this announcement, the negotiation with the Purchaser and the Guarantor regarding the settlement of the Consideration is still in progress and no settlement terms or proposals have been materialised. Full impairment loss on the Consideration has been made in the unaudited interim results of the Group for the six months ended 30 June 2019.

At a board meeting of the Company held on 8 November 2019, the Board has resolved to commence legal proceedings against the Purchaser to recover the overdue Consideration.

UPDATE ON SETTLEMENT OF DEBT

- (1) On 20 September 2019, the Company entered into a debt assignment deed (債權債務結算與清償協議) with Alltronics Energy Saving (Shenzhen) Limited* (華訊節能科技(深圳)有限公司, being an indirect wholly-owned subsidiary of the Company), Beijing Wan Heng Da and the Guarantor, pursuant to which the debt due from Beijing Wan Heng Da to the Company was assigned to Alltronics Energy Saving (Shenzhen) Limited*. The assignment was arranged based on the advice from the legal adviser of the Group in the PRC, so as to facilitate and simplify any future legal proceedings or other actions which might be taken against Beijing Wan Heng Da and/or the Guarantor in relation to the collection of the Debt.
- (2) On 20 September 2019, Alltronics Energy Saving (Shenzhen) Limited*, 北京太陽飄亮商業管理有限公司 (the sole tenant of the Beijing Property) and Beijing Wan Heng Da entered into a receivable pledge agreement (應收賬款質押合同) (the “**Pledge Agreement**”), pursuant to which Alltronics Energy Saving (Shenzhen) Limited* is entitled to request 北京太陽飄亮商業管理有限公司 and Beijing Wan Heng Da to use the monthly rental income from the Beijing Property, after deduction of allowable operating expenses on the Beijing Property, for settlement of the Debt.
- (3) On 20 September 2019, Alltronics Energy Saving (Shenzhen) Limited* and 北京太陽飄亮商業管理有限公司 entered into a receivable pledge registration agreement, pursuant to which Alltronics Energy Saving (Shenzhen) Limited* and 北京太陽飄亮商業管理有限公司 have agreed to register the Pledge Agreement with the relevant PRC government authorities in accordance with the PRC laws and such registration had been completed on 24 September 2019.

As at the date of this announcement, the Debt is not yet due for payment. Based on the review of the information currently available, management of the Group is of the view that the Purchaser and/or the Guarantor have both the intention and ability to settle the Debt by the due date. As at 30 June 2019, the amount of the Debt was approximately HK\$248 million. The Company will carry out an impairment assessment on the Debt at financial year end to determine if any impairment loss is considered necessary.

The Company has also requested the Purchaser and the Guarantor to make arrangements for a mortgage on the Beijing Property in favour of the Group as security for the Consideration and the Debt. However, the legal adviser of the Group in the PRC had advised that such mortgage cannot be arranged as one of the mortgagee banks in relation to the current mortgages over the Beijing Property has applied for a freezing order on the Beijing Property.

The Company will closely monitor the situation and further announcement(s) will be made by the Company to keep its shareholders and potential investors informed of any material development as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

* *For identification purpose only*

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

Hong Kong, 8 November 2019

As at the date of this announcement, Mr. Lam Yin Kee, Ms. Yeung Po Wah, Ms. Liu Jing, Mr. Lam Chee Tai, Eric, Mr. So Kin Hung and Mr. Meng Fei (executive duties suspended) are the executive Directors; Mr. Fan, William Chung Yue is the non-executive Director; 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.