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## **ALLTRONICS HOLDINGS LIMITED**

**華訊股份有限公司**

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

**(Stock Code: 833)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION**

The Board announces that on 30 June 2016 (after the trading hours of the Stock Exchange), the Company entered into the non-legally binding Memorandum with the Vendor and the Guarantor, both are Independent Third Parties, in relation to the Possible Acquisition.

The Target Company is a company incorporated in Samoa with limited liability and upon completion of the Reorganisation, the Target Group would be principally engaged in property investment in the PRC and shall be the owner of the Beijing Property.

**The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

The Board announces that the Company entered into the non-legally binding Memorandum with the Vendor and the Guarantor in relation to the Possible Acquisition.

## **MAJOR TERMS OF THE MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION**

### **1. Date**

30 June 2016

### **2. Parties**

- (i) Bonroy International Group Limited, a company incorporated in Samoa with limited liability, as vendor;
- (ii) the Company (or any designated wholly owned subsidiary of the Company), as purchaser; and
- (iii) the Guarantor.

### **3. Assets intended to be acquired**

The Vendor intends to sell and the Purchaser intends to acquire the Sale Share. Upon completion of the Possible Acquisition, the Sale Share should not be affected by any Encumbrance and it should include all rights attaching to the Sale Share including the dividends and distributions announced or paid after the date of the Formal Agreement. The Vendor and the Guarantor agree that the Target Company will not issue any new share from the date of the Memorandum up to the date of entering the Formal Agreement and the Sale Share will be the entire issued share of the Target Company.

### **4. Consideration**

The consideration and payment for the Possible Acquisition will be determined after negotiations between the Vendor and the Purchaser and set out in the Formal Agreement. Upon completion of the Reorganisation which shall be taken place before completion of the Possible Acquisition, the aggregate outstanding loan liabilities of the Target Group shall not be more than RMB1,500,000,000 (or other currencies of equivalent amount).

### **5. Formal Agreement**

The Vendor and the Purchaser shall negotiate in good faith towards the others in ensuring that the Formal Agreement will be entered into as soon as possible and in any event, on or before the date falling 180 days from the date of execution of the Memorandum or such later date as the parties thereto may agree.

If no Formal Agreement is entered by the Vendor and the Purchaser within 180 days from the date of execution of the Memorandum or such later date as may be agreed by both parties, the Memorandum will lapse and each of the Vendor and the Purchaser will have no claims, indemnities or any claims request against other except for any antecedent breach.

Formal Agreement will be drafted by the lawyer of the Purchaser and it should include but not limited to:

- (i) representations, warranties, undertakings and indemnities to be given by vendors in transactions similar to the sale and purchase of the Sale Share under the Memorandum; and
- (ii) conditions precedent listed in the Memorandum.

## **6. Conditions precedent of the Possible Acquisition**

Upon signing of the Memorandum, the Purchaser shall and shall procure that its advisers and agents conduct such review of the assets, liabilities, operations and affairs of the Target Group as it may consider appropriate and the Vendor shall provide and procure the Target Group and its agents to provide such assistance as the Purchaser and its advisers and agents may require in connection with such review.

Completion of the Possible Acquisition is conditional upon:

- (i) the Purchaser being satisfied with the results of the due diligence review to be conducted on the Target Group;
- (ii) if required, the Shareholders passing at an extraordinary general meeting of an ordinary resolution approving the Formal Agreement and the transactions contemplated thereunder;
- (iii) the Reorganisation having been completed;
- (iv) the obtaining of a PRC legal opinion (in the form and substance satisfactory to the Purchaser) issued by a PRC legal adviser appointed by the Purchaser on the issues relating to the PRC laws of the Formal Agreement and certain subsidiaries of the Target Group established in the PRC; and
- (v) any other conditions which may be agreed by the Purchaser and the Vendor and to be included in the Formal Agreement.

The Purchaser and the Vendor should use their best endeavour to accomplish conditions precedent of the Memorandum. The Vendor should timely provide the documents and information required by the Purchaser, the Stock Exchange, the SFC and other regulatory bodies, no matter the documents and information required are related to the Sale Share, announcements, circulars or other documents.

## **7. Exclusivity**

The Vendor will not, and will procure the Target Company and its directors, officers, employees, representative and agents will not, directly or indirectly, for the period ended on the date falling 180 days from the date of execution of the Memorandum or such later date as the parties thereto may agree: (i) solicit, initiate or encourage inquiries or offers from; or (ii) initiate and continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or settlement of intent or understanding with, any person or entity other than the Purchaser with respect to the sale or other disposition of the Sale Share. If the member of the Target Group or the Vendor received any inquiries or offers, they should inform the Purchaser immediately.

## **8. Other information of the Possible Acquisition**

The preliminary valuation of the Beijing Property prepared by an independent qualified valuer shows that its market value as at 30 April 2016 was approximately RMB2 billion.

The Memorandum does not constitute legally-binding commitment on the part of the Company in respect of the Possible Acquisition. The Possible Acquisition will be subject to the execution and completion of the Formal Agreement.

If the Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and Shareholders' approval requirements under the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION**

The Company is principally engaged in manufacturing and trading of electronic products, components for electronic products, biodiesel products; and provision of energy saving business solutions.

The Company has been actively seeking new business opportunities from time to time in order to diversify its business and enhance the long-term growth potential of the Company and its Shareholders' value. Through the Possible Acquisition, it is expected that the Group can enter into the property investment market in the PRC. The Group is expected to be benefited from the long term investment in the PRC property market and the rental income derived from the Beijing Property and therefore it is in the interest of the Company and its Shareholders as a whole.

## **GENERAL**

**The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Beijing Property”	Pretty Shopping Centre* 飄亮購物中心 located at Beijing, the PRC, the principal asset of the Target Group in the PRC upon completion of the Reorganisation
“Board”	the board of Directors
“Company”	Alltronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto in the Listing Rules

“Director(s)”	the director(s) of the Company
“Encumbrance”	any mortgage, charge, pledge, lien (except arising by statute or operation of law), priority or security interests, transactions with delay payments, retention of title, lease, arrangement on buying after selling, renting after selling or other arrangements over any property, asset or any kind of rights, including any agreement for any of the aforesaid
“Formal Agreement”	the formal sale and purchase agreement to be entered by the Vendor, the Guarantor and the Purchaser based on the terms of the Memorandum, with the form and content agreed by the parties
“Group”	the Company and its subsidiaries
“Guarantor”	a PRC citizen and an Independent Third Party, being the ultimate beneficial owner of the Vendor
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates (as defined in the Listing Rules) and are not connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the non-legally binding memorandum of understanding dated 30 June 2016 and entered into between the Company, the Vendor and the Guarantor setting out the preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Group from the Vendor of the Sale Share

“PRC”	The People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	the Company, or any designated wholly owned subsidiary of the Company
“Reorganisation”	a corporate reorganisation being implemented by the Target Company, such that upon completion of the Reorganisation, the Target Group shall be the owner of the Beijing Property
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	1 share of the Target Company, being the entire issued share capital of the Target Company owned by the Vendor
“Samoa”	The Independent State of Samoa
“SFC”	Securities and Futures Commissions of Hong Kong
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Bonroy Limited, a company incorporated in Samoa with limited liability and is a wholly owned subsidiary of Bonroy International Group Limited, and its principal business being investment holding
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Bonroy International Group Limited, a company incorporated in Samoa with limited liability and owned by an Independent Third Party, and its principal business being investment holding

On behalf of the Board  
**Alltronics Holdings Limited**  
**Lam Yin Kee**  
*Chairman*

Hong Kong, 30 June 2016

*As at the date of this announcement, Mr. Lam Yin Kee, Ms. Yeung Po Wah, Ms. Liu Jing, Mr. So Kin Hung and Mr. Lam Chee Tai, Eric are the executive directors of the Company, Mr. Fan, William Chung Yue is the non-executive director of the Company, and Mr. Pang Kwong Wah, Mr. Leung Kam Wah and Mr. Yau Ming Kim, Robert are the independent non-executive directors of the Company.*

*\* For identification purpose only*