

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibilities for the content of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

DISCLOSEABLE TRANSACTION ACQUISITION OF WEIHAI JINYUAN

The Board is pleased to announce that on 22 March 2013, Weihai Electronic entered into the Agreement with the Vendors, pursuant to which Weihai Electronic agreed to acquire, in aggregate, the entire equity interest in Weihai Jinyuan at the consideration of RMB6.00 million (equivalent to approximately HK\$7.20 million).

As the applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition, when aggregated with the transactions contemplated under the Construction Cooperation Agreement, exceed 5% but are less than 25%, the Acquisition and the transactions contemplated under the Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting and announcement requirement under the Listing Rules.

THE AGREEMENT

Date:

22 March 2013

Parties:

Vendors: (1) Beijing Jinyuan
(2) Mr. Miao

Purchaser: Weihai Electronic

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendors and the ultimate beneficial owners of Beijing Jinyuan are Independent Third Parties.

Beijing Jinyuan is a company established in the PRC with limited liability. It is principally engaged in the property development, sales of commercial housing and property management of self-owned properties in the PRC.

Assets to be acquired:

Pursuant to the Agreement, Weihai Electronic agreed to acquire, in aggregate, the entire equity interest in Weihai Jinyuan from the Vendors at the consideration of RMB6.00 million (equivalent to approximately HK\$7.20 million).

Pursuant to the Agreement, Weihai Jinyuan will thereupon become a wholly-owned subsidiary of Weihai Electronic.

Consideration:

Pursuant to the Agreement, the Consideration will be satisfied by Weihai Electronic to the Vendors in cash.

The Consideration has been arrived at after arm's length negotiation between Weihai Electronic and the Vendors, with reference to the audited net asset value of Weihai Jinyuan of approximately RMB5.95 million (equivalent to approximately HK\$7.14 million) as at 28 February 2013, the loss-making position of Weihai Jinyuan during the period from its establishment on 16 July 2012 to 28 February 2013, the rights to shareholder's loan to be acquired by Weihai Electronic, taking into account the outstanding construction works to be performed by Weihai Jinyuan to Weihai Electronics under the Construction Cooperation Agreement.

Other material terms:

An advancement in the amount of RMB10.00 million (equivalent to approximately HK\$12.00 million) was previously made by Beijing Jinyuan to Weihai Jinyuan for acquisition of land in Weihai, the PRC. Pursuant to the Agreement, Beijing Jinyuan will assign its rights of such shareholders' loan to Weihai Electronic.

INFORMATION OF WEIHAI JINYUAN

Weihai Jinyuan is a company established in the PRC with limited liability by the Vendors on 16 July 2012. As at the date of this announcement, Weihai Jinyuan has a registered capital of RMB30.00 million (equivalent to approximately HK\$36.00 million), among which RMB6.00 million (equivalent to approximately HK\$7.20 million) has been paid up by Beijing Jinyuan. The equity interest of Weihai Jinyuan is owned as to 90% by Beijing Jinyuan and as to 10% by Mr. Miao.

Currently, Weihai Jinyuan is principally engaged in the business activities in property development; sale of commercial housing; property services; estate information consultation; sale of construction materials, electronic hardware, instrument and apparatus, computer software, hardware and peripheral.

On 16 August 2012, Weihai Electronic entered into the Construction Cooperation Agreement with Weihai Jinyuan, pursuant to which, among others, Weihai Electronic has appointed Weihai Jinyuan to obtain land and construct buildings at the consideration of RMB25.75 million (equivalent to approximately HK\$30.90 million). Such buildings are intended to be used for Weihai Electronic's commercial use, and as residential housing. Upon its delivery by Weihai Jinyuan, parts relating to residential housings are intended to be sold by Weihai Electronic to the staff of the Group as part of the housing benefits offered by the Group.

Weihai Jinyuan will become an indirect wholly-owned subsidiary of the Company, and its financial results will be consolidated into the accounts of the Group following completion of the transactions contemplated under the Agreement.

Financial Information of Weihai Jinyuan

Set out below is certain key financial information of Weihai Jinyuan since its establishment on 16 July 2012:

	Since Weihai Jinyuan's establishment on 16 July 2012 to 31 December 2012 (audited) RMB'000
Revenue	0
Net loss (before taxation and extraordinary items)	(45.34)
Net loss (after taxation and extraordinary items)	<u>(45.34)</u>
Total assets	<u><u>41,733.61</u></u>

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is mainly engaged in the manufacture and sales of signal cable assembly, power cord assembly, signal transmission wire and cable products, connectors, antennas, automotive wiring harness and other products. Some of the Group's products are specially designed for high-speed data transmission and can be used in connecting telecommunication and broadband networks.

The Group expects to develop a large scale macromolecule research and development centre in Weihai in near future. In order to attract and retain relevant personnel, the Board intends that the Acquisition may allow the Group to provide dormitory and/or residential housing for its staff at a lower cost, and offer additional incentives and benefit to its staff.

The Directors consider that the terms of the Agreement are on normal commercial terms, and are fair and reasonable.

Having considered the above, the Directors consider that the Consideration, the terms and conditions of the Agreement, the entering into of the Agreement and the Acquisition are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition, when aggregated with the transactions contemplated under the Construction Cooperation Agreement, exceed 5% but are less than 25%, the Acquisition and the transactions contemplated under the Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting and announcement requirement under the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition by Weihai Electronic of the entire equity interest in Weihai Jinyuan pursuant to the terms and conditions of the Agreement
“Agreement”	the agreement of sale and purchase of the entire equity interest of Weihai Jinyuan dated 22 March 2013 entered into between Weihai Electronic and the Vendors
“Beijing Jinyuan”	Beijing Jinyuan Mingye Property Development Co., Ltd. (北京錦源銘業房地產開發有限公司), a company established in the PRC, and an Independent Third Party
“Board”	the board of Directors
“Company”	HL Technology Group Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“Consideration”	RMB6.00 million (equivalent to approximately HK\$7.20 million), being the aggregate consideration for the sale and purchase of the entire equity interest of Weihai Jinyuan under the Agreement
“Construction Cooperation Agreement”	the directional property development cooperation agreement dated 16 August 2012 entered into between Weihai Electronic and Weihai Jinyuan
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Mr. Miao”	Mr. Miao Junjie (苗俊傑), an Independent Third Party
“PRC”	the People’s Republic of China, which for the purpose of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Vendors”	Beijing Jinyuan and Mr. Miao
“Weihai Electronic”	Weihai Honglin Electronic Co., Ltd. (威海市泓淋電子有限公司), a wholly foreign owned company incorporated in the PRC on 27 November 1997 with limited liability, which is a wholly-owned subsidiary of the Company
“Weihai Jinyuan”	Weihai Jinyuan Mingye Property Development Co., Ltd. (威海錦源銘業房地產開發有限公司), a company established in the PRC with limited liability
“%”	per cent.

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

All amounts in RMB have been translated in HK\$ at a rate of HK\$1.20 = RMB1.00 in this announcement for illustration purpose only. No representation has been made by the Company that any amount has been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 22 March 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*