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HL Technology Group Limited

泓淋科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1087)

ANNOUNCEMENT

**CONTINUING CONNECTED TRANSACTION
PURCHASE AGREEMENT**

PURCHASE AGREEMENT

Reference is made to the circular of the Company dated 24 December 2012 (the “**Circular**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the Circular.

The Board is pleased to announce that, on 12 January 2013, Rituo Technology, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with Rituo Automotive, pursuant to which Rituo Technology has agreed to purchase, and Rituo Automotive has agreed to sell imported raw materials such as sheathing and terminals* (護套和端子) used for wire harness assembly. The Purchase Agreement is valid for 12 months from 12 January 2013 to 11 January 2014, and the annual consideration for the transactions contemplated thereunder shall not be more than RMB18.0 million (equivalent to approximately HK\$ 21.6 million).

CONNECTED RELATIONSHIPS

Rituo Automotive was a non-wholly owned subsidiary of the Company immediately before the Disposal and Wang Xiang was a director of Rituo Automotive immediately before the Disposal, therefore, Wang Xiang is considered as a Director of the Company (as defined in Rule 14A.10 (7) of the Listing Rule) within the preceding 12 months, thus a connected person of the Company. Upon completion of the Disposal on 12 January 2013, Rituo Automotive is owned as to 86.5% by Wang Xiang, thus an associate of Wang Xiang. Therefore, Rituo Automotive is a connected person of the Company, and the transactions contemplated under the Purchase Agreement with the Company will constitute continuing connected transaction under Chapter 14A of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

Given that each of the applicable percentage ratios of the annual consideration under the Purchase Agreement does not exceed 5%, the transactions contemplated thereunder are only subject to reporting, annual review and announcement requirements but exempt from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, consider that the Purchase Agreement has been entered into on normal commercial terms, in the ordinary course of business of the Company and is fair and reasonable and in the interests of the Shareholders as a whole.

PURCHASE AGREEMENT

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The Board is pleased to announce that, on 12 January 2013, Rituo Technology, a wholly-owned subsidiary of the Company, entered into a purchase agreement (the “**Purchase Agreement**”) with Rituo Automotive, pursuant to which Rituo Technology has agreed to purchase, and Rituo Automotive has agreed to sell, imported raw materials such as sheathing and terminals* (護套和端子) used for wire harness assembly. Further details of the Purchase Agreement are set out below:

Date: 12 January 2013

Parties: 1) Rituo Technology, as the purchaser, and
2) Rituo Automotive, as the supplier

Subject: Rituo Technology has agreed to purchase, and Rituo Automotive has agreed to sell, imported raw materials such as sheathing and terminals* (護套和端子) used for wire harness assembly.

Annual cap: The annual consideration for the transactions under the Purchase Agreement shall not be more than RMB18.0 million (equivalent to approximately HK\$ 21.6 million).

The annual cap is determined based on (1) the historical transaction amounts between the parties; (2) the current market price of the products to be purchased; and (3) the expected demand of the products by Rituo Technology and the production capacity of the Rituo Technology during the term of the Purchase Agreement.

Term: The Purchase Agreement is valid for 12 months from 12 January 2013 to 11 January 2014.

Other terms: Pursuant to the Purchase Agreement, Rituo Technology shall send separate purchase orders to Rituo Automotive, which shall set out the transaction details, such as the product name, specification, volume and supply schedule. The product price shall be determined by mutual agreement between the parties based on the then market price and on normal commercial terms and is adjustable.

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IMPLICATIONS UNDER THE LISTING RULES

Given that each of the applicable percentage ratios of the annual consideration under the Purchase Agreement does not exceed 5%, the transactions thereunder are only subject to reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE AGREEMENT

The Directors are of the view that, the entering into the Purchase Agreement will enable the Group to maintain a stable supply of raw materials used for wire harness assembly to Rituo Technology for the next 12 months, which will enable the Group to concentrate on the development of its own automotive wiring harness business without having to divest its energy or resources to seek for supplies of raw materials.

The Directors, including the independent non-executive Directors, consider that the Purchase Agreement has been entered into on normal commercial terms, in the ordinary course of business of the Company and is fair and reasonable and in the interests of the Shareholders as a whole. None of the Directors has a material interest in the Purchase Agreement and the transactions contemplated thereunder, therefore, none of them has abstained from voting on the relevant board resolutions.

INFORMATION ABOUT THE PARTIES

(i) The Company

The Company is principally engaged in the provision of one-stop signal transmission and connectivity solutions and related products. The Group is engaged in the design, develop, manufacture and sale a comprehensive range of products including external and internal signal cable assembly, power cord assembly, signal transmission wire & cable, connectors, antennas, automotive wiring harness and other products.

(ii) Rituo Technology

Rituo Technology is a wholly-owned subsidiary of the Company incorporated in the PRC, which is principally engaged in the design, research and development, manufacture and direct sale of automotive wiring harness products to end PRC automobile customers.

(iii) Rituo Automotive

Rituo Automotive is principally engaged in the design, research and development, manufacture and sale of automotive wiring harness products.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.20. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board
HL Technology Group Limited
Chi Shaolin
Chairman & CE

Hong Kong, 12 January 2013

As at the date of this announcement, the executive Directors are Mr. Chi Shaolin, Mr. Jiang Taike and Mr. Li Jianming, the non-executive Director is Ms. Xu Yiming and the independent non-executive Directors are Mr. Shu Wa Tung, Laurence, Mr. Song Lizhong and Ms. Zheng Lin.

** for identification purposes only*