THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealers or registered institutions in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ALLTRONICS HOLDINGS LIMITED (華訊股份有限公司), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker, registered dealer in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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 THE ENTIRE ISSUED SHARE CAPITAL OF BONROY LIMITED; (II) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DEBT ARRANGEMENT; AND (III) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

SUCCESS
SUCCESS NEW SPRING CAPITAL LIMITED
實德新源資本有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

PELICAN FINANCIAL
百利勤金融

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the board of directors of Alltronics Holdings Limited is set out on pages 6 to 22 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter from Pelican, the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 43 of this circular.

A notice convening an extraordinary general meeting of Alltronics Holdings Limited to be held at Tactic Room, 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 20 March 2019 at 11:00 a.m. is set out on pages EGM-1 and EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk).

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar in Hong Kong of Alltronics Holdings Limited, Tricor Tengis Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of such meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so desire and in such event, the instrument appointing a proxy shall be deemed to be revoked.

27 February 2019

CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"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
"Confirmation Letter"	a confirmation letter dated 15 January 2019 entered into among the Vendor, the Purchaser and the Guarantor in relation to the extension of first payment date of the Consideration to not later than 15 April 2019
"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 the letter from the Board of this circular
“Debt Undertaking”	a deed of debt undertaking in relation to the Debt Arrangement to be entered into among 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 on 20 March 2019 to consider and, if thought fit, to approve, among other things, the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder
“Extension”	has the meaning ascribed to it in the paragraph headed “Introduction” in the letter from the Board of this circular

"First Payment Date"	has the meaning ascribed to it in the paragraph headed "Introduction" in the letter from the Board of this circular
"Group"	the Company and its subsidiaries
"Guarantee on Debtor"	has the meaning ascribed to it in the paragraph headed "Guarantee of the Debtor's obligations" in the letter from the Board of this circular
"Guarantee on Purchaser"	has the meaning ascribed to it in the paragraph headed "Guarantee of the Purchaser's obligation" in the letter from the Board of this circular
"Guarantor"	Luohe Yinge 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 of 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 Board Committee"	an independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Disposal and the Debt Arrangement
"Independent Financial Adviser" or "Pelican"	Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the Debt Arrangement
"Independent Property Valuer"	LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor appointed by the Company for the purpose of the Disposal

"Independent Shareholders"	Shareholders who are not required to abstain from voting at the EGM in relation to the resolutions for approving the Sale and Purchase Agreement and the Debt Undertaking and the transactions contemplated thereunder
"Latest Practicable Date"	22 February 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"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
"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 beneficiary owns 99.01% of the equity interest in the Guarantor
"Mr. Meng"	Mr. Meng Fei (孟飛), an executive Director
"National Trust Loan"	has the meaning ascribed to it in the paragraph headed "Principal business of the Disposal Group" in the letter from the Board of this circular
"Pledges on the Beijing Property"	has the meaning ascribed to it in the paragraph headed "Principal business of the Disposal Group" in the letter from the Board of this circular
"PRC"	the People's Republic of China, which for the purpose of this circular, 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 immediately after the Completion (excluding the Disposal Group)
"RMB"	Renminbi, the lawful currency in the PRC

"Sale and Purchase Agreement"	the sale and purchase agreement dated 20 December 2018 entered into between the Vendor, the Purchaser and the Guarantor in relation to the Disposal
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"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 the letter from the Board of this circular
"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
"United States"	United States of America
"US$"	United States dollars, the lawful currency in the United States
"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 circular, the Chinese version shall prevail.

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

ALLTRONICS HOLDINGS LIMITED
華訊股份有限公司

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

Executive Directors:
Mr. Lam Yin Kee *(Chairman and Chief Executive)*
Ms. Yeung Po Wah
Ms. Liu Jing
Mr. Lam Chee Tai, Eric
Mr. So Kin Hung
Mr. Meng Fei

Non-executive Director:
Mr. Fan, William Chung Yue

Independent non-executive Directors:
Mr. Pang Kwong Wah
Mr. Yau Ming Kim, Robert
Mr. Yen Yuen Ho, Tony
Mr. Lin Kam Sui

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 408, 4/F
Citicorp Centre
18 Whitfield Road
Hong Kong

27 February 2019

To the Shareholders

Dear Sir or Madam,

(I) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF BONROY LIMITED; AND (II) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DEBT ARRANGEMENT

INTRODUCTION

Reference is made to the announcements of the Company dated 20 December 2018 and 15 January 2019. 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. Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company.

On 15 January 2019 (after trading hours), the Vendor, the Purchaser and the Guarantor signed the Confirmation Letter, pursuant to which the Vendor, the Purchaser and the Guarantor have agreed to extend the first payment date of the Consideration (the "**First Payment Date**") to not later than 15 April 2019 (the "**Extension**").

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 purpose of this circular is to provide you with, among other things: (i) further details of the Disposal and the transactions contemplated under the Sale and Purchase Agreement; (ii) further details of the Debt Arrangement and the transactions contemplated under the Debt Undertaking; (iii) the recommendation from the Independent Board Committee; (iv) the letter of advice from Pelican, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (v) the property 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 together with the form of proxy.

THE DISPOSAL

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. Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company.

On 15 January 2019 (after trading hours), the Vendor, the Purchaser and the Guarantor signed the Confirmation Letter pursuant to which the Vendor, the Purchaser and the Guarantor have agreed to extend the First Payment Date to not later than 15 April 2019.

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 the Sale and Purchase Agreement, 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 Latest Practicable Date, it was in the progress of transferring the entire shareholding in the Purchaser held by Ms. Hu Zhifang (胡志芳) to the Guarantor.

As at the Latest Practicable Date, 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 letter.

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 unaudited net asset value of the Disposal Group (without taking into account the fair value gain on the investment properties as at 30 September 2018) 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.

The Consideration is approximately RMB16.6 million (equivalent to approximately HK$18.9 million) higher than the adjusted unaudited net asset value of the Disposal Group (after taking into account the fair value gain on the investment properties of approximately RMB32.2 million) of RMB83.4 million (equivalent to approximately HK$95.1 million) as at 30 September 2018.

The final valuation of the Beijing Property is approximately RMB2,028 million (equivalent to approximately HK$2,311.9 million) as at 30 November 2018. Details of the property valuation report of the Beijing Property have been set out in Appendix V to this circular. The property valuation report has been issued in compliance with the requirements set out in Chapter 5 of the Listing Rules.

Payment of the Consideration

Pursuant to the Sale and Purchase Agreement and the Confirmation Letter, the Consideration shall be payable in cash by the Purchaser in accordance with the following manners:

(i) RMB30 million or equivalent Hong Kong dollars (i.e. approximately HK$34.2 million) shall be payable no later than 15 April 2019 (as extended pursuant to the Confirmation Letter);

(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 (including the independent non-executive Directors) are of the view that the Consideration and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its 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 according to the Sale and Purchase Agreement and the Vendor may at any time waive condition (viii) as stated above according to the Confirmation Letter while other conditions cannot be waived by any parties to the Sale and Purchase Agreement.

Pursuant to the Confirmation Letter, the Vendor agreed and acknowledged that the Extension did not constitute a breach of the obligations of the Purchaser under condition (viii) in the Sale and Purchase Agreement as set out above.

As at the Latest Practicable Date, the parties to the Sale and Purchase Agreement are still in the progress of fulfilling the relevant conditions precedent set out above. The Vendor shall use its best endeavors to ensure that 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

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
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

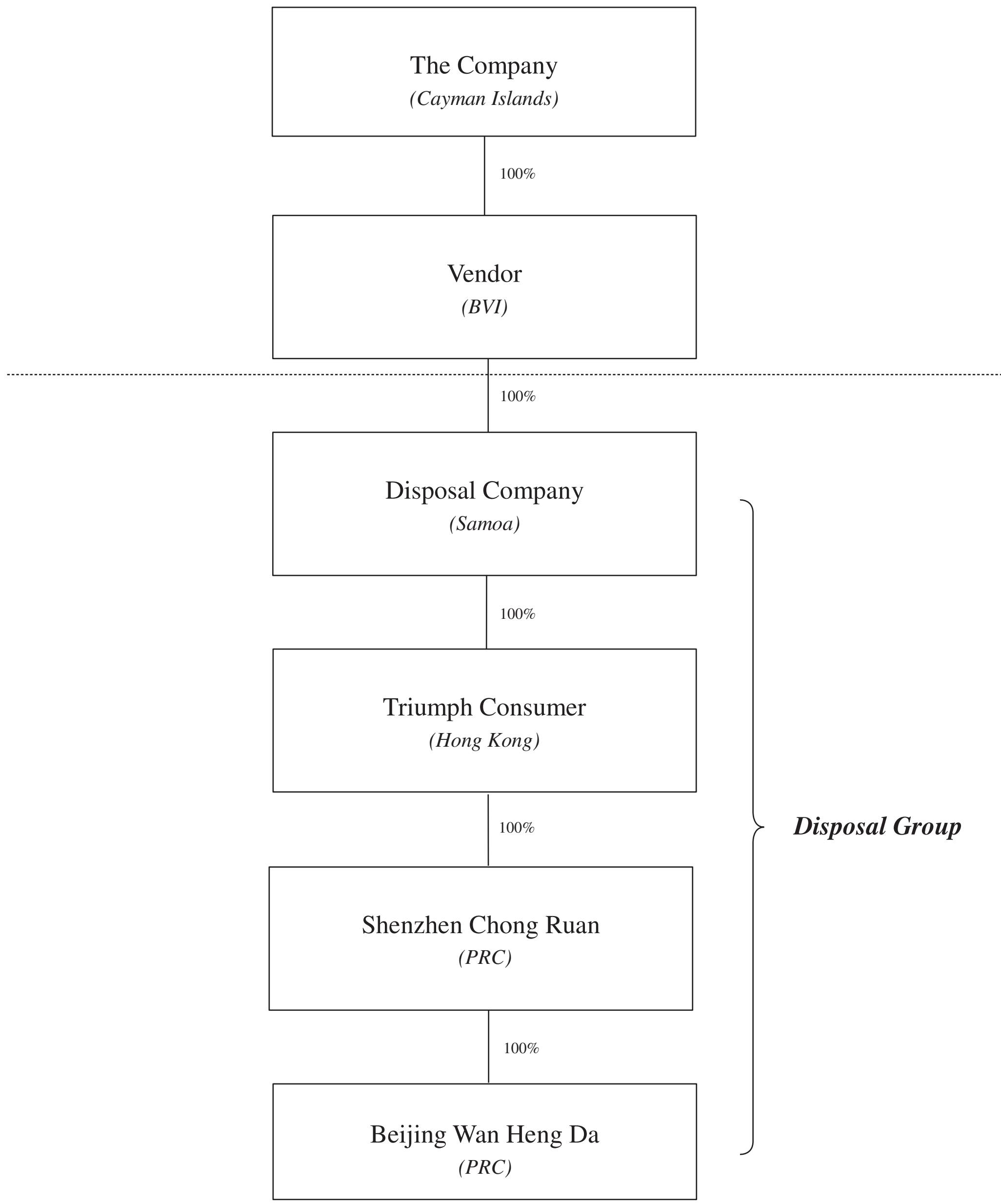
The Guarantor shall unconditionally and irrevocably agree to guarantee the performance by the Debtor of all its obligations and liabilities (the "**Guarantee on Debtor**"), including but not limited to the repayment obligations of the Debt indebted by the Debtor to the Creditors under the Debt Undertaking, 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 (including the independent non-executive Directors) 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 structure of the Disposal Group as at the Latest Practicable Date:



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 a 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 Latest Practicable Date, 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 Latest Practicable Date, 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 wholly-owned foreign 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 Latest Practicable Date, 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 Latest Practicable Date, Beijing Wan Heng Da is wholly-owned by Shenzhen Chong Ruan. The principal business scopes of Beijing Wan Heng Da include project investment, investment management, asset management, corporation management, economic contract guarantee and leasing of commercial properties. As at the Latest Practicable Date, the entire registered capital of Beijing Wan Heng Da has been fully paid up.

The principal asset of Beijing Wan Heng Da is 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-storey 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 six months ended 30 June 2018, being the date to which the latest published financial statements of the Group were made up to the Latest Practicable Date. The Beijing Property has completed the renovation work and has re-opened for business by the end of September 2018.

As at the Latest Practicable Date, 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 bank loans as stated above.

Financial information of the Disposal Group

Set out below is a summary of the unaudited consolidated financial information of the Disposal Group for the three years ended 31 December 2017 and the nine months ended 30 September 2017 and 2018 in accordance with the relevant accounting principles generally accepted in Hong Kong. Details of the unaudited financial information of the Disposal Group are set out in "Unaudited financial information of the Disposal Group" in Appendix II of this circular.

	For the year ended/as at 31 December			**For the nine months ended/as at 30 September**	
	2015	**2016**	**2017**	**2017**	**2018**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	39,623	94,984	64,471	63,603	153,930
Net (loss)/profit before taxation	(15,603)	1,092,295	32,685	48,133	59,479
Net (loss)/profit after taxation	(11,593)	832,557	2,188	17,846	54,229
Net assets	500,506	21,809	23,997	39,655	83,408

INFORMATION OF THE PURCHASER AND THE GUARANTOR

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

As at the Latest Practicable Date, 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 Latest Practicable Date, 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 (顧琦), the chairman and a director of Yinge, was the guarantor and former beneficial 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 interest of the Company and its 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.

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 moulds, plastic and other components of 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 valuation as at 30 November 2018. The consideration for the Disposal Equity is RMB100 million which is higher than the adjusted unaudited net asset value of the Disposal Group of RMB83.4 million (taking into account the fair value gain on the investment properties of approximately RMB32.2 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 letter.

Taking these into account, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement (including the Consideration, the related irrevocable guarantee and the Deed of Tax Indemnity) and the Debt Undertaking (including the related irrevocable guarantee) 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.

Possible effect on earnings

For the year ended 31 December 2017, the Group's profit attributable to owners of the Company was approximately HK$111.0 million. As presented in the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, had the Disposal been completed on 1 January 2017, the Remaining Group's profit for the year ended 31 December 2017 attributable to owners of the Company would have been approximately HK$188.9 million due to pro forma adjustments of approximately HK$77.9 million, details of which are set out in Appendix III to this circular.

Possible effect on net asset value

As at 30 June 2018, the Group's total assets and net assets were approximately HK$3,565.6 million and HK$538.7 million respectively. As illustrated in the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, had the Disposal been completed on 30 June 2018, the total assets and the net assets of the Remaining Group would have been approximately HK$1,303.2 million and approximately HK$624.2 million respectively.

Possible effect on cash flow

As at 30 June 2018, the Group's cash and cash equivalents were approximately HK$126.4 million, of which approximately 5.4% (i.e. approximately HK$6.9 million) belonged to the Disposal Group was used solely for its daily operation. As illustrated in the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, had the Disposal been completed on 30 June 2018, the cash and cash equivalents of the Remaining Group would have been approximately HK$112.1 million.

As at 31 December 2017, the Group's cash and cash equivalents were approximately HK$172.5 million, of which approximately 0.5% (i.e. approximately HK$0.8 million) belonged to the Disposal Group was used solely for its daily operation. As illustrated in the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, had the Disposal been completed on 1 January 2017, the cash and cash equivalents of the Remaining Group would have been approximately HK$77.9 million.

The unaudited financial information of the Disposal Group for each of the three years ended 31 December 2015, 2016 and 2017 and for the nine months ended 30 September 2017 and 2018 is set out in Appendix II to this circular. For further information regarding the financial implications of the Disposal on the Remaining Group, please refer to the unaudited pro forma financial information of the Remaining Group prepared pursuant to Rule 4.29 of the Listing Rules, as set out in Appendix III to this circular.

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 Latest Practicable Date, the Company had not identified any other business and investment opportunities or was not engaged in any negotiations regarding such opportunities.

FINANCIAL AND TRADING PROSPECT 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 moulds, plastic and other components for electronic products, the trading of biodiesel products and the provision of energy saving business solutions.

The Group has confidence that the demand for its irrigation controllers and other major electronic products, and the overall performance of the electronic business segment will remain to be strong during the first half of 2019. The Group will continue to devote efforts to explore new markets and new customers to broaden its customer base. The prospect of the Remaining Group is encouraged by the following factors: (i) the consistent stable demand for the Group's irrigation controllers and other major electronic products from customers with long established business relationships; (ii) its longstanding record and prominent position in the electronic products manufacturing industry; (iii) its presence in key markets; and (iv) the successful launch of new products including walkie-talkie products and intelligent educational toys in 2018 will provide additional momentum for growth in revenue.

The Company intends to maintain the Remaining Group as one of the most competitive international suppliers of high quality electronic products by (i) retaining its current management team; (ii) consolidating its market position in the market of the United States; (iii) enlarging its presence in the PRC market; (iv) optimising its efficiency on production and sourcing; and (v) expanding its production facilities and capacity at Yichun, the PRC. The management of the Company expects that the Remaining Group's businesses will continue to grow steadily in the foreseeable future.

THE LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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 Latest Practicable Date, it was in the progress of transferring the entire shareholding in the Purchaser held by Ms. Hu Zhifang (胡志芳) to the Guarantor.

As at the Latest Practicable Date, 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 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 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, comprising all the independent non-executive Directors, has been established by the Company to provide recommendation to the Independent Shareholders in respect of the Disposal and the Debt Arrangement. Pelican has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

Set out on pages EGM-1 and EGM-2 of this circular is a notice convening the EGM to be held at Tactic Room, 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 20 March 2019 at 11:00 a.m. at which the Shareholders attending the EGM in person or by proxy or corporate representative will be asked to consider and, if thought fit, to approve the relevant ordinary resolution(s) in respect of the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder.

Any Shareholder with a material interest in the Disposal and the Debt Arrangement and his/her associates will be required to abstain from voting on the resolutions approving the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish. The voting results of the EGM will be announced by the Company in accordance with the Listing Rules. The resolutions set out in the notice of the EGM would be decided by poll in accordance with the Listing Rules and the articles of association of the Company. On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his/its votes or cast all his/its votes in the same way. After the conclusion of the EGM, the poll results will be published on the website of the Stock Exchange at www.hkexnews.hk.

RECOMMENDATION

The Board (excluding Mr. Meng but including the independent non-executive Directors after taking into account the recommendations from Pelican as set out in the letter of advice from Pelican contained in this circular) considers that the terms of the Sale and Purchase Agreement (including the Consideration, the related irrevocable guarantee and the Deed of Tax Indemnity) and the Debt Undertaking (including the related irrevocable guarantee) are fair and reasonable and the Disposal and the Debt Arrangement are in the interests of the Company and the Shareholders as a whole notwithstanding the Disposal is not in the ordinary course of business of the Group. Accordingly, the Board recommends that the Independent Shareholders shall vote in favour of the ordinary resolutions which will be proposed at the EGM to approve the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Pelican and the information set out in the appendices to this circular.

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

* *For identification purpose only*

ALLTRONICS HOLDINGS LIMITED
華訊股份有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 833)

27 February 2019

To the Independent Shareholders

Dear Sir or Madam,

(I) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF BONROY LIMITED; AND (II) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DEBT ARRANGEMENT

We refer to the circular of the Company dated 27 February 2019 (the "**Circular**"), of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder and to advise you as to whether, in our opinion, the terms of the Sale and Purchase Agreement (including the Consideration, the related irrevocable guarantee and the Deed of Tax Indemnity), 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 the Disposal and the Debt Arrangement are in the interests of the Company and the Shareholders as a whole.

Pelican has been appointed as the Independent Financial Adviser to advise us and you regarding the terms of the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 25 to 43 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the Sale and Purchase Agreement, including the Consideration, the Debt Undertaking and the transactions contemplated thereunder and the advice from Pelican, we consider that the terms of the Sale and Purchase Agreement (including the Consideration, the related irrevocable guarantee and the Deed of Tax Indemnity), the Debt Undertaking (including the related irrevocable guarantee) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and the Disposal and the Debt Arrangement are in the interests of the Company and the Shareholders as a whole notwithstanding the Disposal is not in the ordinary course of business of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour for the ordinary resolutions in relation to the Sale and Purchase Agreements, the Debt Undertaking and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully,
Independent Board Committee
Alltronics Holdings Limited

Pang Kwong Wah	**Yau Ming Kim, Robert**	**Yen Yuen Ho, Tony**	**Lin Kam Sui**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of the letter of advice from Pelican, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

PELICAN FINANCIAL
百 利 勤 金 融

PELICAN FINANCIAL LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

27 February 2019

To the Independent Board Committee and the Independent Shareholders of
Alltronics Holdings Limited

Dear Sirs,

(I) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE INTERESTS IN BONROY LIMITED; AND (II) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DEBT ARRANGEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal and the Debt Arrangement. Details of the Disposal and the Debt Arrangement are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 27 February 2019 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 20 December 2018, 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 a Consideration of RMB100 million (equivalent to approximately HK$114 million). The Guarantor has agreed to provide guarantee to the Vendor in respect of all the obligations and liabilities of the Purchaser pursuant to the Sale and Purchase Agreement.

On 15 January 2019, the Vendor, the Purchaser and the Guarantor signed the Confirmation Letter pursuant to which the Vendor, the Purchaser and the Guarantor have agreed to extend the first payment date of the Consideration (the "**First Payment Date**") to not later than 15 April 2019 (the "**Extension**").

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.

As at the Latest Practicable Date, 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 Latest Practicable Date, it was in the progress of transferring the entire shareholding in the Purchaser held by Ms. Hu Zhifang (胡志芳) to the Guarantor.

As at the Latest Practicable Date, 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 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) in respect of the Disposal is above 75%, the Disposal constitutes a very substantial disposal and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and therefore is subject to the reporting, circular and the independent shareholders' approval requirements under the Listing Rules.

Upon 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) in respect of the transaction contemplated under the Debt Arrangement is above 5% but less than 25%, the Debt Arrangement will constitute a disclosable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and therefore subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Board currently comprises six executive Directors, one non-executive Director and four independent non-executive Directors. The Independent Board Committee, which is currently comprising all the independent non-executive Directors, namely Mr. Pang Kwong Wah, Mr. Yau Ming Kim, Robert, Mr. Yen Yuen Ho, Tony and Mr. Lin Kam Sui, has been established to advise the Independent Shareholders in respect of the Disposal and the Debt Arrangement. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal and the Debt Arrangement, and such appointment has been approved by the Independent Board Committee.

We are not connected with the directors, chief executive or substantial shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, there was no engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive or substantial shareholders of the Company or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the Sale and Purchase Agreement and the Debt Undertaking are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal and the Debt Arrangement are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Board Committee should advise the Independent Shareholders to vote in respect of the relevant resolution(s) to approve the Sale and Purchase Agreement and the Debt Arrangement at the EGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among others, review of the relevant agreements, documents and information provided by the Company and validated them, to a reasonable extent, with the relevant public or third-party information, market statistics and data and/or with those information, facts and representations provided, and the opinions expressed, by the Company, the Directors and/or the management of the Group. The documents reviewed include, among others, the Sale and Purchase Agreement, the annual report of the Company for the year ended 31 December 2017 (the "**Annual Report**"), the interim report of the Company for the six months ended 30 June 2018 (the "**Interim Report**"), the valuation report of the Beijing Property prepared by Independent Property Valuer (the "**Property Valuation Report**"), the financial information of the Disposal Group for the three years end 31 December 2017 and for the period from 1 January 2018 to 30 September 2018 and the Circular. In addition, we have also discussed or interviewed with the Company regarding the Disposal and the Debt Arrangement and with the Independent Property Valuer regarding the valuation of the Beijing Property. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Disposal and the Debt Arrangement, we have considered the following principal factors and reasons:

1. Background of and reasons for the Disposal and the Debt Arrangement

1.1 Background information of the 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.

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.

Set out below is the summary financial information of the Group for the two years ended 31 December 2017 as extracted from the 2017 Annual Report and for the six months ended 30 June 2018 as extracted from the 2018 Interim Report.

Summary consolidated statement of profit or loss

	For the six months ended 30 June	For the year ended 31 December	
	2018	**2017**	**2016**
	(Unaudited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
– Electronic products	602,181	1,235,370	1,015,877
– Biodiesel products	2,122	3,828	3,084
– Energy saving business	1,820	36,023	4,589
– Investment properties	126,470	65,698	–
Total revenue	**732,593**	**1,340,919**	**1,023,550**
Profit for the period/year attributable to owners of the Company	**35,350**	**110,998**	**71,758**

Summary consolidated statement of financial position

	As at 30 June	As at 31 December	
	2018	**2017**	**2016**
	(Unaudited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*
Total assets	3,565,589	3,519,401	1,089,579
Total liabilities	3,026,917	2,970,541	602,928
Net assets	538,672	548,860	486,651

For the year ended 31 December 2017, the Group's revenue increased by approximately 31.0% from approximately HK$1,023.6 million for the year ended 31 December 2016 to approximately HK$1,340.9 million for the year ended 31 December 2017. The increase was mainly due to the increase in revenue from the Group's electronic products segment and the rental income recognised from the investment properties after the acquisition of the Disposal Group. For the year ended 31 December 2017, the Group's profit attributable to owners of the Company increased by 54.6% from approximately HK$71.8 million for the year ended 31 December 2016 to approximately HK$111.0 million for the year ended 31 December 2017. The increase was mainly due to the increase in revenue from the electronic products segment, the acquisition of the Disposal Group which had resulted in a gain on bargain purchase of approximately HK$6.3 million and a gain on changes in fair value of investment properties of approximately HK$121.1 million, and the gain on deemed disposal of partial interests in an associate of approximately HK$8.4 million.

For the six months ended 30 June 2018, the Group's revenue increased by approximately 8.5% from approximately HK$675.5 million for the six months ended 30 June 2017 to approximately HK$732.6 million for the six months ended 30 June 2018. The increase was mainly due to the increase in rental income from investment properties recognised during the period. For the six months ended 30 June 2018, the Group's profit attributable to owners of the Company decreased by 38.1% from approximately HK$57.1 million for the six months ended 30 June 2017 to approximately HK$35.4 million for the six months ended 30 June 2018. The decrease was mainly due to the reduction in the gross profit margin on the Group's electronic products segment and additional expenses incurred on the relocation of production facilities from Yangxi to Yichun.

As at 30 June 2018, the Group recorded total assets, total liabilities and net assets of approximately HK$3,565.6 million, HK$3,026.9 million and HK$538.7 million respectively.

Outlook of the Group

Electronic products segment

As set out in the Interim Report, the Group expects that the demand for the Group's irrigation controllers and other major electronic products will remain stable in the second half of 2018. In addition, new products including new models of walkie-talkie products, intelligent educational toys and photolysis air purifiers is expected to provide growth in revenue in the second half of 2018 and in 2019. The Group has also set up new production facilities at Yichun for its electronic products and components in order to expand its overall production capacity to cope with the increasing demand from customers and for production of new products to be launched. It is expected that the Group will continue to explore opportunities for new electronic products with other potential customers so as to broaden its revenue base and to maintain its growth momentum.

Biodiesel products and energy saving gas stoves segment

As set out in the Interim Report, the Group expects that the revenue from its biodiesel products will remain stable during the second half of 2018. It is expected that the operations of the energy efficient gas stoves business will maintain growth in the second half of 2018.

Energy saving business

As set out in the Interim Report, the LED lighting equipment installation work for the retail stores of Suning.com Co., Limited ("**Suning**") continued during the six months ended 30 June 2018 and as at 30 June 2018, over 600 Suning's retail stores having completed the relevant installation work and has generated energy saving revenue. The Group will continue the installation work at other retail stores of Suning during the second half of 2018.

Investment properties segment

The revenue generated from the Group's investment properties segment was mainly from the rental income of the Disposal Group. Upon Completion, the Group will cease to have operation in the investment properties segment.

Looking forward, the Group will continue to explore opportunities for new products and projects with other potential customers in Hong Kong, in the PRC and overseas, and will continue to look for investment opportunity to diversify its business. Upon Completion, the Remaining Group will remain 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.

As discussed with the Company, the Group is confident that the demand for its irrigation controllers and other major electronic products and the overall performance of the electronic business segment to be strong during the first half of 2019. The Group will continue to devote efforts to explore new markets and new customers to broaden its customer base. As further discussed with the Company, the Company intends to maintain the Remaining Group as one of the most competitive international suppliers of high quality electronic products by (i) retaining its current management team; (ii) consolidating its market position in the market of the United States; (iii) enlarging its presence in the PRC market; (iv) optimising its efficiency on production and sourcing; and (v) expanding its production facilities and capacity at Yichun, the PRC. The management of the Company expects that the Remaining Group's businesses will continue to grow steadily in the foreseeable future.

1.2 Background information of the Purchaser and the Guarantor

Yingtai Holdings Limited (盈泰控股有限公司), being the Purchaser, is a company incorporated in the Cayman Islands with limited liability and is an investment holding company.

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 Latest Practicable Date, the Guarantor is the ultimate beneficial owner of the Purchaser, through the trust arrangement with Ms. Hu Zhifang (胡志芳), who holds the entire issued share capital of the Purchaser.

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

1.3 Information of the Disposal Group and the Beijing Property

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 and is an investment holding company.

Triumph Consumer is a company incorporated in Hong Kong on 17 November 2009 with limited liability and is an investment holding company. 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 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.

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 and it is wholly-owned by Shenzhen Chong Ruan. The total registered capital of Beijing Wan Heng Da is RMB570 million. The principal business scopes of Beijing Wan Heng Da include project investment, investment management, asset management, corporation management, economic contract guarantee and leasing of commercial properties.

The principal asset of Beijing Wan Heng Da is 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 is located 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 six months ended 30 June 2018, being the date to which the latest published financial statements of the Group were made up to the Latest Practicable Date. The Beijing Property has completed the renovation work and has re-opened for business by the end of September 2018.

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 in accordance with the relevant accounting principles generally accepted in Hong Kong. Details of unaudited financial information of the Disposal Group are set out in the "Unaudited financial information of the Disposal Group" in Appendix II of the Circular.

	For the nine months ended/As at 30 September	**For the year ended/ As at 31 December**	
	2018	**2017**	**2016**
	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*
Revenue	153,930	64,471	94,984
Profit before taxation	59,479	32,685	1,092,295
Profit after taxation	54,229	2,188	832,557
Net assets	83,408	23,997	21,809

The unaudited consolidated net asset value of the Disposal Group was approximately RMB83.4 million (taking into account of the fair value gain on the investment properties of approximately RMB32.2 million) as at 30 September 2018.

As appraised by the Independent Property Valuer, the aggregate market value of the Beijing Property was RMB2,028 million as at 30 November 2018. Details of the valuation of the Beijing Property are set out in Appendix V of the Circular.

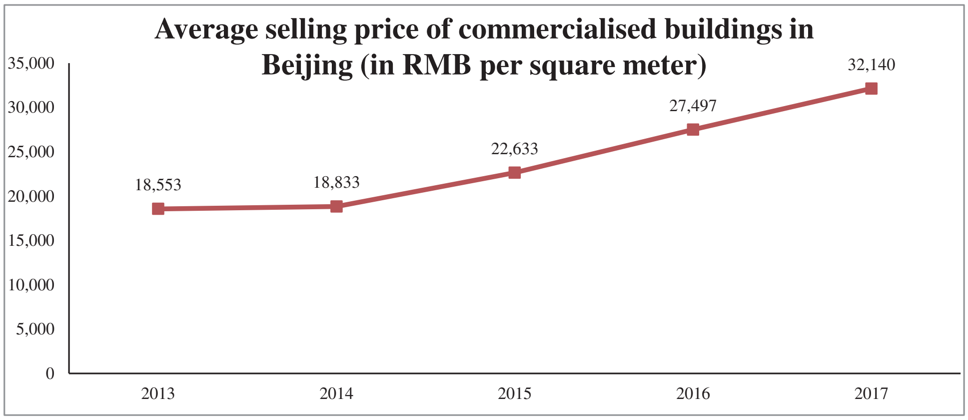
1.4 Reasons for the Disposal

The Disposal Company was acquired by the Company pursuant to the sale and purchase agreement of the acquisition of the Disposal Group on 19 September 2016 (the "**Previous Acquisition**"). The details of the Previous Acquisition were set out in the circular of the Company dated 23 December 2016 ("**Acquisition Circular**"). As set out in the Acquisition Circular, the Beijing Property was intended to be held as long-term investment until appropriate opportunity to realise the investment arises.

As set out in the sub-section "Background information of the Group" above, the Company plans to explore opportunities for new products and projects and will continue to look for investment opportunity to diversify its business. As discussed with the Company, it has been closely monitoring the market environment and business prospects of the property market in the PRC and is of the view that there is an increasingly challenging business operation environment of the property leasing market in the PRC. As such, the Company considers that the Disposal represents a good opportunity to realise its investment in the Beijing Property as it expects to recognise a gain arising from the Disposal. The financial effect from the Disposal is set out in the section "Financial effects of the Disposal and the Debt Arrangement" below. The cash flow from the Disposal is also expected to strengthen the financial position of the Group and will provide funds for the future expansion of the core manufacturing business of the Group.

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 Latest Practicable Date, the Company had not identified any other business and investment opportunities or was not engaged in any negotiations regarding such opportunities.

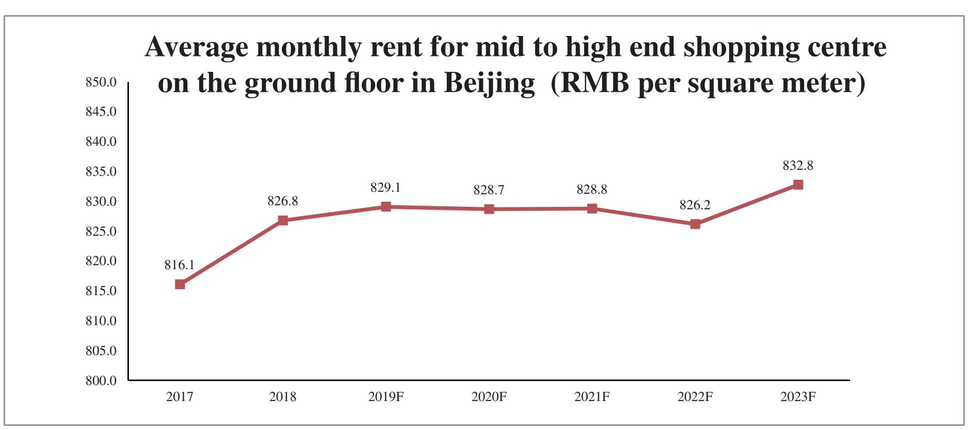
In regard to the above, we concurred with the Company that it is a good timing for the Group to realise its investment in the Beijing Property. We have reviewed the average selling price of commercialised buildings in Beijing from 2013 to 2017 as published by National Bureau of Statistics of China (please refer to the following: www.stats.gov.cn/tjsj/ndsj/2018/indexeh.htm).



Source: statistics released National Bureau of Statistics of China (please refer to the following: www.stats.gov.cn/tjsj/ndsj/2018/indexeh.htm).

As noted in the chart above, the average selling price of commercialised buildings in Beijing has increased from approximately RMB18,553 per square meter in 2013 to approximately RMB32,140 per square meter in 2017, representing a compound annual growth rate of approximately 14.7%. Given the growth trend, we are of the view that the commercial property market in Beijing has been favourable in the last few years and may have reached a favourable level given that such favourable trend may not continue for the following reasons.

According to a 23 January 2019 research report titled "Beijing Market Outlook 2019" and published by Colliers International Beijing Research ("**Colliers**") (please refer to the following: www.colliers.com/-/media/files/marketresearch/apac/china/northchina-research/colliers-beijing-2019-outlook-en.pdf), the average per square meter monthly rent for mid-to-high end shopping centre on the ground floor in Beijing from 2017 to 2023 is as follows.



Source: Colliers (please refer to the following: www.colliers.com/-/media/files/marketresearch/apac/china/northchina-research/colliers-beijing-2019-outlook-en.pdf)

As illustrated in the chart above, the average per square meter monthly rent for mid-to-high end shopping centre on the ground floor in Beijing in 2017 and 2018 was approximately RMB816.1 and RMB826.8 and therefore the 2018 rent represented an increase of approximately 1.3% from 2017. From 2019 to 2023, the average per square meter monthly rent for mid-to-high end shopping centre on the ground floor in Beijing is estimated to be approximately RMB829.1, RMB828.7, RMB828.8, RMB826.2 and RMB832.8, representing a year-on-year growth/decline of approximately 0.3%, -0.1%, 0%, -0.3% and 0.8% respectively. As such, the rental growth rate as experienced in 2018 is not expected to be replicated from 2019 to 2023. In particular, Colliers also expects that there will be negative rental growth in 2020 and 2022. Given that the rental growth from 2019 to 2023 is expected to be lower than the rental growth rate in 2018 and also that there may be negative rental growth in 2020 and 2022, we are of the view that the property market in Beijing is expected to be less favourable going forward. In addition to the above, the United States and the PRC have in around mid-2018 started to impose a series of tariffs on certain goods imported from each of the respective country (the "**Trade War**"). It is generally believed that the Trade War might have a negative impact to the economy of China. In the third quarter of 2018, China's gross domestic production recorded only a year-on-year increase of approximately 6.5% which was the lowest since the first quarter of 2009. The slower growth in the Chinese economy may affect the overall spending power in China and therefore may impact the economy in Beijing as well as the property market in Beijing (including the retail property rental market) going forward. As such, the Trade War and the lower rental growth for mid-to-high end shopping centre in Beijing from 2019 to 2023 show that the positive growth in the Beijing's property market in 2018 may not continue to persist in the coming years.

Given that (i) the commercial property market in Beijing has been favourable in the last few years; (ii) the property market in Beijing is expected to be less favourable in the coming years as illustrated by the negative rental growth for mid-to-high end shopping centre in Beijing in 2020 and 2022; and (iii) the uncertainty from the impact in the slowing Chinese economy due to the Trade War may have on Beijing's retail property market (including the retail property rental market), we concurred with the Company that the property market in Beijing has reached a favourable level after years of growth and that there is an increasingly challenging business operating environment of the property rental market in the PRC going forward.

Having considered the above and in particular (i) the uncertainty from the impact from the slowing Chinese economy due to the Trade War may have on Beijing's retail property market (including the retail property rental market); (ii) the Disposal represents a good opportunity for the Company to realise its investment in the Beijing Property for a reasonable return; and (iii) the proceeds from the Disposal will improve the financial position of the Group and will allow the Group to repay outstanding bank borrowings and allow the Group to use for the expansion of the Group's production facilities, we are of the view that whilst the entering into of the Sale and Purchase Agreement is not in the ordinary and usual course of the business of the Group, the Disposal is still fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

2. The Sale and Purchase Agreement

On 20 December 2018, 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. Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company.

On 15 January 2019 (after trading hours), the Vendor, the Purchaser and the Guarantor signed the Confirmation Letter pursuant to which the Vendor, the Purchaser and the Guarantor have agreed to extend the First Payment Date to not later than 15 April 2019.

The following is a summary of the principal terms of the Sale and Purchase Agreement. Further details of the Sale and Purchase Agreement are also set out in the Letter from the Board.

Date: 20 December 2018

Parties

Vendor: Sino Growth Holdings Limited (華生控股有限公司), a 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

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)".

Consideration and payment terms

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 unaudited net asset value of the Disposal Group (without taking into account the fair value gain on the investment properties as at 30 September 2018) 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.

The final valuation of Beijing Property is approximately RMB2,028 million (equivalent to approximately HK$2,311.9 million) as at 30 November 2018.

Payment of the Consideration

Pursuant to the Sale and Purchase Agreement and the Confirmation Letter, the Consideration shall be payable in cash by the Purchaser in accordance with the following schedule:

(i) RMB30 million (equivalent to approximately HK$34.2 million) shall be payable no later than 15 April 2019;

(ii) RMB30 million (equivalent to approximately HK$34.2 million) shall be payable within three months after Completion Date; and

(iii) RMB40 million (equivalent to 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).

Further details of the terms of the Sale and Purchase Agreement are also set out in the Letter from the Board.

Analysis on the fairness and reasonableness of the consideration

(i) Valuation methodology and assumptions

As at 30 November 2018, the Independent Property Valuer has valued the Beijing Property with a valuation of RMB2,028 million (the "**Property Valuation**").

For our due diligence of the Property Valuation, we have discussed with the Independent Property Valuer the basis of the Valuation and raised questions on areas where we require further explanation. We noted that the Property Valuation has been carried out using the term and reversion method of the income approach (or also market approach because the reversionary interests and the rate of return are market-derived by taking into account the current rent receivable from the existing agreements and the reversionary potential of the property interest). The Independent Property Valuer noted that such approach is a common valuation methodology in valuing properties similar to the Beijing Property given that the Beijing Property is subject to tenancy agreement as at the date of the valuation. In this regard, we have reviewed similar property valuations conducted by other listed companies on the Stock Exchange and noted that the methodology adopted by the Independent Property Valuer has also been adopted by other listed companies on the Stock Exchange in valuing their properties which were subject to tenancies and as such, we concurred with the Independent Property Valuer in adopting such market approach for the purposes of the Property Valuation.

Further, we have reviewed the methodology and parameters applied by the Independent Property Valuer in arriving at the Property Valuation. Having reviewed the workings and bases and assumptions by the Independent Property Valuer to conduct the Property Valuation and after having discussed with the Independent Property Valuer on the Property Valuation, we have not identified any major factor which causes us to doubt the fairness and reasonableness of the bases and assumptions adopted for or the information used in the Property Valuation and therefore we are of the view that the bases and assumption in arriving at the Property Valuation is fair and reasonable.

In addition, we have enquired the Independent Property Valuer as to its qualifications, expertise and independence. We have also reviewed the Independent Property Valuer's terms of engagement (including its scope of work). We were not aware of any irregularities and issue of independence during our discussion with the Independent Property Valuer or in our review of its qualifications.

(ii) Fairness and reasonableness of the consideration

In determining the fairness of the Consideration, we have compared it to the fair value of the equity interest of the Disposal Group. In determining the fair value of the equity interest of the Disposal Group, we have used the Property Valuation of RMB2,028 million (being the valuation of the Beijing Property) and adjusted it to include the amount of other assets and other liabilities of the Disposal Group as at 30 September 2018 of approximately RMB230.8 million and RMB2,155.4 million respectively. In this regard, the fair value of the equity interest of the Disposal Group is approximately RMB103.4 million (the "**Transaction Value**"), which is based on the financial position of the Disposal Group as at 30 September 2018, but having taken into account of the updated indication of value of the Beijing Property as at 30 November 2018. Whilst the Consideration represents a minor discount of approximately 3% to the Transaction Value, we still consider that the Consideration to be in line with the Transaction Value which is being upwardly adjusted by RMB20 million from the adjusted unaudited net asset value of the Disposal Group of RMB83.4 million (which took into account the fair value gain on the investment properties of approximately RMB32.2 million) as at 30 September 2018. Further, having considered that (i) the Consideration was determined after arm's length negotiation; (ii) 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 valuation as at 30 November 2018; (iii) the Consideration is approximately RMB16.6 million higher than the adjusted unaudited net asset value of the Disposal Group (after taking into account the fair value gain on the investment properties of approximately RMB32.2 million) of RMB83.4 million as at 30 September 2018; and (iv) the increasingly challenging business operating environment of the property rental market in the PRC due to factors such as the Trade War as set out in the sub-section "Reasons for the Disposal" above, we consider that the Consideration, which is approximately in line with the Transaction Value, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Analysis on the fairness and reasonableness of the other terms of the Sale and Purchase Agreement

We have also reviewed the other terms (i.e., payment terms, conditions precedent, completion, etc) of the Sale and Purchase Agreement and compared that to other transactions similar to the Disposal conducted by other companies listed on the Stock Exchange and the other previous property disposal transactions conducted by the Company, which showed that similar terms were also adopted by other listed companies and the Company in their property disposal transactions. Therefore, we are of the view that the other terms of the Sale and Purchase Agreement are in line with market practice and therefore we consider that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

3. The Debt Undertaking

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 following is a summary of the principal terms of the Debt Undertaking. Further details of the Debt Undertaking are also set out in the Letter from the Board.

Parties

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
Debtor:	Beijing Wan Heng Da
Guarantor:	the Guarantor, Luohe Yinge Industrial Group Company Limited* (漯河銀鴿實業集團有限公司)

Amount of Debt

The amount of Debt and any interests accrued thereon indebted by the Debtor to the Creditors shall be based on the unaudited management accounts of the Debtor 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 as released by 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 and any interests accrued thereon 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 and any interests accrued thereon under the Debt Undertaking). In the event that the Debtor fails to make repayment of the Debt and any interests accrued thereon 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.

As discussed with the Company, since the completion of the Previous Acquisition, the Group has provided financial assistance to Beijing Wan Heng Da amounting to approximately RMB189.8 million as at 30 September 2018. After Completion, the Group will have no interest in the Beijing Property project and/or the Disposed Group and therefore we are of the view that the Debt Arrangement is a formal arrangement for the Group to receive full repayment of the Debt which the Group has provided to Beijing Wan Heng Da previously. The repayment of the Debt to the Group will also allow the Remaining Group to strengthen its financial position as well as to provide funds for future expansion of its core manufacturing business. Further, given that the Group shall earn a 2% interest from the amount of Debt provided from Alltronics Energy Saving (Shenzhen) Limited to Beijing Wan Heng Da, which we consider the interest rate to be fair and reasonable given that it is above the 12-month RMB time deposit interest rate of 1.5% as promulgated by the People's Bank of China in the PRC and the 12-month time deposit interest rate as offer by banks in Hong Kong (the 12-month time deposit interest rate offer by HSBC is 0.4% to 0.45%), and also that there is a Guarantor who shall unconditionally and irrevocably agree to guarantee the performance by the Debtor of all its obligations and liabilities, we are of the view that the Debt Arrangement is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

4. 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.

Possible effect on earnings

For the year ended 31 December 2017, the Group's profit attributable to owners of the Company was approximately HK$111.0 million. As set out in Appendix III of the Circular, had the Disposal been completed on 1 January 2017, the Remaining Group's profit for the year ended 31 December 2017 attributable to owners of the Company would have been approximately HK$188.9 million due to pro forma adjustments of approximately HK$77.9 million.

Possible effect on net asset value

As at 30 June 2018, the Group's total assets and net assets were approximately HK$3,565.6 million and HK$538.7 million respectively. As set out in Appendix III of the Circular, had the Disposal been completed on 30 June 2018, the total assets and the net assets of the Remaining Group would have been approximately HK$1,303.2 million and approximately HK$624.2 million respectively.

Possible effect on cash flow

As at 30 June 2018, the Group's cash and cash equivalents were approximately HK$126.4 million, of which approximately 5.4% (i.e. approximately HK$6.9 million) belonged to the Disposal Group which was used solely for its daily operation. As set out in Appendix III of the Circular, had the Disposal been completed on 30 June 2018, the cash and cash equivalents of the Remaining Group would have been approximately HK$112.1 million.

As at 31 December 2017, the Group's cash and cash equivalents were approximately HK$172.5 million, of which approximately 0.5% (i.e. approximately HK$0.8 million) belonged to the Disposal Group which was used solely for its daily operation. As set out in Appendix III of the Circular, had the Disposal been completed on 1 January 2017, the cash and cash equivalents of the Remaining Group would have been approximately HK$77.9 million.

RECOMMENDATIONS

Having considered the principal factors discussed above and in particular the following:

(i) the Remaining Group will be able 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 upon Completion;

(ii) it is expected that the Group will be able to recognise a gain and obtain positive cash flow from the Disposal and that the Disposal represents a good opportunity for the Company to realise its investment in the Beijing Property for a reasonable return;

(iii) the proceeds from the Disposal will strengthen the financial position of the Group and will provide funds for the future expansion of the Group;

(iv) the Consideration was determined after arm's length negotiations and is also approximately the same as the Transaction Value;

(v) the Debt Arrangement is a formal arrangement for the Group to receive full repayment of the Debt which the Group has provided to Beijing Wan Heng Da previously; and

(vi) the Group shall earn interest from the amount of Debt provided from Alltronics Energy Saving (Shenzhen) Limited to Beijing Wan Heng Da and also that there is a Guarantor who shall unconditionally and irrevocably agree to guarantee the performance by the Debtor of all its obligations and liabilities,

we consider that whilst the entering into of the Sale and Purchase Agreement is not in the ordinary and usual course of the business of the Group, the terms of the Sale and Purchase Agreement and the Debt Undertaking are still on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal and the Debt Arrangement are also in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution(s) in respect of the Sale and Purchase Agreement and the Debt Arrangement at the EGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li^
Director

^ Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 28 years of experience in the accounting and financial services industry.

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published audited consolidated financial statements of the Group for each of the three years ended 31 December 2015, 2016 and 2017 and the unaudited interim financial statements for the six months period ended 30 June 2018 were disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/alltronics/index.htm).

- Annual report of the Company for the year ended 31 December 2017 (pages 61 to 141), http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0425/LTN20180425293.pdf;

- Annual report of the Company for the year ended 31 December 2016 (pages 53 to 125), http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0425/LTN201704251421.pdf;

- Annual report of the Company for the year ended 31 December 2015 (pages 37 to 107), http://www3.hkexnews.hk/listedco/listconews/SEHK/2016/0426/LTN201604261091.pdf; and

- Interim report of the Company for the six months period ended 30 June 2018 (pages 2 to 35), http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0921/LTN20180921399.pdf.

2. INDEBTEDNESS OF THE GROUP

At the close of business on 31 December 2018, being the latest practicable date prior to the printing of this circular and for the purpose of this indebtedness statement, the Group had outstanding interest-bearing bank loans and other borrowings of approximately HK$2,105.1 million, comprising unsecured bank loans of approximately HK$298.3 million, secured bank loans of approximately HK$1,778.9 million, unsecured bank overdrafts of approximately HK$22.9 million, secured bank overdrafts of approximately HK$4.6 million and obligations under finance leases of approximately HK$0.4 million.

As at 31 December 2018, the Group's bank loans and other borrowings were secured by certain leasehold property, investment properties, trade receivables and fixed deposits of the Group of approximately HK$173.5 million, HK$2,310.2 million, HK$0.8 million and HK$6.6 million, respectively.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 December 2018, the Group did not have any other outstanding mortgages, charges, debentures, outstanding bank loans, bank overdrafts, finance lease commitments or other loan capital, guarantees or other material contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, the Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 December 2018.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the Disposal and the financial resources available to the Group, including internally generated funds and banking facilities, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

Since 31 December 2017, due to the reduction in gross profit margins for certain electronic products and one-off expenses being incurred for relocation of certain production facilities of the Group from Yangxi to Yichun, the overall business performance of the Group for the six months ended 30 June 2018 was adversely affected and a profit warning announcement has been issued by the Company on 21 August 2018. The Group is currently reviewing its financial performance for the year ended 31 December 2018 and will make further announcement(s) of any material development as and when appropriate.

As at the Latest Practicable Date, save as disclosed above, the Directors confirmed that there was no material adverse change in the financial or trading position or prospects of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made.

Set out below are the unaudited consolidated financial information of Bonroy Limited (the "**Bonroy**") and its subsidiaries (collectively the "**Bonroy Group**") which comprises the unaudited consolidated statements of financial position of the Bonroy Group as at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018 and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the Bonroy Group for each of the three years ended 31 December 2015, 31 December 2016 and 31 December 2017 and for the nine months ended 30 September 2017 and 30 September 2018, and certain explanatory notes (altogether the "**Unaudited Financial Information**").

The Unaudited Financial Information has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange and the bases of preparation and presentation as set out in Note 2 to the Unaudited Financial Information. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal. The Company's auditor, Ernst & Young, was engaged to review the Unaudited Financial Information of the Bonroy Group as set out on pages II-1 to II-10 of this circular in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion. Based on their review on the Unaudited Financial Information, nothing has come to their attention that causes them to believe that the Unaudited Financial Information of the Bonroy Group is not prepared, in all material respects, in accordance with the basis of preparation and presentation as set out in Note 2.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 December 2015, 31 December 2016, 31 December 2017 and nine months ended 30 September 2017 and 30 September 2018

	As at 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	39,623	94,984	64,471	63,603	153,930
Other income	21	34	19	16	2,282
Distribution cost	–	–	(1,957)	–	–
Administrative expenses	(2,139)	(17,899)	(25,732)	(21,162)	(64,460)
Changes in fair value of investment properties	(7,300)	1,045,400	104,900	85,900	50,000
Other expenses	(5,208)	(7,490)	(4,869)	(1,848)	–
Finance costs	(40,600)	(22,734)	(104,147)	(78,376)	(82,273)
PROFIT/(LOSS) BEFORE TAX	(15,603)	1,092,295	32,685	48,133	59,479
Income tax expense	3,650	(259,738)	(30,497)	(30,287)	(5,250)
PROFIT/(LOSS) FOR THE YEAR/PERIOD	(11,953)	832,557	2,188	17,846	54,229
Attributable to:					
Owners of the parent	(11,953)	832,557	2,188	17,846	54,229
PROFIT/(LOSS) FOR THE YEAR/PERIOD	(11,953)	832,557	2,188	17,846	54,229
OTHER COMPREHENSIVE INCOME	–	–	–	–	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	(11,953)	832,557	2,188	17,846	54,229
Attributable to:					
Owners of the parent	(11,953)	832,557	2,188	17,846	54,229

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015, 31 December 2016, 31 December 2017 and 30 September 2018

	As at 31 December			Nine months ended 30 September
	2015	**2016**	**2017**	**2018**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	47	203	884	117
Investment properties	807,700	1,853,100	1,958,000	2,008,000
Total non-current assets	807,747	1,853,303	1,958,884	2,008,117
CURRENT ASSETS				
Trade receivables	301	8,852	8,852	141,787
Deposits and other receivables	8,586	66,306	91,364	88,838
Cash and cash equivalents	1,259	69,219	658	96
Total current assets	10,146	144,377	100,874	230,721
CURRENT LIABILITIES				
Trade payables	10	–	–	–
Deposits received, other payables and accruals	200,212	98,968	129,362	242,485
Tax payables	–	–	–	1,296
Interest-bearing bank borrowings	–	–	200,000	200,000
Total current liabilities	200,222	98,968	329,362	443,781
NET CURRENT ASSETS/(LIABILITIES)	(190,076)	45,409	(228,488)	(213,060)
TOTAL ASSETS LESS CURRENT LIABILITIES	617,671	1,898,712	1,730,396	1,795,057

	As at 31 December			Nine months ended 30 September
	2015	**2016**	**2017**	**2018**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Deferred tax liabilities	117,165	376,903	406,399	411,649
Interest-bearing bank borrowings	–	1,500,000	1,300,000	1,300,000
Total non-current liabilities	117,165	1,876,903	1,706,399	1,711,649
Net assets	500,506	21,809	23,997	83,408
EQUITY				
Reserves	500,506	21,809	23,997	83,408
Total equity	500,506	21,809	23,997	83,408

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2015, 31 December 2016, 31 December 2017 and nine months ended 30 September 2017 and 30 September 2018

	Issued capital (Unaudited) *RMB'000*	Capital reserve (Unaudited) *RMB'000*	Merger reserve (Unaudited) *RMB'000*	Retained profits (Unaudited) *RMB'000*	Total (Unaudited) *RMB'000*
At 1 January 2016	–	39,753	–	460,753	500,506
Profit for the year	–	–	–	832,557	832,557
Total comprehensive income for the year	–	–	–	832,557	832,557
Debt conversion	–	450,000	–	–	450,000
Dividends Declared	–	–	–	(1,191,254)	(1,191,254)
Consideration paid for business combination under common control	–	–	(570,000)	–	(570,000)
At 31 December 2016 and 1 January 2017	–	489,753	(570,000)	102,056	21,809
Profit for the year	–	–	–	2,188	2,188
Total comprehensive income for the year	–	–	–	2,188	2,188
At 31 December 2017 and 1 January 2018	–	489,753	(570,000)	104,244	23,997
Profit for the period	–	–	–	54,229	54,229
Total comprehensive income for the period	–	–	–	54,229	54,229
Shareholders' donation	–	5,182	–	–	5,182
At 30 September 2018	–	494,935	(570,000)	158,473	83,408
At 31 December 2016 and 1 January 2017	–	489,753	(570,000)	102,056	21,809
Profit for the period	–	–	–	17,846	17,846
Total comprehensive income for the period	–	–	–	17,846	17,846
At 30 September 2017	–	489,753	(570,000)	119,902	39,655

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2015, 31 December 2016, 31 December 2017 and nine months ended 30 September 2017 and 30 September 2018

	As at 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax	(15,603)	1,092,295	32,685	48,133	59,479
Adjustments for:					
Finance costs	40,600	22,734	104,147	78,376	82,273
Bank interest income	(21)	(34)	(17)	(2)	(7)
Depreciation	6	72	56	42	42
Changes in fair value of investment properties	7,300	(1,045,400)	(104,900)	(85,900)	(50,000)
	32,282	69,667	31,971	40,649	91,787
Increase in trade receivables	(26)	(8,551)	–	–	(132,935)
Decrease/(increase) in prepayments, deposits and other receivables	(5,123)	(57,720)	(25,058)	3,363	2,526
Decrease in trade payables	–	(10)	–	–	–
Increase/(decrease) in deposits received, other payables and accruals	(1,068)	(485,545)	(57,019)	(67,859)	73,076
Cash received from operations	26,065	(482,159)	(50,106)	(23,847)	34,454
Interest received	21	34	17	2	7
Income tax payment	–	–	(1,000)	(1,000)	–
Net cash flows from/(used in) operating activities	26,086	(482,125)	(51,089)	(24,845)	34,461

	As at 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(38)	(228)	(737)	(5)	–
Disposal of property, plant and equipment	–	–	–	–	725
Decrease in pledged time deposits	20,000	–	–	–	–
Net cash flows from/(used in) investing activities	19,962	(228)	(737)	(5)	725
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank loans	956,186	1,500,000	–	–	–
Repayment of bank loans and other borrowing	(994,000)	–	–	–	–
Interest paid	(7,295)	(19,687)	(121,011)	(82,083)	(110,681)
Dividend paid	–	(930,000)	–	–	–
Obtained shareholder's loan	–	–	104,276	40,099	74,933
Net cash flows used in financing activities	(45,109)	550,313	(16,735)	(41,984)	(35,748)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	939	67,960	(68,561)	(66,834)	(562)
Cash and cash equivalents at beginning of year/period	320	1,259	69,219	69,219	658
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	1,259	69,219	658	2,385	96
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at end of year/period	1,259	69,219	658	2,385	96

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Bonroy Limited ("**Bonroy**") was incorporated in Samoa and principally engaged in investment holding. Particulars of Bonroy's subsidiaries are as follows:

Name	Place of registration and business operation	Issued/registered share capital	Percentage of equity attributable to the Bonroy Direct %	Percentage of equity attributable to the Bonroy Indirect %	Principal activities
Triumph Consumer Goods Limited (創富日用品有限公司)	Hong Kong	10,000 ordinary shares totaling HK$10,000	100	–	Investment holding
Shenzhen Chong Ruan Finance Lease Company Limited ("**Shenzhen Chong Ruan**") (深圳市創潤融資租賃有限公司)	PRC	Registered capital of US$15,000,000	–	100	Investment holding
Beijing Wan Heng Da Investment Limited ("**Beijing Wan Heng Da**") (北京萬恒達投資有限公司)	PRC	Registered capital of RMB570,000,000	–	100	Property leasing

On 20 December 2018, Sino Growth Holdings Limited ("**Sino Growth**"), a wholly-owned subsidiary of Alltronics Holdings Limited (the "**Issuer**") reached an agreement and entered into a sale and purchase agreement with Yingtai Holdings Limited, pursuant to which Sino Growth agreed to sell, and Yingtai Holdings Limited agreed to acquire, the entire issued share capital of Bonroy and the outstanding loans owed by Beijing Wan Heng Da to the Issuer and one of its subsidiary (the "**Disposal**"). Upon completion of the Disposal, Bonroy and its subsidiaries (the "**Bonroy Group**") will cease to be subsidiaries of the Issuer.

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The unaudited financial information of the Bonroy Group (the "**Unaudited Financial Information**") has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange, and solely for the purposes of inclusion in this circular to be issued by the Issuer in connection with the Disposal.

The Unaudited Financial Information of the Bonroy Group has been prepared on the historical cost basis, except for investment properties which are measured at fair value. The Unaudited Financial Information of the Bonroy Group has been prepared using the same accounting policies adopted by the Issuer in the preparation of the consolidated financial statements of the Issuer for each of the three years ended 31 December 2015, 31 December 2016, 31 December 2017, and for the nine months ended 30 September 2017 and 30 September 2018, for respective years and periods, which conform with the Hong Kong Financial Reporting Standards issue by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The Unaudited Financial Information is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

As at 30 September 2018, the Bonroy Group had net current liabilities of approximately RMB213,060,000. The Bonroy Group's ability to repay its debts when they fall due relies heavily on its future operating cash flow and the financial support from the Issuer. These Unaudited Financial Information of the Bonroy Group have been prepared on a going concern basis notwithstanding the fact that the Bonroy Group had net current liabilities at the end of the reporting period as the Issuer will provide continuing financial support to the Bonroy Group to meet its liabilities as and when they fall due.

The Unaudited Financial Information of the Bonroy Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" issued by the HKICPA nor an interim report as defined in Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the HKICPA.

3. CHANGES IN ACCOUNTING POLICIES

The Bonroy Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are mandatorily effective as of 1 January 2018 for the nine months ended 30 September 2018.

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers and related amendments
Amendments to HKAS 40	Transfers of investment property

The application of the above new and amendments to HKFRSs in the period has had no material impact on the amounts and/or disclosures reported in the Unaudited Financial Information.

Further information about HKFRS 15 and HKFRS 9 is described below:

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Bonroy Group adopted HKFRS 15 using the modified retrospective method of adoption. The Bonroy Group mainly engages in operation of investment properties.

The application of HKFRS 15 in the period has had no material impact on the amounts and/or disclosures reported in these the Unaudited Financial Information.

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together two aspects of the accounting for financial instruments: classification and measurement; and impairment.

(a) Classification and measurement

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("**FVPL**"), amortised cost, or fair value through other comprehensive income ("**FVOCI**"). The classification is based on two criteria: the Bonroy Group's business model for managing the assets; and whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "**SPPI**" criterion).

The new classification and measurement of the Bonroy Group's financial assets are as follows:

Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Bonroy Group's trade receivables and financial assets included in prepayments, deposits and other receivables.

The adoption of HKFRS 9 has not had a significant effect on the Bonroy Group's accounting policies related to financial liabilities.

(b) Impairment

The adoption of HKFRS 9 has fundamentally changed the Bonroy Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. HKFRS 9 requires the Bonroy Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bonroy Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Bonroy Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

As at 30 September 2018, the Bonroy Group has applied the simplified approach and recorded lifetime ECLs on trade receivables, and general approach and recorded 12-month ECLs on financial assets included in prepayments, deposits and other receivables. The Bonroy Group determined that there are no significant financial impact arising from these changes.

Amendments to HKAS 40

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The amendments have any significant impact on the Unaudited Financial Information.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The accompanying unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively referred to as the "**Unaudited Pro Forma Financial Information**") have been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects upon completion of the Disposal.

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2018 which has been extracted from the Group's published interim report for the six months ended 30 June 2018, after taking into account the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the Disposal had been completed on 30 June 2018.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the unaudited consolidated statement of profit or loss, unaudited consolidated statement of comprehensive income and unaudited consolidated statement of cash flows of the Group for the year ended 31 December 2017 as extracted from the Group's published annual report for the year ended 31 December 2017, after taking into account the pro forma adjustments relating to the Disposal that are (i) clearly shown and explained; (ii) directly attributable to the Disposal and not relating to future events or decisions; and (iii) factually supportable, as explained in the accompanying notes, as if the Disposal had been completed on 1 January 2017.

The accompanying Unaudited Pro Forma Financial Information of the Remaining Group is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Remaining Group upon completion of the Disposal. As the Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Remaining Group following the completion of the Disposal and does not purport to describe the actual results of operations, financial position and cash flows of the Remaining Group that would have been attained had the Disposal been completed on the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial Information of the Remaining Group does not purport to predict the future financial position, results of operations or cash flows of the Remaining Group after completion of the Disposal.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared in accordance with paragraph 29 of Chapter 4 and paragraph 68(2)(a)(ii) of Chapter 14 of the Listing Rules. The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the unaudited financial information of the Bonroy Group as set out in Appendix II to this circular and other information included elsewhere in this circular.

REMAINING GROUP UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	The Group	Pro forma adjustments		Pro forma Remaining Group
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
NON-CURRENT ASSETS				
Property, plant and equipment	237,963	(155)	–	237,808
Prepaid land lease payments	1,595	–	–	1,595
Goodwill	11,672	–	–	11,672
Investments in associates	50,071	–	–	50,071
Prepayments, deposits and other receivables	14,363	(153)	–	14,210
Long term receivables	13,173	–	–	13,173
Investment properties	2,340,112	(2,340,112)	–	–
Deferred tax assets	4,863	–	–	4,863
Total non-current assets	2,673,812	(2,340,420)	–	333,392
CURRENT ASSETS				
Inventories	252,375	–	–	252,375
Long term receivable – current portion	29,371	–	–	29,371
Trade receivables	307,722	(121,765)	–	185,957
Prepayments, deposits and other receivables	167,179	(89,790)	303,879	381,268
Pledged bank deposits	8,731	–	–	8,731
Cash and cash equivalents	126,399	(6,879)	(7,422)	112,098
Total current assets	891,777	(218,434)	296,457	969,800
CURRENT LIABILITIES				
Trade and bills payables	227,850	–	–	227,850
Other payables and accruals	123,012	(74,077)	–	48,935
Deferred revenue	2,401	–	–	2,401
Tax payable	16,107	–	–	16,107
Interest-bearing bank and other borrowings	617,379	(236,883)	–	380,496
Due to the Remaining Group	–	(185,438)	185,438	–
Total current liabilities	986,749	(496,398)	185,438	675,789

	The Group	Pro forma adjustments		Pro forma Remaining Group
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
NET CURRENT ASSETS/(LIABILITIES)	(94,972)	277,964	111,019	294,011
TOTAL ASSETS LESS CURRENT LIABILITIES	2,578,840	(2,062,456)	111,019	627,403
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	1,539,951	(1,539,737)	–	214
Deferred revenue	2,971	–	–	2,971
Deferred tax liabilities	497,246	(497,246)	–	–
Total non-current liabilities	2,040,168	(2,036,983)	–	3,185
Net assets	538,672	(25,473)	111,019	624,218
EQUITY				
Share capital	9,461	–	–	9,461
Reserves	524,643	(25,473)	111,019	610,189
Equity attributable to owners of the Company	534,104	(25,473)	111,019	619,650
Non-controlling interests	4,568	–	–	4,568
Total equity	538,672	(25,473)	111,019	624,218

REMAINING GROUP UNAUDITED CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	The Group	Pro forma adjustments		Pro forma Remaining Group
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 4)	*(Note 5)*	*(Note 7)*	
REVENUE	1,340,919	(65,698)	–	1,275,221
Cost of sales	(998,655)	–	–	(998,655)
Gross profit	342,264	(65,698)	–	276,566
Distribution costs	(23,065)	2,350	–	(20,715)
Administrative expenses	(131,502)	29,085	(1,500)	(103,917)
Other operating expense, net	(14,486)	5,866	–	(8,620)
Gain/(loss) on changes in fair value of investment properties	121,104	(121,104)	–	–
Gain on disposal of the Bonroy Group	–	–	87,277	87,277
Operating profit	294,315	(149,501)	85,777	230,591
Gain on deemed disposal of partial interests in an associate	(794)	–	–	(794)
Share of losses of associates – net	8,370	–	–	8,370
Finance income	3,897	–	–	3,897
Finance Cost	(121,712)	111,683	–	(10,029)
PROFIT BEFORE TAX	184,076	(37,818)	85,777	232,035
Income tax expense	(65,107)	35,521	(5,581)	(35,167)
PROFIT FOR THE YEAR	118,969	(2,297)	80,196	196,868
Attributable to:				
Owners of the Company	110,998	(2,297)	80,196	188,897
Non-controlling interests	7,971	–	–	7,971
	118,969	(2,297)	80,196	196,868

REMAINING GROUP UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	The Group	Pro forma adjustments		Pro forma Remaining Group
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 4)	*(Note 5)*	*(Note 7)*	
PROFIT FOR THE YEAR	118,969	(2,297)	80,196	196,868
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	13,673	4,331	–	18,004
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	13,673	4,331	–	18,004
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	132,642	2,034	80,196	214,872
Attributable to:				
Owners of the Company	125,453	2,034	80,196	207,683
Non-controlling interests	7,189	–	–	7,189
	132,642	2,034	80,196	214,872

REMAINING GROUP UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	The Group	Pro forma adjustments		Pro forma Remaining Group
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 4)	*(Note 6)*	*(Note 7)*	
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	184,076	(37,818)	85,777	232,035
Adjustments for:				
Amortisation of non-current prepayments	6,161	–	–	6,161
Amortisation of prepaid land lease payments	50	–	–	50
Finance costs	121,712	(111,683)	–	10,029
Finance income	(3,897)	17	–	(3,880)
Share of losses of associates – net	794	–	–	794
Gain on disposal of property, plant and equipment	1	–	–	1
Depreciation	17,024	(64)	–	16,960
Gain on changes in fair value of investment properties	(121,104)	121,104	–	–
Realised gain on disposal of equity investments at fair value through profit or loss	(5)	–	–	(5)
Gain on bargain purchase	(6,263)	–	–	(6,263)
Gain on deemed disposal of partial interests in an associate	(8,370)	–	–	(8,370)
Gain on disposal of the Bonroy Group	–	–	(87,277)	(87,277)
	190,179	(28,444)	(1,500)	160,235
Increase in inventories	(35,542)	–	–	(35,542)
Increase in trade receivables	(15,392)	–	–	(15,392)
Increase in long term receivables	(12,851)	–	–	(12,851)
Decrease/(increase) in prepayments, deposits and other receivables	(56,732)	20,371	(121,009)	(157,370)
Decrease in deferred revenue	4,430	–	–	4,430
Increase in trade and bills payables	9,752	4,098	–	13,850
Decrease in other payables and accruals	(10,773)	(20,192)	–	(30,965)
Decrease in trust receipt loans	708	–	–	708
Cash generated from operations	73,779	(24,167)	(122,509)	(72,897)
Interest income	3,897	(17)	–	3,880
Interest paid	(121,712)	145,289	–	23,577
Income tax paid	(28,152)	–	(5,581)	(33,733)
Net cash generated from operating activities	(72,188)	121,105	(128,090)	(79,173)

	The Group	Pro forma adjustments		Pro forma Remaining Group
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 4)	*(Note 6)*	*(Note 7)*	
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	(28,762)	832	–	(27,930)
Proceeds from disposal of items of property, plant and equipment	1,445	–	–	1,445
Increase in a long term receivables	(14,263)	–	–	(14,263)
Disposal of the Bonroy Group	–	–	34,358	34,358
Loan to the Bonroy Group	–	–	(121,009)	(121,009)
Proceeds from acquisition consideration	1,720	–	–	1,720
Decrease in investments in associates	4	–	–	4
Disposal of financial assets at fair value through profit or loss	432	–	–	432
Increase in pledged bank deposits	(22)	–	–	(22)
Net cash used in investing activities	(39,446)	832	(86,651)	(125,265)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital element of finance lease payments	(1,006)	–	–	(1,006)
Dividends paid	(70,433)	–	–	(70,433)
New bank and other borrowings	95,597	–	–	95,597
Repayment of bank and other borrowings	(98,341)	–	–	(98,341)
Loan from the Remaining Group	–	(121,009)	121,009	–
Net cash used in financing activities	(74,183)	(121,009)	121,009	(74,183)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(185,817)	928	(93,732)	(278,621)
Cash and cash equivalents at beginning of year	329,868	(1,720)	–	328,148
Effect of foreign exchange rate changes, net	8,879	–	–	8,879
CASH AND CASH EQUIVALENTS AT END OF YEAR	152,930	(792)	(93,732)	58,406
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents as stated in the statement of financial position	172,464	(792)	(93,732)	77,940
Bank overdrafts	(19,534)	–	–	(19,534)
Cash and cash equivalents as stated in the statement of cash flows	152,930	(792)	(93,732)	58,406

Notes:

1. The unadjusted unaudited consolidated statement of financial position of the Group as at 30 June 2018 are extracted from the published interim report for the six months period ended 30 June 2018.

2. The pro forma adjustment represents the exclusion of assets and liabilities of the Bonroy Group as at 30 June 2018 as if the Disposal had been completed on 30 June 2018. The assets and liabilities for the Bonroy Group as at 30 June 2018 have been extracted from the unaudited consolidated statement of financial position of the Bonroy Group as at 30 June 2018. The exchange rate adopted for the purpose of the compilation of the Unaudited Pro Forma Financial Information is RMB0.8443 to HK$1 for statement of financial position.

3. The adjustment represents: (i) the estimated gross proceeds of HK$303 million from the Disposal, comprising the consideration for the disposal of the entire issued share capital of Bonroy of HK$118 million and the consideration for the Debt of HK$185 million; (ii) the estimated transaction costs directly attributable to the Disposal of HK$1.5 million; (iii) the estimated tax directly attributable to the Disposal of RMB5 million (equivalent to HK$6 million); and (iv) the estimated gain on the Disposal of HK$91 million as if the Disposal had been completed on 30 June 2018.

   The calculation of the estimated gain on the Disposal to be recognised in profit or loss, as if the Disposal had been completed on 30 June 2018, is as follows:

	Notes	*HK$'000*
Total cash consideration	*(i)*	303,879
De-recognition of the net assets of the Bonroy Group as at 30 June 2018	*(ii)*	(25,473)
The Debt due from Bonroy Group	*(i)(a)*	(185,438)
Reallocation of exchange reserve of the Bonroy Group	*(iii)*	(1,828)
Gain on the Disposal as if the Disposal had been completed on 30 June 2018		91,140
Estimated transaction costs	*(iv)*	(1,500)
Income tax effect	*(v)*	(5,922)
Gain on the Disposal as if the Disposal had been completed on 30 June 2018, net of estimated transaction costs and tax		83,718

   Notes:

   (i) The amount represented the consideration for the entire issued share capital of Bonroy of RMB100 million (equivalent to HK$118 million) and the consideration for the disposal of the Debt due from Bonroy Group of HK$185 million as follows:

	Note	*HK$'000*
Cash consideration for the disposal of the entire issued share capital of Bonroy		118,441
Cash consideration for the disposal of the Debt as of 30 June 2018	*(a)*	185,438
		303,879

(a) The balance comprise (i) an interest-free principal amount of approximately HK$173 million from Alltronics Holdings Limited; and (ii) a principal amount of RMB11 million from Alltronics Energy Saving (Shenzhen) Limited, the wholly owned subsidiary of Alltronics Holdings Limited, at the interest rate of 2% per annum. Therefore, the gross proceeds from the disposal of the shareholder's loans are estimated to be HK$185 million (together as the "**Debt**"). The exchange rate of RMB0.8443 to HK$1.00 was used for translating the cash consideration, income tax, and the Debt.

(ii) The amount of net assets of the Bonroy Group represents the amount of HK$25 million extracted from the unaudited consolidated statement of financial position of the Bonroy Group as at 30 June 2018.

(iii) The amount represents exchange reserve of the Bonroy Group to be reallocated to profit or loss as if the Disposal had been completed on 30 June 2018.

(iv) The transaction costs represent professional fees directly attributable to the Disposal which are estimated to be HK$1.5 million and it is assumed that the fees will be settled by cash.

(v) The amount represents tax on estimated capital gain on disposal of the Bonroy Group as if the Disposal had been completed on 30 June 2018. According to the Sale and Purchase Agreement, the expense of taxation should be borne equally between the Vendor and the Purchaser.

Actual gain on disposal arising from the Disposal depends on actual proceeds from the Disposal, actual amount of net assets of the Bonroy Group, and actual amount of exchange reserve of the Bonroy Group to be reallocated to profit or loss on the completion date. Therefore, the actual gain on disposal shall be different from the amount calculated in the above table.

4. The audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated cash flow statement of the Group for the year ended 31 December 2017 are extracted from the published annual report for the year ended 31 December 2017.

5. These adjustments represent the exclusion of the results of the Bonroy Group for the period from 24 January 2017 (the "**Acquisition Date**") on which the Group completed the acquisition of Bonroy Group, to 31 December 2017, which were extracted from the unaudited consolidated statement of profit or loss, the unaudited consolidated statement of comprehensive income of the Bonroy Group for the period from the Acquisition Date to 31 December 2017. The exchange rate adopted for the purpose of the compilation of the Unaudited Pro Forma Financial Information is RMB0.8673 to HK$1 for income statement.

6. These adjustments represent the exclusion of the cash flows of the Bonroy Group for the period from the Acquisition Date to 31 December 2017, which were extracted from the unaudited consolidated statement of cash flows of the Bonroy Group for the period from the Acquisition Date to 31 December 2017.

7. The adjustment represents: (i) the estimated transaction costs directly attributable to the Disposal of HK$1.5 million; (ii) the estimated tax directly attributable to the Disposal of RMB5 million (equivalent to HK$5.6 million at an exchange rate of RMB0.8959 to HK$1.00); and (iii) the estimated gain on the Disposal of HK$87 million as if the Disposal had been completed on 1 January 2017. The calculation of the estimated gain on the Disposal to be recognised in profit or loss, as if the Disposal had been completed on 1 January 2017, is as follows:

	Notes	*HK$'000*
Total cash consideration	*(i)*	111,620
De-recognition of the net assets of the Bonroy Group as at 1 January 2017	*(ii)*	(24,343)
Gain on the Disposal as if the Disposal had been completed on 1 January 2017		87,277
Estimated transaction costs	*(iii)*	(1,500)
Income tax effect	*(iv)*	(5,581)
Gain on the Disposal as if the Disposal had been completed on 1 January 2017, net of estimated transaction costs and tax		80,196

An analysis of the net inflow of cash and cash equivalents in respect of the Disposal is as follows:

	Notes	*HK$'000*
Total cash consideration	*(i)*	111,620
Cash and cash equivalents disposed of	*(v)*	(77,262)
		34,358
Loan to Bonroy Group	*(vi)*	(121,009)
Estimated transaction costs	*(iii)*	(1,500)
Income tax effect	*(iv)*	(5,581)
		(93,732)

Notes:

(i) The amount represented the consideration for the entire issued share capital of Bonroy of RMB100 million (equivalent to HK$112 million at the exchange rate of RMB0.8953 to HK$1.00).

(ii) The amount of net assets of the Bonroy Group represents the amount of HK$24 million extracted from the unaudited consolidated statement of financial position of the Bonroy Group as at 31 December 2016.

(iii) The transaction costs represent professional fees directly attributable to the Disposal which are estimated to be HK$1.5 million and it is assumed that the fees will be settled by cash.

(iv) The amount represents tax on estimated capital gain on disposal of the Bonroy Group as if the Disposal had been completed on 1 January 2017. According to the Sale and Purchase Agreement, the expense of taxation should be borne equally between the Vendor and the Purchaser.

(v) The amount has been extracted from the unaudited consolidated statement of financial position of the Bonroy Group as at 31 December 2016.

(vi) The amount represents a loan granted to the Bonroy Group in 2017 with principal amount of approximately HK$121 million.

Actual gain on disposal arising from the Disposal depends on actual proceeds from the Disposal, actual amount of net assets of the Bonroy Group on the completion date. Therefore, the actual gain on Disposal shall be different to the amount calculated in the above table. The adjustment is not expected to have a continuing effect on the Remaining Group.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report from Ernst and Young, the independent reporting accountants, in respect of the unaudited pro forma financial information of the Remaining Group as set out in this appendix and prepared for the sole purpose of inclusion in this circular.

EY 安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

27 February 2019

The Directors
Alltronics Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Alltronics Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2018, the audited pro forma consolidated income statement, the audited pro forma consolidated statement of comprehensive income and the audited pro forma consolidated cash flow statement for the year ended 31 December 2017, and related notes as set out on page III-1 to III-10 in Appendix III of the circular dated 27 February 2019, issued by the Company (the "**Circular**") (the "**Unaudited pro forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the disposal of Bonroy Limited and its subsidiary (the "**Bonroy Group**") (the "**Disposal**") on the Group's financial position as at 30 June 2018 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the Disposal had been completed at 30 June 2018 and 1 January 2017, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's unaudited interim financial statements for the six months ended 30 June 2018 and the Group's published annual report for the year ended 31 December 2017. Information about the Bonroy Group's financial position, financial performance and cash flows has been extracted from the unaudited consolidated statement of financial position of the Bonroy Group as at 30 June 2018 and the unaudited consolidated statement of profit or loss, the unaudited consolidated statement of comprehensive income and the unaudited consolidated statement of cash flows of the Bonroy Group for the period from the Acquisition Date to 31 December 2017.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal on unaudited financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Disposal, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Disposal in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Certified Public Accountants
Hong Kong
27 February 2019

The management discussion and analysis of the Remaining Group for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 is set out below.

Upon completion of the Disposal, the Disposal Group will cease to be the subsidiaries of the Company, and the Company will no longer have any equity interest in the Disposal Group. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Company for each of the financial years ended 31 December 2017 ("**FY2017**"), 31 December 2016 ("**FY2016**"), 31 December 2015 ("**FY2015**") and the unaudited consolidated financial statements for the six months ended 30 June 2018 (the "**Period of 1H2018**").

(I) PERIOD OF 1H2018

Total revenue of the Remaining Group for 1H2018 had increased by 1.3% to HK$606.1 million, as compared to HK$598.4 million for the same period in 2017.

The Remaining Group's profit attributable to owners of the Company for the Period of 1H2018 was HK$18.6 million, compared to HK$35.4 million for the same period in 2017. The decrease in the profit attributable to owners of the Company was mainly because: (i) the reduction in the gross profit margin on electronic products segment; and (ii) additional expenses incurred on relocation of production facilities from Yangxi, the PRC to Yichun, the PRC.

Capital structure

The Remaining Group's treasury policies had managed its capital to ensure a diversified and balanced debt and equity financing structure, so that entities in the Remaining Group were able to continue as a going concern while maximising the return to Shareholders. The Directors review the capital structure of the Remaining Group on a regular basis by its centralised treasury function to improve the cost-efficiency of funding initiatives. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital in order to maintain financial flexibility and adequate liquidity. Based on the recommendations of the Directors, the Remaining Group will balance its overall capital structure through various alternatives including the payment of dividends, the issue of new Shares and share buy-backs as well as the issue of new debts or the redemption of existing debts.

Operating segment information

The Remaining Group has three reportable operating segments, including (i) electronic products segment; (ii) biodiesel products segment; and (iii) energy saving business segment during the Period of 1H2018. The sales of electronic products comprise sales of finished electronic products; plastic moulds and component; and other components for electronic products. The revenue from sales of electronic products for the Period of 1H2018 had remained stable with a slight increase of 1.1% to approximately HK$602.2 million. The operations of the biodiesel products segment continued to remain at a low level during the Period of 1H2018 and its revenue was approximately HK$2.1 million for the Period of 1H2018.

Regarding the energy saving business segment, the revenue recognised during the Period of 1H2018 was approximately HK$1.8 million, as compared to approximately HK$0.7 million in the same period in 2017. The revenue represented the energy saving revenue generated from retail stores of Suning.com Co., Ltd. ("**Suning**") and hotels operated by the HNA Group Co., Ltd. with LED lighting equipment installed. During the Period of 1H2018, the installation work at Suning retail stores continued.

Liquidity and financial resources

As at 30 June 2018, the Remaining Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$93.5 million which were financed by shareholders' funds and credit facilities. A variety of credit facilities were maintained to meet its working capital requirements and committed capital expenditure, which had contracted terms of repayment ranging from on demand to 5 years. There is no seasonality for the Remaining Group's borrowing requirements. The net funds were sufficient to finance the Remaining Group's working capital and capital expenditure plans during the period.

As at 30 June 2018, total borrowings of the Remaining Group amounted to HK$380.7 million, comprising bank overdrafts of HK$27.5 million which bore interest at floating rate, bank loans of HK$350.9 million which bore interest at floating rate, trust receipt loans of HK$1.7 million which bore interest at floating rate and obligations under finance leases of HK$0.6 million which bore interest at fixed rate, all of which are denominated in Hong Kong dollars. The average effective interest rates for each of these borrowings at 30 June 2018 ranged from 3.2% to 5.5% per annum.

The Remaining Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 63 days, 86 days and 75 days respectively for the Period of 1H2018. These turnover periods are consistent with the respective policies of the Remaining Group on credit terms granted to customers and obtained from suppliers.

As at 30 June 2018, the Remaining Group's total current assets had increased by 0.3% to HK$859.0 million compared to HK$856.5 million as at 31 December 2017, and the Remaining Group's total current liabilities had increased by 6.4% to HK$675.8 million compared to HK$635.4 million as at 31 December 2017. The current ratio (current assets over current liabilities) of the Remaining Group as at 30 June 2018 was 1.27 times, compared to 1.35 times as at 31 December 2017.

Debt position and gearing

As at 30 June 2018, the Remaining Group had net debts (being total bank and other borrowings net of cash and cash equivalents) of approximately HK$261.2 million. The total equity was approximately HK$513.5 million. The Remaining Group's gearing ratio, calculated on the basis of the net debts as a percentage of total equity plus the net debts, was 50.9%.

Pledge of assets

As at 30 June 2018, the Remaining Group had total bank borrowings (excluding obligations under financial leases) of HK$380.7 million, out of which HK$63.6 million were secured by the leasehold property of HK$176.5 million and HK$8.5 million were secured by short-term bank deposits of HK$8.7 million and trade receivables of HK$1.0 million.

Capital expenditures

During the Period of 1H2018, the Remaining Group acquired property, plant and equipment at a total cost of HK$9.0 million, which was mainly financed by internal resources of the Group. Most of these additions were for the set up of new production facilities at Yichun, the PRC.

Contingent liabilities

As at 30 June 2018, the Remaining Group did not have any contingent liabilities.

Foreign exchange exposure

Most of the Remaining Group's sales are denominated in United States dollars and Renminbi, and most of the purchases of raw materials are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Remaining Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

The Remaining Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management of the Company is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Management of the Company will consider various actions to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. These were for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. As at 30 June 2018, the Remaining Group did not have any outstanding forward foreign exchange contracts. Management of the Company will continue to evaluate the Remaining Group's foreign currency exposure and take further actions as appropriate to minimise the Remaining Group's exposure whenever necessary.

Significant investments and material acquisitions and/or disposals

The Remaining Group did not have any significant investments and/or material acquisitions or disposals of subsidiaries and associated companies during the Period of 1H2018.

Future plans for material investments and acquisition of capital assets

Save for the future plans specified under the subsection headed "Use of proceeds of the Disposal" in the letter form the Board of this circular, the Remaining Group did not have any future plan for material investments nor additional of capital assets during the Period of 1H2018.

Staff and remuneration policy

As at 30 June 2018, the Remaining Group had 3,438 employees, of which 78 were employed in Hong Kong and 3,360 were employed in the PRC. Salaries of employees are maintained at competitive levels, in which staff remuneration (including Directors' emoluments) amounted to approximately HK$140.8 million. The Remaining 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 regulations in the PRC. The Remaining Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Remaining Group.

No share options had been granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 30 June 2018, there were no share options remained outstanding.

(II) FY2017

Total turnover of the Remaining Group for FY2017 had increased by 24.6% to HK$1,275.2 million, as compared to HK$1,023.6 million for FY2016.

The Remaining Group's profit attributable to owners of the Company for FY2017 was HK$108.7 million, compared to HK$71.6 million for FY2016. The increase in the profit attributable to owners of the Company was mainly because: (i) the increase in revenue from electronic products segment and (ii) the gain on deemed disposal of partial interest in an associate of HK$8.4 million.

Capital structure

The Remaining Group's treasury policies had managed its capital to ensure a diversified and balanced debt and equity financing structure, so that entities in the Remaining Group was able to continue as a going concern while maximising the return to Shareholders. The Directors review the capital structure of the Remaining Group on a regular basis by its centralised treasury function to improve the cost-efficiency of funding initiatives. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital in order to maintain financial flexibility and adequate liquidity. Based on recommendations of the Directors, the Remaining Group will balance its overall capital structure through various alternatives including the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

Operating segment information

The Remaining Group has three reportable business segments, including (i) electronic products segment; (ii) biodiesel products segment; and (iii) energy saving business segment during FY2017. The sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. The revenue from sales of electronic products for FY2017 had increased by 21.6% to approximately HK$1,235.4 million, which was mainly due to the strong demand for the Remaining Group's finished electronic products.

The revenue from the sales of biodiesel products had dropped from HK$3.1 million in FY2016 to HK$1.5 million in FY2017 due to weaker demand. On the other hand, the revenue from energy efficient gas stoves was HK$2.3 million in FY2017.

Regarding the energy saving business segment, the revenue recognised during FY2017 was HK$36.0 million, as compared to HK$4.6 million in FY2016. The revenue represented the energy saving revenue generated from retail stores of Suning and hotels operated by the HNA Group Co., Ltd. with LED lighting equipment installed. The increase in energy saving revenue during FY2017 was mainly due to the increase in number of retail stores of Suning which had completed the inspection procedures and commenced to generate energy saving revenue during the year. As at 31 December 2017, over 600 retail stores of Suning had completed the installation work and the inspection procedures. The Group was continuing the installation work at other Suning retail stores in 2018. As at 31 December 2017, the Group had completed the installation work and inspection procedures at two hotels operated by the HNA Group Co., Ltd.

Liquidity and financial resources

As at 31 December 2017, the Remaining Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$152.1 million which were financed by shareholders' funds and credit facilities. A variety of credit facilities were maintained to meet its working capital requirements and committed capital expenditure, which had contracted terms of repayment ranging from on demand to 5 years. There is no seasonality for the Remaining Group's borrowing requirements. The net funds were sufficient to finance the Remaining Group's working capital and capital expenditure plans during the period.

As at 31 December 2017, total borrowings of the Remaining Group amounted to HK$339.5 million, comprising bank overdrafts of HK$19.5 million which bore interest at floating rate, bank loans of HK$317.0 million which bore interest at floating rate, trust receipt loans of HK$2.2 million which bore interest at floating rate and obligations under finance leases of HK$0.8 million which bore interest at fixed rate, all of which are denominated in Hong Kong dollars. The average effective interest rates for each of these borrowings at 31 December 2017 ranged from 2.9% to 5.5% per annum.

The Remaining Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 63 days, 86 days and 75 days respectively for FY2017. These turnover periods are consistent with the respective policies of the Remaining Group on credit terms granted to customers and obtained from suppliers.

As at 31 December 2017, the Remaining Group's total current assets had increased by 8.1% to HK$856.5 million compared to HK$792.3 million as at 31 December 2016, and the Remaining Group's total current liabilities had increased by 5.8% to HK$635.4 million compared to HK$600.7 million as at 31 December 2016. The current ratio (current assets/current liabilities) of the Remaining Group as at 31 December 2017 was 1.35 times, compared to 1.32 times as at 31 December 2016.

Debt position and gearing

As at 31 December 2017, the Remaining Group has net debts (being total bank and other borrowings net of cash and cash equivalents) of approximately HK$167.9 million. The total equity was approximately HK$536.7 million. The Remaining Group's gearing ratio, calculated on the basis of the net debts as a percentage of total equity plus the net debts, was 31.3%.

Pledge of assets

As at 31 December 2017, the Remaining Group had total bank borrowings (excluding obligations under financial leases) of HK$339.6 million, out of which HK$65.0 million were secured by the leasehold property of HK$179.6 million and HK$11.7 million were secured by short-term bank deposits of HK$8.7 million and trade receivables of HK$1.0 million.

Capital expenditures

During FY2017, the Remaining Group acquired property, plant and equipment at a total cost of HK$28.8 million, which was mainly financed by internal resources of the Group.

Contingent liabilities

As at 31 December 2017, the Remaining Group did not have any contingent liabilities.

Foreign exchange exposure

Most of the Remaining Group's sales are denominated in United States dollars and Renminbi, and most of the purchases of raw materials are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Remaining Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

The Remaining Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Management will consider various actions to minimise the risk, including the entering into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. These were for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. As at 31 December 2017, the Remaining Group did not have any outstanding forward foreign exchange contracts. Management will continue to evaluate the Remaining Group's foreign currency exposure and take further actions as appropriate to minimise the Remaining Group's exposure whenever necessary.

Significant investments and material acquisitions and/or disposals

Save for the acquisition of the Disposal Group and the deemed disposal of partial interests in an associate, the Remaining Group did not have any significant investments and/or material acquisitions or disposals of subsidiaries and associated companies during the FY2017.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plan for material investments nor additional of capital assets during FY2017.

Staff and remuneration policy

As at 31 December 2017, the Remaining Group had 3,241 employees, of which 76 were employed in Hong Kong and 3,165 were employed in the PRC. Salaries of employees are maintained at competitive levels, in which staff remuneration (including Directors' emoluments) amounted to approximately HK$229.4 million. The Remaining 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 regulations in the PRC. The Remaining Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Remaining Group.

No share options had been granted, exercised, lapsed or cancelled since the adoption of the 2016 Share Option Scheme. As at 31 December 2017, there were no share options remained outstanding.

(III) FY2016

Total revenue of the Remaining Group for FY2016 had increased by 15.5% to HK$1,023.6 million, as compared to HK$886.3 million for FY2015.

The Remaining Group's profit attributable to owners of the Company for FY2016 was HK$71.8 million, compared to HK$41.4 million for FY2015. The increase in the profit attributable to owners of the Company was mainly because: (i) the increase in sales revenue generated during the year; and (ii) the improvement in gross profit margin.

Capital structure

The Remaining Group's treasury policies had managed its capital to ensure a diversified and balanced debt and equity financing structure, so that entities in the Remaining Group was able to continue as a going concern while maximising the return to Shareholders. The Directors review the capital structure of the Remaining Group on a regular basis by its centralised treasury function to improve the cost-efficiency of funding initiatives. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital in order to maintain financial flexibility and adequate liquidity. Based on recommendations of the Directors, the Remaining Group will balance its overall capital structure through various alternatives including the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

Operating segment information

The Remaining Group has three reportable business segments, including (i) electronic products segment; (ii) biodiesel products segment; and (iii) energy saving business segment during FY2016. The sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other component for electronic products. The revenue from sales of electronic products for FY2016 had increased by 15.8% to approximately HK$1,015.9 million, which was mainly due to the strong demand for the Remaining Group's finished electronic products.

The revenue from sales of biodiesel products had dropped from HK$5.5 million in 2015 to HK$3.1 million in 2016. During the year, the demand for the Group's biodiesel products had remained at low level.

Regarding the energy saving business segment, the revenue recognised during FY2016 was HK$4.6 million, as compared to HK$3.8 million in FY2015. During the year, the LED lighting equipment project with Suning continued and over 200 retail stores of Suning had completed the installation work but pending completion of the inspection procedures. Energy saving revenue from these stores will be recognised when the inspection procedures are completed. As at 31 December 2016, the Group had completed the installation work at over 600 Suning retail stores in aggregate, of which approximately 400 retail stores were pending completion of the inspection procedures. The Group was continuing the installation work at other Suning retail stores in FY2017.

Liquidity and financial resources

As at 31 December 2016, the Remaining Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$329.9 million which were financed by shareholders' funds and credit facilities. A variety of credit facilities were maintained to meet its working capital requirements and committed capital expenditure, which had contracted terms of repayment ranging from on demand to 5 years. There is no seasonality for the Remaining Group's borrowing requirements. The net funds were sufficient to finance the Remaining Group's working capital and capital expenditure plans during the period.

As at 31 December 2016, total borrowings of the Remaining Group amounted to HK$326.8 million which bore interest at floating rate, comprising bank overdrafts of HK$3.8 million which bore interest at floating rate, bank loans of HK$319.7 million which bore interest at floating rate, trust receipt loans of HK$1.5 million which bore interest at floating rate and obligations under finance leases of HK$1.8 million which bore interest at fixed rate, all of which are denominated in Hong Kong dollars. The average effective interest rates for each of these borrowings at 31 December 2016 ranged from 2.5% to 6.2% per annum.

The Remaining Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 53 days, 92 days and 82 days respectively for FY2016. These turnover periods are consistent with the respective policies of the Remaining Group on credit terms granted to customers and obtained from suppliers.

As at 31 December 2016, the Remaining Group's total current assets had increased by 35.0% to HK$792.3 million compared to HK$587.0 million as at 31 December 2015, and the Remaining Group's total current liabilities had increased by 65.4% to HK$600.7 million compared to HK$363.2 million as at 31 December 2015. The current ratio (current assets/current liabilities) as at 31 December 2016 was 1.32 times, compared to 1.62 times as at 31 December 2015. The drop in current ratio was mainly due to the increase in mortgage loan and other bank borrowings as included in current liabilities at 31 December 2016.

Debt position and gearing

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

As at 31 December 2016, the Remaining Group did not have a net debt position.

Pledge of assets

As at 31 December 2016, the Remaining Group had total bank borrowings (excluding obligations under financial leases) of HK$325.0 million, out of which HK$88.2 million were secured by the leasehold property of HK$185.8 million, short-term bank deposits of HK$8.7 million and trade receivables of HK$1.0 million.

Capital expenditures

During FY2016, the Remaining Group acquired property, plant and equipment at a total cost of HK$209.3 million, which was mainly financed by mortgage loan and internal resources of the Remaining Group.

Contingent liabilities

As at 31 December 2016, the Remaining Group did not have any contingent liabilities.

Foreign exchange exposure

Most of the Remaining Group's sales are denominated in United States dollars and most of the purchases of raw materials are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Remaining Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

The Remaining Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management of the Company is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Although the foreign currency risk is not considered to be significant, management of the Company has taken action to minimise the risk. In particular, the Remaining Group may enter into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. As at 31 December 2016, the Remaining Group did not have any outstanding forward foreign exchange contracts for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. Management of the Company will continue to evaluate the Remaining Group's foreign currency exposure and take actions as appropriate to minimise the Remaining Group's exposure whenever necessary.

Significant investments and material acquisitions and/or disposals

The Remaining Group did not have any significant investments and/or material acquisitions or disposals of subsidiaries and associated companies during FY2016.

Future plans for material investments and acquisition of capital assets

Save for the acquisition of the "Pretty Shopping Centre" in FY2017, the Remaining Group did not have any future plan for material investments nor additional of capital assets during FY2016.

Staff and remuneration policy

As at 31 December 2016, the Remaining Group had 2,880 employees, of which 76 were employed in Hong Kong and 2,804 were employed in the PRC. Salaries of employees are maintained at competitive levels in which staff remuneration (including Directors' emoluments) amounted to approximately HK$211.2 million. The Remaining 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 regulations in the PRC. The Remaining Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Remaining Group.

The Company has adopted the 2016 Share Option Scheme at the annual general meeting held on 7 June 2016. The 2016 Share Option Scheme has a term of 10 years and will expire on 6 June 2026. The 2016 Share Option Scheme is designed to motivate executives and key employees and other persons who may make a contribution to the Remaining Group, and enables the Remaining Group to attract and retain individuals with experience and ability and to reward them for their contributions.

During the year, no share options had been granted, exercised, lapsed or cancelled under the 2016 Share Option Scheme. As at 31 December 2016, there were no share options remained outstanding under the share option scheme.

(IV) FY2015

Total revenue of the Remaining Group for FY2015 had decreased by 7.4% to HK$886.3 million, as compared to HK$957.5 million for FY2014.

The Remaining Group's profit attributable to owners of the Company for FY2015 was HK$41.4 million, compared to HK$45.2 million for FY2014. The decrease in the profit attributable to owners of the Company was mainly because the decrease in sales revenue generated during the year, which was partially set off by the increase in the overall gross profit margin from 17.5% for FY2014 to 18.5% for FY2015.

Capital structure

The Remaining Group's treasury policies had managed its capital to ensure a diversified and balanced debt and equity financing structure, so that entities in the Remaining Group was able to continue as a going concern while maximising the return to shareholders. The Directors review the capital structure of the Remaining Group on a regular basis by its centralised treasury function to improve the cost-efficiency of funding initiatives. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital in order to maintain financial flexibility and adequate liquidity. Based on recommendations of the Directors, the Remaining Group will balance its overall capital structure through various alternatives including the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

Operating segment information

The Remaining Group has three reportable business segments, including (i) electronic products segment; (ii) biodiesel products segment; and (iii) energy saving business during FY2015. The sales of electronic products comprise sales of finished electronic products; plastic moulds and components; and other components for electronic products. The revenue from sales of electronic products for FY2015 had decreased by 4.9% to approximately HK$877.1 million, which was mainly due to the drop in sales of finished electronic products.

The revenue from sales of biodiesel products had dropped from HK13.0 million in FY2015 to HK$5.5 million in FY2016. As a result of the continuous decline in the global oil commodity prices, the unit selling prices for biodiesel products had also declined during FY2015.

Regarding the energy saving business segment, the revenue generated during FY2015 was HK$3.8 million, as compared to HK$21.8 million in FY2014. During the year, the Suning EMC Project with Suning continued and about 200 retail stores of Suning had completed the installation work but pending completion of the inspection procedures. Energy saving revenue from these stores will be recognised when the inspection procedures are completed. As at 31 December 2015, the Remaining Group had completed the installation work at over 400 Suning retail stores in aggregate. The Remaining Group will continue the installation work at other Suning retail stores in FY2016. During the year, the Remaining Group had also completed the installation work and the inspection procedures at a hotel at Beijing operated by HNA Group Co., Ltd.

Liquidity and financial resources

As at 31 December 2015, the Remaining Group's total cash and cash equivalents, net of current bank overdrafts, amounted to HK$196.8 million which were financed by shareholders' funds and credit facilities. A variety of credit facilities were maintained to meet its working capital requirements and committed capital expenditure, which had contracted terms of repayment ranging from on demand to 5 years. There is no seasonality for the Remaining Group's borrowing requirements. The net funds were sufficient to finance the Remaining Group's working capital and capital expenditure plans during the period.

As at 31 December 2015, total borrowings of the Remaining Group amounted to HK$147.6 million which bore interest at floating rate, comprising bank overdrafts of HK$7.7 million which bore interest at floating rate, bank loans of HK$135.7 million which bore interest at floating rate, trust receipt loans of HK$1.2 million which bore interest at floating rate and obligations under finance leases of HK$3.0 million which bore interest at fixed rate, all of which are denominated in Hong Kong dollars. The average effective interest rates for each of these borrowings at 31 December 2015 ranged from 2.9% to 5.6% per annum.

The Remaining Group's trade receivable turnover, inventory turnover and trade payable turnover were approximately 51 days, 94 days and 79 days respectively for FY2015. These turnover periods are consistent with the respective policies of the Remaining Group on credit terms granted to customers and obtained from suppliers.

As at 31 December 2015, the Remaining Group's total current assets had increased by 34.6% to HK$587.0 million compared to HK$436.1 million as at 31 December 2014, and the Remaining Group's total current liabilities had increased by 19.3% to HK$363.2 million compared to HK$304.4 million as at 31 December 2014. The current ratio (current assets/current liabilities) as at 31 December 2015 was 1.62 times, which had improved from 1.43 times as at 31 December 2014.

Debt position and gearing

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

As at 31 December 2015, the Remaining Group did not have a net debt position.

Pledge of assets

As at 31 December 2015, the Remaining Group had total bank borrowings (excluding obligations under financial leases) of HK$191.0 million, out of which HK$27.0 million were secured by short-term bank deposits of HK$10.5 million and trade receivables of HK$0.4 million.

Capital expenditures

During FY2015, the Remaining Group acquired property, plant and equipment at a total cost of HK$11.1 million, which was mainly financed by financial leases and internal resources of the Remaining Group. The Remaining Group has also paid deposits of HK$32.6 million, out of internal resources, for the acquisition of properties which was completed on 27 January 2016 as the Remaining Group's new head office in Hong Kong.

Contingent liabilities

As at 31 December 2015, the Remaining Group did not have any contingent liabilities.

Foreign exchange exposure

Most of the Remaining Group's sales are denominated in United States dollars and most of the purchases of raw materials are denominated in Renminbi and Hong Kong dollars. Furthermore, most of the Remaining Group's monetary assets are denominated in Hong Kong dollars, United States dollars and Renminbi.

The Remaining Group's principal production facilities are located in the PRC whilst its sales proceeds are primarily settled in United States dollars, Hong Kong dollars or Renminbi. As such, management of the Company is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between United States dollars, Hong Kong dollars and Renminbi. Although the foreign currency risk is not considered to be significant, management of the Company has taken action to minimise the risk. In particular, the Remaining Group may enter into forward foreign exchange contracts with major and reputable financial institutions to hedge its foreign exchange risk exposure. As at 31 December 2015, the aggregate notional amount over the remaining contract periods of outstanding forward foreign exchange contracts to buy Renminbi is approximately US$6.0 million (equivalent to approximately HK$46.8 million). These are for hedging against foreign exchange risk exposure relating to the production costs and certain outstanding payables denominated in Renminbi. Management of the Company will continue to evaluate the Remaining Group's foreign currency exposure and take further actions as appropriate to minimise the Remaining Group's exposure whenever necessary.

Significant investments and material acquisitions and/or disposals

Save for the acquisition of properties which was completed on 27 January 2016 as the Remaining Group's new head office in Hong Kong, the Remaining Group did not have any significant investments and/or material acquisitions or disposals of subsidiaries and associated companies during FY2015.

Future plans for material investments and acquisition of capital assets

The Remaining Group did not have any future plan for material investments nor additional of capital assets during FY2015.

Staff and remuneration policy

As at 31 December 2016, the Remaining Group had 2,814 employees, of which 77 were employed in Hong Kong and 2,737 were employed in the PRC. Salaries of employees are maintained at competitive levels, in which staff remuneration (including Directors' emoluments) amounted to approximately HK$194.3 million. The Remaining 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 regulations in the PRC. The Remaining Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Remaining Group.

The Company has also adopted a share option scheme on 22 June 2005. The share option scheme had expired on 21 June 2015. During the year, no share options had been granted, exercised, lapsed or cancelled. As at 31 December 2015, there were no share options remained outstanding under the share option scheme.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor, in connection with its valuation as at 30 November 2018 of the property interests held by Beijing Wan Heng Da.

利駿行測量師有限公司
LCH (Asia-Pacific) Surveyors Limited
PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL ASSETS VALUER

The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the International Valuation Standards 2017 and published by the International Valuation Standards Council. The standard entitles the valuer to make assumptions which may on further investigation, for instance by the readers' legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for reader's identification purpose only and have no legal status or implication in this report. This report was prepared and signed off in English format, translation of this report in language other than English shall only be used as a reference and should not be regarded as a substitute for this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to us at at the Latest Practicable Date of this circular. If additional documents and facts are made available, we reserve the right to amend this report and its conclusion.

17th Floor, Champion Building
Nos. 287-291 Des Voeux Road Central
Hong Kong

27 February 2019

The Board of Directors
Alltronics Holdings Limited
Unit 408, 4th Floor
Citicorp Centre
No. 18 Whitfield Road
Hong Kong

Dear Sirs,

In accordance with the instructions given by the present management of Alltronics Holdings Limited (hereinafter referred to as the "**Instructing Party**") to us to conduct a valuation of a *real property* (same as the word *property* in this report) currently held by Alltronics Holdings Limited (the "**Company**") and its subsidiaries (together with the Company hereinafter referred to as the "**Group**") in the People's Republic of China (hereinafter referred to as the "**PRC**" or "**China**"), we confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary to support our findings and our opinion of value of the property as at 30 November 2018 (hereinafter referred to as the "**Valuation Date**") for the Instructing Party's internal management reference purpose. According to the information, the legally interested party in the property is 北京萬恒達投資有限公司 Beijing Wan Heng Da Investment Company Limited (hereinafter referred to as "**Beijing Wan Heng Da**"), an indirect wholly-owned subsidiary of the Company. This valuation report comprises the text section and property particulars with value section.

We understand that the use of our work product (regardless of form of presentation) will form part of the Instructing Party's due diligence but we have not been engaged to make specific sales or purchase recommendations, or to give opinion for financing arrangement. We further understand that the use of our work product will not supplant other due diligence which the Instructing Party should conduct in reaching its business decision regarding the property. Our work is designed solely to provide information that will give the Instructing Party a reference in its due diligence process, and our work should not be the only factor to be referenced by the Instructing Party.

At the request of the Instructing Party, we further prepared this report to document our findings and opinion of value of the property for the purpose of inclusion in this circular at today's date for the Company's shareholders' reference.

VALUATION OF PROPERTY

Basis of Value and Assumptions

According to the International Valuation Standards 2017 (hereinafter referred to as the "**IVS**"), there are two valuation bases, namely, market value basis and valuation bases other than market value. In this engagement, having considered the inherent characteristic of the property, that is, the property can be freely transferred in the market, we have provided the value of the property on the market value basis.

The term "Market Value" is defined by the IVS as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Unless otherwise stated, our valuation of the property has been made on the assumptions that, as at the Valuation Date,

1. the legally interested party in the property has free and uninterrupted rights to assign its relevant property interests for the whole of the unexpired terms as granted, and any premium payable has already been fully paid;

2. the legally interested party in the property sells its relevant property interests in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the property interest;

3. the legally interested party in the property has absolute title to its relevant property interest;

4. the legally interested party in the property has obtained relevant government's approvals for the sale of the property and is able to dispose of and transfer free of all encumbrances (including but not limited to the cost of transaction) in the market; and

5. the property can be freely disposed of and transferred free of all encumbrances as at the Valuation Date for its existing use in the market to both local and overseas purchasers without payment of any premium to the government.

Should any of the above not be the case, it will have adverse impact to the value as reported.

Approach to Value

According to the IVS, there are three principle valuation approaches in arriving at the market value of a property, namely, the Sales Comparison Approach (or known as the Market Approach), the Cost Approach and the Income Approach.

In valuing the property which is an investment property as at the Valuation Date, we have adopted the investment method of term and reversion of the Income Approach (or sometimes referred to as a method of the Market Approach because the reversionary interests and the rate of return are market-derived) by taking into account the current rent receivable from the existing agreements and the reversionary potential of the property interest.

In assessing the term value, we considered the rent receivable from the existing agreements and applied a market-derived yield of 6.6 per cent, with reference to the market return of similar property holding companies, to discount the future rental income. The selected comparable property holding companies are engaging in property investment industry by operating commercial properties such as shopping malls in China. In assessing the reversionary value, we have adopted the Sales Comparison Approach in assessing the market rental of the property as at the expiry of the term(s) and discounted it to present value from the expiration date of the existing agreements. Our opinion of value is the summation of term value and reversionary value.

For illustration purpose, the term value is calculated as follows:

$$\sum_{Y=1}^{n} \frac{R_Y}{(1+i)^Y}$$

Where R_Y = Rental at Y year, taking into account the allowable rental growth

n = End year of the agreements

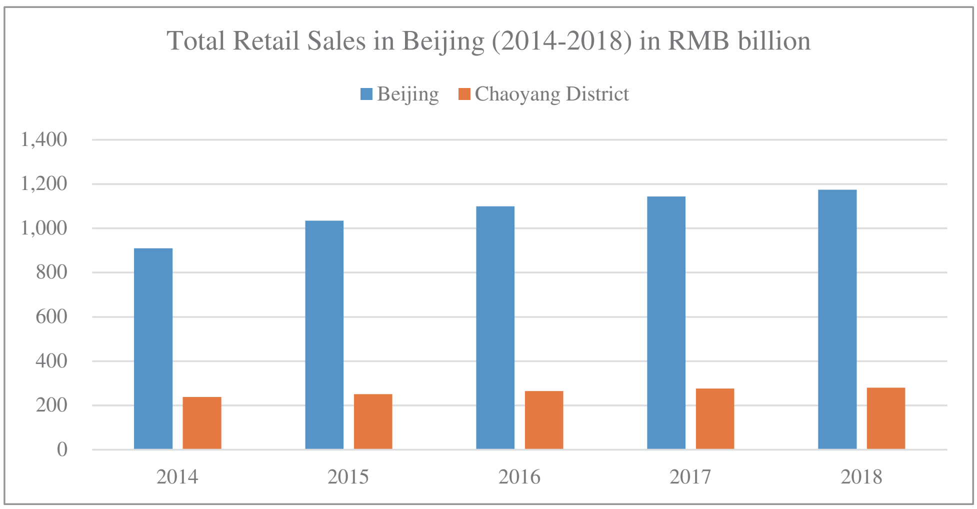
i = Discount rate

Reversionary value of the property is calculated by deferring the projected annual market rental till the end of the land use term (at a 3% increment to the end year rental of the existing agreements) in n+1 year time.

Unless otherwise stated, we have not carried out any valuation on a redevelopment basis to the property and the study of possible alternative development options and the related economics do not come within the scope of our work.

MARKET OVERVIEW *(Note)*

According to Beijing Municipal Statistics Bureau, the retail sales of Beijing rose to RMB1,175 billion in 2018 from RMB1,144 billion in 2017, accounting for a year-over-year growth ("**YoY**") of 2.7%. Total retail sales of consumer goods increased to RMB1,065 billion by 2.2% YoY whilst the food and beverage was up 7.3% YoY to RMB110 billion. In Chaoyang District, which is one of the core business districts in Beijing, has a total retail sales of RMB280 billion in 2018 which is around 24% of the total retail sales in Beijing, the largest contribution in the city, with 1.4% YoY increment from RMB276 billion in 2017.

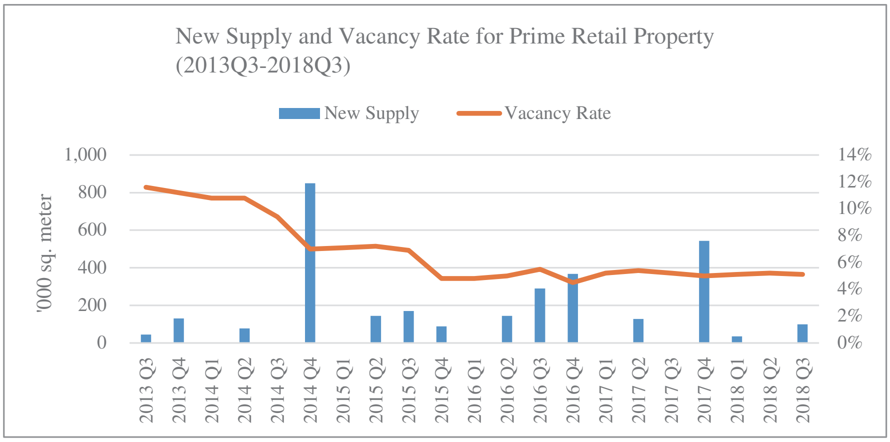


Source: Beijing Municipal Statistics Bureau

Demand and Supply

In Beijing, at the end of 2018 Q3, the supply of prime retail property increased by 100,000 sq.m., which is still at a low level of supply compared to previous years. The phenomenon could be explained by the new restriction on development of real estate in late 2018 (see section below). However, the vacancy rate maintained at a low level, at around 5% on average, indicating an improvement of demand since 2015. The leasing demand was strong in 2018 Q3, especially for the retailers from food and beverage and fashion sectors, which accounted for 33.6% and 23.6% of total leasing demand, respectively. Domestic retailers are still dominating the market, accounting for around 60% of the total leasing demand.

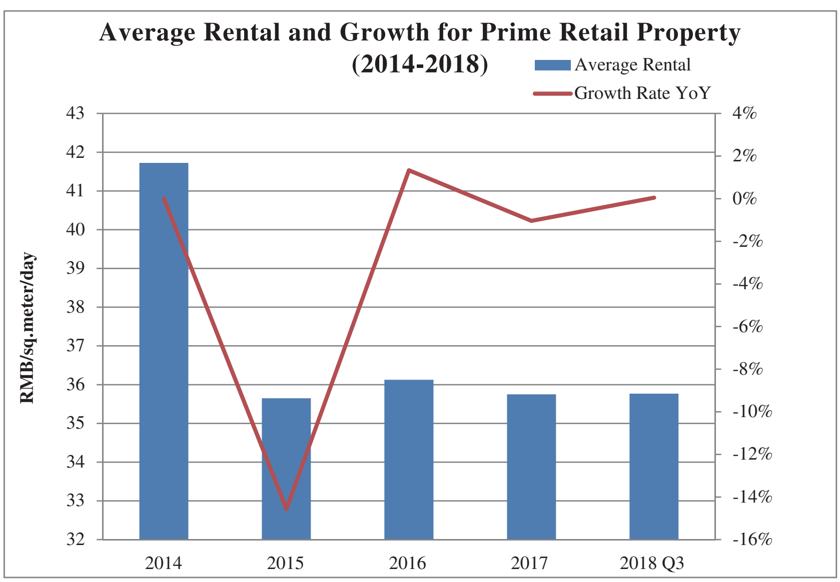
Note: This market research is performed by our firm's research analyst, the information provided in this section relating to the general retails and commercial property sector in Beijing of the PRC are derived in part or extracted or referred to from various official and unofficial sources. The official sources include various government agency websites. The unofficial sources include information provided by the Instructing Party and its appointed personnel, various websites (such as bloomberg.com, Fang.com, wind.com.cn and savills.com.cn/research), newspapers, research reports and journals from various industry practitioners or analysts. We need to state that such official and unofficial information have not been prepared or independently verified by us, and may not be consistent with other information complied within or outside the industry. None of our staff involved in preparing this report make any representation as to the correctness or accuracy of such information and accordingly such information should not be unduly relied upon. The readers should conduct his/her due diligence with regard to the correctness and accuracy of such information for his/her own use.



Source: www.wind.com.cn

Rental Trend

The city-wide prime retail property unit rental in Beijing has been moderately increasing since 2017 Q4. As at 2018 Q3, the average rent per sq.m. per day was RMB35, representing an increase of RMB0.5 or 1.4% from 2017 Q4.



Source: www.wind.com.cn

According to 北京市人民政府辦公廳關於印發市發展改革委等部門制定的《北京市新增產業的禁止和限制目錄(2018年版)》的通知(京政辦發[2018]35號) Notice of Catalogue of Prohibitions and Restrictions on New Industries in Beijing City 2018 Version published by the People's Government of Beijing Municipality (http://www.beijing.gov.cn/gate/big5/www.beijing.gov.cn/zhengce/wenjian/192/33/50/438650/1566810/index.html), no new large scale construction projects such as hotel and office development will be allowed within the Fourth Ring Road South and Fifth Ring Road including Chaoyang District in Beijing. Due to the limited new supply of large-scale commercial property within the Fifth Ring Road, it is forecasted that the occupancy rate and the rental of shopping malls in city center such as Chaoyang District will be increased.

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

For the sake of valuation, we have adopted the areas as they appeared in the copies of Real Estate Certificates or documents as provided, and no further verification work has been conducted. Should it be established subsequently that the adopted areas were not the latest approved, we reserve the right to revise our report and the valuation accordingly.

Unless otherwise stated, no allowance has been made in our valuation for any charges, mortgages, outstanding premium or amounts owing on the property valued nor any expenses or taxation which may be incurred in affecting a sale of the property. It is assumed that the property is free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

Unless otherwise stated, in our valuation, we have assumed that the property is able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported value significantly. The readers are reminded to have their own legal due diligence work on such issue. No responsibility or liability is assumed.

We were unable to identify any adverse news against the property which may affect the reported value in our work product. Thus, we are not in a position to report and comment on its impact (if any) to the property. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the value reported herein.

ESTABLISHMENT OF TITLES

Due to the purpose of this engagement and the market value basis of valuation, the Instructing Party or the appointed personnel of the Company provided us the necessary copies of State-owned Land Use Rights Certificates and Real Estate Certificates to support that the legally interested party in the property (in this instance, Beijing Wan Heng Da) has free and uninterrupted rights to occupy, to transfer, to mortgage or to let its relevant property interests (in this instance, an absolute title) for the whole of the unexpired terms as granted, free of all encumbrances and any premium payable has already been paid in full or outstanding procedures have been completed, and Beijing Wan Heng Da has the right to occupy and to use the property. However, our procedures to value, as agreed, with the Instructing Party, did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested party obtained the property from the relevant authorities. We agreed with the Instructing Party that this should be the responsibility of the legal advisor to the Instructing Party. Thus, no responsibility or liability is assumed from our part to the origin and continuity of the titles to the property.

The land registration system of China forbids us to search the original documents of the property that are filed in the relevant authorities, and to verify legal titles or to verify any material encumbrances or amendment which may not appear on the copies handed to us. For the purpose of valuation, we have relied solely on a copy of the PRC legal opinions provided by the Instructing Party or the appointed personnel of the Company with regards to the legal titles of the property. We are given to understand that the PRC legal opinions was prepared by a qualified PRC legal advisor Hills & Co. dated 23 December 2016. We are advised that the legal opinions still in effect.

We need to state that we are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the property. However, we have relied solely on the copies of documents and the copy of legal opinions provided by the Instructing Party or the appointed personnel of the Company in our valuation. No responsibility or liability from our part is assumed in relation to those legal opinions.

In our report, we have assumed that Beijing Wan Heng Da has obtained all the approval and/or endorsement from the relevant authorities to own the property, and that there would be no legal impediment (especially from the regulators) for Beijing Wan Heng Da to continue the legal titles to the property. Should this not be the case, it will affect our findings or opinion of value in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

INSPECTIONS AND INVESTIGATIONS

The property was last inspected by Sr Elsa Ng (a Registered Professional Surveyor in Hong Kong) in November 2018, close to the Valuation Date. We inspected the property under the companion of the appointed personnel of the Company. As advised, the staff possesses the ability to accompany us to conduct inspection. According to the IVS, inspection is part of investigation, it enables the valuer to have a better understanding of the property to be valued and its characteristics that are relevant to its value. We have inspected the exterior, and where possible, the interior of the property in respect of which we have been provided with such information as we have requested for the purpose of our valuation. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and our work should not be taken as making any implied representation or statement about such parts. No building survey, structural survey, investigation or examination has been made, but in the course of our inspections we did not note any serious defects in the property valued. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out to the services (if any) and we are unable to identify those services either covered, unexposed or inaccessible.

We have not carried out on-site measurements to verify the correctness of the areas of the property, but have assumed that the areas shown on the documents and official plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the property did not include an independent land survey to verify the legal boundaries of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of the property that appeared on the documents handed to us. No responsibility from our part is assumed. The Instructing Party or interested party in the property should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property, or have since been incorporated into the property, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such materials to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out in the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the premises has been or is being put to a contaminative use, this might reduce the value now reported.

Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property. If the Instructing Party or interested party wants to satisfy them as to the condition of it, then they should obtain a third party detailed inspection and report of their own before reaching any business decision of the property.

SOURCES OF INFORMATION AND ITS VERIFICATION

In the course of our work, we have been provided with copies of the documents regarding the property, and these copies have been referenced without further verifying with the relevant bodies and/or authorities. Our procedures did not require us to conduct any searches or to inspect the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals, therefore, we are not in a position to advise and comment on the legality and effectiveness of the documents provided by the Instructing Party or the appointed personnel of the Company.

We have relied solely on the information provided by the Instructing Party or the appointed personnel of the Company without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, lettings, rentals, site and floor areas and all other relevant matters.

Our valuation has been made only based on the advice and information made available to us. While a limited scope of general inquiries had been made to the local real property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibility or liability is assumed.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our agreed procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability is assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

When we adopted the work products from other professions, external data providers and the Instructing Party or the appointed personnel of the Company in our works, the assumptions and caveats adopted by them in arriving at their figures also applied to this report. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the Instructing Party or the appointed personnel of the Company. Also, we have sought and received confirmation from the Instructing Party or its appointed personnel that no material factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Instructing Party of material and latent facts that may affect the works.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party or the appointed personnel of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan ("**RMB**").

OPINION OF VALUE

Based on the above information and assumptions, we are of the opinion that the Market Value of the property as at the Valuation Date in its existing state and subject to the existing agreements and assuming free of all encumbrances, was in the order of **RENMINBI YUAN TWO BILLION AND TWENTY-EIGHT MILLION ONLY (RMB2,028,000,000).**

LIMITING CONDITIONS

Our findings or opinion of value of the property in this report is valid only for the stated purpose and only for the Valuation Date, and for the sole use of the Instructing Party. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person. Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property, and that the inspection and the use of this report do not purport to be a building survey of the property. We have assumed that the property is free of unsuitable materials and techniques.

No responsibility is taken for changes in market conditions and local government policy, and no obligation is assumed to revise this report to reflect events or conditions, which occur or make known to us subsequent to the date hereof. Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, prospectus or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this circular for the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

It is agreed that the Company and the Instructing Party would indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, wilful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

This report is prepared in line with the reporting guidelines contained in the IVS. The valuation has been undertaken by us, acting as external valuer, for the purpose of this valuation.

We retain a copy of this report together with the data and document provided by the Instructing Party for the purpose of this valuation, and these data and documents will, according to the laws of Hong Kong, be kept for a period of 6 years from the date it provided to us and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us in writing. Moreover, we will add the Company's information into our client list for our future reference.

The analysis or valuation of the property depends solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported findings or opinion of value significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion and we have no significant interest in the property, Beijing Wan Heng Da, the Group or the value reported.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Elsa Ng Hung Mui *B.Sc. M.Sc. RPS (GP)*
Executive Director

*Sr Elsa Ng Hung Mui has been conducting valuation of real properties in Hong Kong, Macau and mainland China since 1994. She is a Fellow Member of The Hong Kong Institute of Surveyors ("**The HKIS**") and a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuation in Connection with Takeovers and Mergers published by The HKIS.*

PROPERTY PARTICULARS WITH VALUE

Property held by Beijing Wan Heng Da for investment in the PRC and valued on the Market Value basis

Property	Description and tenure	Particulars of occupancy	Amount of valuation in existing state as at 30 November 2018
The whole of Levels 1 and 2, and Basement Level 1 of a shopping arcade known as Sunshine Plaza (太陽飄亮購物中心) which is located at the junction of Hui Zhong Bei Road and Anli Road at Chaoyang District, Beijing, The People's Republic of China 100101	The property comprises a 2-storey plus a basement level shopping arcade which was completed in 1999. There are six various high-rise residential blocks erected on the said shopping arcade podium. The property has a total gross floor area of 40,083.94 sq.m. *(See Notes 1 and 2 below).* The property completed its renovation and re-opened in September 2018. The locality where the property situated is an area of commercial and residential development in Chaoyang District and known as Asia Olympic Game Golden Business Circle (亞奧黃金商圈) in Beijing. The property is subject to a right to use the land for two various terms till 12 April 2033 and 12 April 2043 for commercial usage and office usage, respectively.	As inspected by us and confirmed by the Instructing Party and the appointed personnel of the Company, the property was operating as a shopping arcade subject to a tenancy agreement and a management contract with a total annual income of approximately RMB118,000,000, inclusive of management fee and utilities charge as at the Valuation Date. *(See Notes 3 and 4 below).*	RMB2,028,000,000 (100 per cent. interest) *(see Note 6 below)*

Notes:

1. The right to possess the land is held by the State and the rights to use the land has been transferred to 北京萬恒達投資有限公司 Beijing Wan Heng Da Investment Company Limited (hereinafter referred to as "**Beijing Wan Heng Da**"), via the following ways:

   (i) pursuant to a 24 various State-owned Land Use Rights Certificate and the corresponding 24 various Real Estate Certificate, the legally interested party in the property having a total gross floor area of 40,083.94 sq.m. and a total allocated site area of 4,272.76 sq.m. is Beijing Wan Heng Da; and

   (ii) among the 24 various State-owned Land Use Rights Certificate mentioned above, 4 of them are for Level 2 with the respective lease term of the land use rights till 12 April 2043 for office usage, and 20 of them are for Level 1 and Basement Level 1 with the respective lease term of the land use rights till 12 April 2033 for commercial usage.

2. The property is subject to mortgages in favour of Shengjing Bank Co., Ltd. (盛京銀行股份有限公司) for an amount of RMB1,200,000,000 for a term of 3 years from 10 April 2017 to 20 March 2020, and National Trust Ltd. (國民信託有限公司) for an amount of RMB300,000,000 for a term of 3 years from 20 April 2017 to 20 April 2020.

3. The whole of the property is subject to a tenancy agreement with an annual rental of RMB70,800,000 from 1 January 2018. Major terms of the tenancy agreement are as follows:

Lessee	**Lease term**	**Leased area** *(sq.m.)*	**Annual rental as at Valuation Date** *(RMB)*	**Rental increments (per annum)**
北京太陽飄亮商業管理有限公司 (hereafter referred to as "**Beijing Sunshine**")	1 January 2018 – 31 December 2027	40,083.94	70,800,000	10% increment from 1 January 2019 and every year thereafter

According to a supplement agreement to the tenancy agreement dated 1 March 2018, the term of the tenancy agreement has been extended to 31 December 2032 with a 10 per cent increment per annum on the rental starting from 1 January 2019 to 31 December 2027 and at a 3 per cent increment per annum starting from 1 January 2028. Beijing Sunshine is an independent third party to the Company, as advised.

4. The property is subject to a management contract entered between Beijing Wan Heng Da and Beijing Sunshine dated 1 January 2018. Beijing Wan Heng Da is responsible for providing property management service to the property including provision of maintenance repair, cleaning, security, utilities etc. as well as consulting and promotion services at a monthly management fee of RMB3,933,333.33 from 1 January 2018 to 31 December 2027 payable by Beijing Sunshine with a 10 per cent increment per annum starting from 1 January 2019.

According to a supplement agreement to the management contract dated 1 Mach 2018, the term of the management contract has been extended to 31 December 2032 with a 10 per cent increment per annum on the management fee starting from 1 January 2019 to 31 December 2027 and at a 3 per cent increment per annum starting from 1 January 2028.

5. According to the legal opinion prepared by the Company's PRC legal adviser, Hills & Co dated 23 December 2016, the following opinions are noted:

(i) Beijing Wan Heng Da is the legally interested party in the property and all the consideration has been paid. Its rights in the property are protected by the relevant laws in China; and

(ii) Beijing Wan Heng Da has the right to use, occupy, transfer, lease and mortgage the property.

6. As advised by the Instructing Party, renovation work of the property was completed and the remaining renovation cost to be paid as at the Valuation Date was approximately RMB25 million. In our valuation, we have taken into this outstanding renovation cost.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Company

Name	**Nature of interest**	**Interests in Shares** *(Note 1)*	**Approximate percentage shareholding**
Mr. Lam Yin Kee *(Notes 2 and 3)*	Beneficial owner	6,082,922 (L)	0.64%
	Interest in controlled corporation	439,740,000 (L) *(Note 2)*	46.48%
Ms. Yeung Po Wah *(Notes 2 and 3)*	Interest of spouse	445,822,922 (L)	47.12%
Ms. Liu Jing	Beneficial owner	95,509,000 (L)	10.09%
Me. Lam Chee Tai, Eric *(Note 4)*	Beneficial owner	3,018,708 (L)	0.32%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. 439,740,000 shares are owned by Profit International Holdings Limited, a company incorporated in the British Virgin Islands and is owned as to 95% by Mr. Lam Yin Kee and 5% by Ms. Yeung Po Wah. Ms. Yeung Po Wah is an executive Director and the spouse of Mr. Lam Yin Kee.

3. Mr. Lam Yin Kee and Ms. Yeung Po Wah are directors and beneficial owners of Profit International Holdings Limited.

4. Mr. Lam Chee Tai, Eric is the son of Mr. Lam Yin Kee and Ms. Yeung Po Wah.

(ii) Interests in associated corporations of the Company

Name	**Nature of interest**	**Interests in Shares** *(Note 1)*	**Approximate percentage shareholding**
Mr. Lam Yin Kee *(Note 2)*	Beneficial owner	950 (L)	95%
Ms. Yeung Po Wah *(Note 2)*	Beneficial owner	50 (L)	5%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. Profit International Holdings Limited, a company incorporated in the British Virgin Islands, is owned as to 95% by Mr. Lam Yin Kee and as to 5% by Ms. Yeung Po Wah. Ms. Yeung Po Wah is an executive Director and the spouse of Mr. Lam Yin Kee.

Save as disclosed above, the Directors and chief executives of the Company also hold shares of certain subsidiaries solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code in the Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Nature of interest	Interests in Shares *(Note 1)*	Approximate percentage shareholding
Profit International Holdings Limited	Beneficial owner	439,740,000 (L)	46.48%
Ms. Liu Jing	Beneficial owner	95,509,000 (L)	10.09%
Wealth Channel Global Limited ("**Wealth Channel**") *(Note 2)*	Beneficial owner	41,313,564 (L)	4.37%
Diamond Path International Investments Limited ("**Diamond International**") *(Note 2)*	Interest in controlled corporation	41,313,564 (L)	4.37%
Diamond Path Investments Limited ("**Diamond Investments**") *(Note 2)*	Interest in controlled corporation	41,313,564 (L)	4.37%
Huarong Investment Stock Corporation Limited ("**Huarong Investment**") *(Note 2)*	Interest in controlled corporation	41,313,564 (L)	4.37%
Right Select International Limited ("**Right Select**") *(Note 2)*	Interest in controlled corporation	41,313,564 (L)	4.37%
Lijiang Investments Holdings Limited *(Note 2)*	Beneficial owner	94,611,636 (L)	10.00%

Name	Nature of interest	Interests in Shares *(Note 1)*	Approximate percentage shareholding
China Huarong International Holdings Limited ("**Huarong International**") *(Notes 2 and 3)*	Interest in controlled corporation	135,925,200 (L)	14.37%
Huarong Real Estate Co., Ltd. ("**Huarong Real Estate**") *(Notes 2 and 3)*	Interest in controlled corporation	135,925,200 (L)	14.37%
China Huarong Asset Management Co., Ltd. ("**China Huarong**") *(Notes 2 and 3)*	Interest in controlled corporation	135,925,200 (L)	14.37%
The Ministry of Finance of the People's Republic of China *(Notes 2 and 3)*	Interest in controlled corporation	135,925,200 (L)	14.37%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. 41,313,564 shares of the Company were beneficially owned by Wealth Channel which is wholly-owned by Diamond International. Diamond International is wholly-owned by Diamond Investments, which is a company wholly-owned by Huarong Investment. Right Select owns 50.99% interests I Huarong Investment. Right Select is a wholly-owned subsidiary of Huarong International.

3. 94,611,636 shares of the Company were beneficially owned by Lijiang Investment Holdings Limited which is wholly-owned by Huarong International. Huarong International is owned as to 88.1% by Huarong Real Estate, which is a wholly-owned subsidiary of China Huarong. The Ministry of Finance of the PRC has approximately 67.75% interests in the share capital of China Huarong. Therefore, Huarong International, Huarong Real Estate, China Huarong and The Ministry of Finance of the PRC are deemed to be interested in 135,925,200 shares of the Company in aggregate.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors and the chief executives of the Company) who had, or was deemed to have, an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 5% or more of the issued voting shares in all circumstances at general meetings of the Company or any of its subsidiaries or held any option in respect of such capital.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had engaged in any business that competes or may compete with the business of the Group or has or may have any other conflict of interests with the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which will not expire or determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN ASSETS/CONTRACTS

As at the Latest Practicable Date, save for a tenancy agreement dated 31 March 2017 entered into between Alltronics Tech. Mftg. Limited (華訊電子有限公司), an indirect wholly-owned subsidiary of the Company and Profit Home Investments Limited, a connected person (as it is owned as to 60% by Ms. Yeung Po Wah, an executive Director, and 20% by Mr. Lam Chee Tai, Eric, an executive Director), for leasing of a property for a period from 1 April 2017 to 31 March 2019 at a monthly rent of HK$150,000, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2017, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

Save and except for the abovementioned, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

LITIGATION

On 15 November 2016, 北京金馬長城房產建設有限責任公司 (Beijing Jinma Changcheng Real Estate Construction Co., Ltd.*) ("**Jinma Changcheng**") as plaintiff instituted litigation against Beijing Wan Heng Da, being an indirect wholly-owned subsidiary of the Group, as defendant in respect of the dispute on possession of properties, to claim for (i) Beijing Wan Heng Da to vacate the premises located at 2-05, 2-06, second floor of the Beijing Property, the venue of 286.09 sq.m. at the west exit on the first floor of the Beijing Property, the venue with an additional floor area of 501.74 sq.m. on the elevated corridor on the first floor of the Beijing Property and the venue with an additional floor area of 212.02 sq.m. at the westside tunnel on the second floor of the Beijing Property (the "**Disputed Properties**"); (ii) payment of a daily occupation fee of RMB19,719.3 by Beijing Wan Heng Da for the period from 1 January 2016 and until the date of actual relocation; and (iii) costs of the litigation in respect of the case shall be borne by Beijing Wan Heng Da.

On 10 June 2018, Jinma Changcheng as plaintiff applied to the court for judicial expertise over the rental prices and value of the Disputed Properties. On 11 July 2018, a valuation report provided by Beijing Huatiantong Real Estate Valuation Company Limited* (北京華天通房地產評估有限公司) concluded that the value and rental prices of the Disputed Properties are RMB44,808,262 and RMB3,859,336, respectively for the period of 1 January 2016 to 22 December 2017, and are RMB46,573,535 and RMB587,525, respectively for the period of 23 December 2017 to 9 April 2018.

Taking into account of the fact that the Disputed Properties were auctioned to Zhuozhou Wanfeng Trading Company Limited* (涿州市萬豐商貿有限公司) ("**Zhuozhou Wanfeng**") by Baoding Intermediate People's Court of Hebei Province on 12 December 2017, Beijing Chaoyang People's Court added Zhuozhou Wanfeng as a third party in this case according to law. The case was heard by Beijing Chaoyang People's Court on 28 August 2018, whereas no final decision has been made and the judgment date is unpredictable. As at the Latest Practicable Date, no final decision has been made by the court.

Taking into consideration of the legal opinion prepared by the legal advisor of Beijing Wan Heng Da, the Board believes that the claims made by Jinma Changcheng are without legal grounds in spite of the judicial expertise conducted and will not have material impact to financial position of Beijing Wan Heng Da and the Group. Details of the litigation please refer to the interim report of the Company for the six months period ended 30 June 2018 and the annual report of the Company for the year ended 31 December 2017.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any company in the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group within two years preceding the Latest Practicable Date and are or may be material:

i. the tenancy agreement dated 31 March 2017 entered into between Alltronics Tech. Mftg. Limited (華訊電子有限公司), an indirect wholly-owned subsidiary of the Company and Profit Home Investments Limited, a connected person (as it is owned as to 60% by Ms. Yeung Po Wah, an executive Director, and as to 20% by Mr. Lam Chee Tai, Eric, an executive Director), for leasing of a property for a period from 1 April 2017 to 31 March 2019 for a monthly rent of HK$150,000;

ii. the joint venture agreement dated 14 September 2017 entered into by WT Technology Development Company Limited (華通電子科技有限公司), an indirect wholly-owned subsidiary of the Company, Mr. Man Ping William (萬平), Ms. Meng Ying (孟英) and Mr. Zhuang Yan (莊嚴) in relation to the establishment of Good Smart Electronics Technology Limited (佳駿電子科技有限公司), being the joint venture company which is principally engaged in the manufacturing and sale of electronic products;

iii. the sale and purchase agreement dated 13 September 2018 entered into between the Company as vendor and Hung Shing International Limited as purchaser in relation to the sale and purchase of 11.1% of the issued share capital of P2 Mobile Technologies Limited (網進流動科技有限公司), an associate of the Company, at a consideration of US$3,000,000;

iv. the loan agreement dated 19 September 2018 entered into between Ms. Yeung Po Wah (楊寶華) as creditor and Alltronics Tech. Mftg. Limited (華訊電子有限公司) as debtor, an indirect wholly-owned subsidiary of the Company, in relation to a loan of HK$20,000,000; and

v. the Sale and Purchase Agreement.

EXPERTS AND CONSENTS

The following sets out the qualification of the experts who have been named in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants
LCH (Asia-Pacific) Surveyors Limited	Professional Surveyor
Pelican Financial Limited	Independent Financial Adviser

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report(s) and/or letter(s) and/or opinion(s) and/or valuation certificate(s) and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts:

(i) was not beneficially interested in the share capital of any member of the Group;

(ii) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group;

(iii) did not have any interest, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up).

GENERAL

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is located at Unit 408, 4/F., Citicorp Centre, 18 Whitfield Road, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The company secretary of the Company is Mr. Leung Fuk Cheung, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of the Chartered Certified Accountants.

(e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILBLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at Unit 408, 4/F, Citicorp Centre 18 Whitfield Road Hong Kong from the date of this circular and up to and including the date of the EGM:

(a) this circular;

(b) the Memorandum and Articles of Association of the Company;

(c) the annual reports of the Group for the three years ended 31 December 2015, 2016 and 2017;

(d) the interim report of the Group for the six months period ended 30 June 2018;

(e) the unaudited financial information of the Disposal Group for the three years ended 31 December 2015, 2016 and 2017 and for the nine months period ended 30 September 2018 reviewed by Ernst & Young, the text of which is set out in Appendix II to this circular;

(f) the report on the unaudited pro forma financial information of the Remaining Group for the three years ended 31 December 2015, 2016 and 2017 and for the six months period ended 30 June 2018 issued by Ernst & Young, the text of which is set out in Appendix III to this circular;

(g) the letter of advice from Pelican, the text of which is set out on pages 25 to 43 of this circular;

(h) the letter and valuation certificate prepared by LCH (Asia-Pacific) Surveyors Limited and property valuation report of the Beijing Property, the text of which is set out in Appendix V to this circular;

(i) a copy of each of the material contracts as set out in the section headed "Material contracts" in this appendix; and

(j) the letter of consent referred to under the section headed "Experts and consents" in this appendix.

ALLTRONICS HOLDINGS LIMITED
華訊股份有限公司

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Alltronics Holding Limited (the "**Company**") will be held at Tactic Room, 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on 20 March 2019 at 11:00 a.m. for the purposes of considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company.

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement (the "**Sale and Purchase Agreement**") dated 20 December 2018 entered into between Sino Growth Holdings Limited (華生控股有限公司), Yingtai Holdings Limited (盈泰控股有限公司) and Luohe Yinge Industrial Group Company Limited* (漯河銀鴿實業集團有限公司) (the "**Guarantor**") in relation to the disposal of the entire issued share capital of Bonroy Limited and the transactions contemplated thereunder (including the related irrevocable guarantee and the deed of tax indemnity) and the debt undertaking (the "**Debt Undertaking**") to be entered into among the Company, Alltronics Energy Saving (Shenzhen) Limited* (華訊節能科技(深圳)有限公司) (collectively, the "**Creditors**"), Beijing Wan Heng Da Investment Company Limited* (北京萬恒達投資有限公司) ("**Beijing Wan Heng Da**") and the Guarantor in relation to the arrangement on 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 and the transactions contemplated thereunder (including the related irrevocable guarantee) be and are hereby confirmed, approved and ratified; and

(b) any one or more of the directors of the Company (the "**Directors**") be and is/are hereby authorised to do all such acts and things and execute all such documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps which he/she/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Sale and Purchase Agreement, the Debt Undertaking and the transactions contemplated thereunder."

* *For identification purpose only*

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

Hong Kong, 27 February 2019

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 408, 4/F
Citicorp Centre
18 Whitfield Road
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf.

2. A proxy need not be a member of the Company but must attend in person to represent the member.

3. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each proxy is so appointed.

4. In order to be valid, the form of proxy (enclosed under the circular of the Company dated the same date of this notice) together with any power of attorney or other authority under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting, or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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