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 stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in HL Technology Group Limited (the "Company"), you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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)

VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTION

Financial adviser to the Company

八方金融有限公司
OCTAL Capital Limited

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

廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

A letter from the independent board committee of the Company is set out on page 26 of this circular. A letter from GF Capital (Hong Kong) Limited, containing its advice to the independent board committee and the independent shareholders of the Company is set out on pages 27 to 47 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at the 3rd Floor Conference Room, 9–10 Pudong Road, The First Industrial Park, Economic and Technological Development Zone, Weihai City, Shandong Province, The People's Republic of China on Tuesday, 16 July 2013 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof (as the case may be) should you so wish.

* *for identification purposes only*

27 June 2013

CONTENTS

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

"Abundant Wit"	Abundant Wit Limited, a company incorporated in BVI with limited liability and wholly-owned by Sumptuous Wealth as at the Latest Practicable Date
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	board of Directors
"BVI"	the British Virgin Islands
"Changshu Cable"	Changshu Honglin Wire & Cable Co. Ltd., a company established in the PRC with limited liability and was a wholly-owned subsidiary of the Company (directly and indirectly) as at the Latest Practicable Date
"Changshu Connecting-Technology"	Changshu Honglin Connecting-Technology Co. Ltd., a company established in the PRC with limited liability and was a wholly-owned subsidiary of the Company (directly and indirectly) as at the Latest Practicable Date
"Changshu Electronic"	Changshu Honglin Electronic Co. Ltd., a company established in the PRC with limited liability and was a wholly-owned subsidiary of the Company (directly and indirectly) as at the Latest Practicable Date
"Chenhong International"	Chenhong International Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Changshu Electronic as at the Latest Practicable Date
"Chongqing Technology"	Chongqing Honglin Technology Co. Ltd., a company established in the PRC with limited liability and was an indirectly wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Company"	HL Technology Group Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement)
"connected person(s)"	has the meaning ascribed to it in the Listing Rules

"Consideration"	the consideration of HK$779 million payable by the Purchaser to the Company for the Disposal, subject to adjustment equivalent to the Value Difference and the Revaluation Surplus, provided that the final Consideration shall not exceed HK$780 million and shall not be less than HK$580 million
"controlling shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Dezhou Electronic"	Dezhou Honglin Electronic Co. Ltd., a company established in the PRC with limited liability and was a wholly-owned subsidiary of the Company (directly and indirectly) as at the Latest Practicable Date
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Share, representing the entire issued share capital of Sumptuous Wealth, by the Company to the Purchaser pursuant to the S&P Agreement (as supplemented by the Supplemental Agreement)
"Disposal Group"	Investments Holding Companies and Operating Companies proposed to be disposed of by the Company to the Purchaser pursuant to the Disposal
"Distribution"	the declaration and distribution of dividend in cash by the Operating Companies to the Company and Weihai Electronic which was carried out during April to May 2013
"EGM"	an extraordinary general meeting to be convened by the Company on Tuesday, 16 July 2013 at 3:00 p.m. to consider and, if thought fit, to approve, among other things, the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement)
"GF Capital" or "Independent Financial Adviser"	GF Capital (Hong Kong) Limited, a licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement)
"Greatest Group"	Greatest Group Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Sumptuous Wealth as at the Latest Practicable Date

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Honglin Technology"	Honglin Technology Co. Ltd., a company established in Taiwan with limited liability and was a directly wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Hongxin International"	Hongxin International Limited, a company incorporated in Hong Kong with limited liability and was wholly-owned by Abundant Wit as at the Latest Practicable Date
"Huizhou Technology"	Huizhou Honglin Technology Co. Ltd., a company established in the PRC with limited liability and was an indirectly wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Independent Board Committee"	an independent board committee comprising all independent non-executive Directors, namely, Mr. Pao Ping Wing, Mr. Thomas Tam and Ms. Zheng Lin formed to advise the Independent Shareholders on the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement)
"Independent Shareholders"	Shareholders other than Mr. Chi Shaolin and his associates
"Investments Holding Companies"	Sumptuous Wealth, Abundant Wit and Greatest Group
"Latest Practicable Date"	25 June 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"NT$"	New Taiwan dollars, the lawful currency of Taiwan
"Operating Companies"	Weihai Hongbo, Changshu Electronic, Honglin Technology, Huizhou Technology, Chongqing Technology, Shenzhen Communication, Dezhou Electronic, Changshu Connecting-Technology, Chenhong International, Hongxin International and Changshu Cable
"PRC"	the People's Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC for the purpose of this circular

"Promissory Note"	the promissory note in a principal amount of HK$650 million issued by the Company to Mr. Chi Shaolin on 31 January 2013 to satisfy the consideration for the acquisition of the entire issued share capital of Rosy Sun
"Properties"	the land currently held by the Operating Companies and will continue to be held by the Disposal Group for self-use after Completion
"Purchaser"	Jia Ya Developments Limited, a company incorporated in BVI with limited liability and is wholly-owned by Mr. Chi Shaolin, the controlling Shareholder, the chairman of the Company and an executive Director, who was interested in approximately 40.87% interests of the Company as at the Latest Practicable Date
"Remaining Business"	the businesses of the Group excluding those conducted by the Disposal Group
"Remaining Group"	companies within the Group other than the Disposal Group
"Reorganisation"	the corporate reorganisation to be conducted for the Disposal, through which the corporate structure of the Disposal Group shall be the same as set out on page 17 of this circular
"Revaluation Surplus"	the difference (net of tax effect, if any) between the valuation of the Properties of the Disposal Group as at the Review Date to be appraised by a valuer and the net book value of the Properties recognised in the audited financial statements of the Group as at 31 December 2012
"Review Accounts"	consolidated/combined accounts of Sumptuous Wealth for the period from 1 January 2013 to the Review Date (which will take into account the Reorganisation) to be prepared based on International Financial Reporting Standards by the Company and to be reviewed by professional accountants as agreed by the Company and the Purchaser
"Review Date"	the last calendar day (irrespective of whether it is a business day or not) in the calendar month during which the Reorganisation is completed, or 30 September 2013 in the event that the Reorganisation is completed after 30 September 2013
"RMB"	Renminbi, the lawful currency in the PRC
"Rosy Sun"	Rosy Sun Investments Limited, a company incorporated in BVI with limited liability and was wholly-owned by the Company as at the Latest Practicable Date

"S&P Agreement"	the conditional sale and purchase agreement (as supplemented by the Supplemental Agreement) dated 9 June 2013 entered into among the Company, the Purchaser and Mr. Chi Shaolin (as guarantor for the Purchaser) in relation to the sale and purchase of the Sale Share
"Sale Share"	one ordinary share of US$1 of Sumptuous Wealth, representing the entire issued share capital of Sumptuous Wealth
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of US$0.02 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Shenzhen Communication"	Shenzhen Honglin Communication Technology Co. Ltd., a company established in the PRC with limited liability and whose equity interests were indirectly owned as to 80% by the Company as at the Latest Practicable Date
"Split-off"	the split-off of Weihai Electronic into three companies, namely Weihai Electronic, Weihai Hongbo and Weihai Mingbo, which was completed on 29 May 2013
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Sumptuous Wealth"	Sumptuous Wealth Limited, a company incorporated in BVI with limited liability and was wholly-owned by the Company as at the Latest Practicable Date
"Supplemental Agreement"	a deed dated 24 June 2013 entered into among the Company, the Purchaser and Mr. Chi Shaolin (as guarantor for the Purchaser) supplementing and revising certain terms of the S&P Agreement
"US$"	the United States dollars, the lawful currency of the United States of America
"Value Difference"	the difference between (i) the unaudited and unreviewed combined net asset value of the Operating Companies as at 31 December 2012 plus the aggregate value of the unaudited and unreviewed net asset values of the Investments Holding Companies as at the date of the S&P Agreement; and (ii) the reviewed consolidated/combined net asset value of the Disposal Group as at the Review Date pursuant to the Review Accounts

"Weihai Electronic"	Weihaishi Honglin Electronic Co. Ltd., a company established in the PRC with limited liability and was wholly-owned by the Company as at the Latest Practicable Date
"Weihai Hongbo"	Weihaishi Hongbo Wire & Cable Technology Co. Ltd., a company established in the PRC with limited liability on 29 May 2013 pursuant to the Split-off
"Weihai Mingbo"	Weihaishi Mingbo Wire & Cable Technology Co. Ltd., a company established in the PRC with limited liability on 29 May 2013, and a company split off from Weihai Electronic pursuant to the Split-off
"%"	per cent

In this circular, the English names of certain PRC entities are translation of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

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)

Executive Directors:
Mr. CHI Shaolin *(Chairman and Chief Executive Officer)*
Mr. JIANG Taike *(Vice Chief Executive Officer)*
Mr. LI Jianming *(Vice Chief Executive Officer and Authorized Representative)*
Mr. LU Chengye

Independent Non-executive Directors:
Mr. PAO Ping Wing
Mr. Thomas TAM
Ms. ZHENG Lin

Registered Office:
Floor 4, Willow House
Cricket Square, P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

Principal Place of Business in Hong Kong:
33rd Floor
Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

27 June 2013

To the Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcements of the Company dated 9 June 2013 and 24 June 2013, respectively. On 9 June 2013, the Company (as vendor) entered into the S&P Agreement (as supplemented by the Supplemental Agreement) with the Purchaser and Mr. Chi Shaolin (as guarantor for the Purchaser) for the sale and purchase of the entire issued share capital of Sumptuous Wealth. Pursuant to the S&P Agreement (as supplemented by the Supplemental Agreement), the Company has conditionally agreed to dispose of and the Purchaser has conditionally agreed to purchase the Sale Share from the Company at the Consideration of HK$779 million, subject to adjustment equivalent to the Value Difference and the Revaluation Surplus, provided that the final Consideration shall not exceed HK$780 million and shall not be less than HK$580 million. On 24 June 2013 (after trading hours), the Company, the Purchaser and Mr. Chi Shaolin (as guarantor for the Purchaser) entered into the Supplemental

* *for identification purpose only*

Agreement to amend, among other things, the date of Review Accounts and the date of valuation of the Properties for calculating the Revaluation Surplus from 30 June 2013 to the Review Date.

The Disposal constitutes a very substantial disposal and a connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to, among other things, the Independent Shareholders' approval at the EGM. Mr. Chi Shaolin and his associates are regarded as having material interest in the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) and therefore they are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the same.

The purpose of this circular is to provide you with, among other things, (i) further information on the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement); (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from GF Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM.

THE S&P AGREEMENT (AS SUPPLEMENTED BY THE SUPPLEMENTAL AGREEMENT)

Date: 9 June 2013

Parties

Vendor: the Company

Purchaser: Jia Ya Developments Limited, a company incorporated in BVI with limited liability. Jia Ya Developments Limited is an investment holding company and does not have any substantive business operation as at the Latest Practicable Date. It is wholly-owned by Mr. Chi Shaolin, the controlling Shareholder, the chairman of the Company and an executive Director, who was interested in approximately 40.87% interests of the Company as at the Latest Practicable Date and thus is a connected person to the Company

Guarantor for the Purchaser: Mr. Chi Shaolin, a controlling Shareholder, the chairman of the Company and an executive Director

Mr. Chi Shaolin has provided to the Company a guarantee for the due and punctual performance of the Purchaser's obligations under the S&P Agreement (as supplemented by the Supplemental Agreement) subject to and upon the terms and conditions of the S&P Agreement (as supplemented by the Supplemental Agreement).

Assets to be disposed of

Sale Share:	One ordinary share of US$1 of Sumptuous Wealth, being the entire issued share capital of Sumptuous Wealth, free from encumbrances and together with all rights now or thereinafter attached thereto. As at the Latest Practicable Date, Sumptuous Wealth was a wholly-owned subsidiary of the Company. Its major asset was the entire issued share capital of Greatest Group, and it wholly owned Abundant Wit (which in turn wholly owns Hongxin International). It is expected that upon completion of the Reorganisation: (i) Hongxin International will wholly own Dezhou Electronic which will in turn wholly own Chongqing Technology; (ii) Greatest Group will hold the entire paid-up capital of Weihai Hongbo which in turn will hold the entire paid-up capital of Changshu Electronic; and (iii) Changshu Electronic will continue to hold the existing 80% equity interests in Shenzhen Communication and wholly own Chenhong International, Honglin Technology, Changshu Cable, Huizhou Technology and Changshu Connecting-Technology.

The consideration for the Sale Share

The Consideration is HK$779 million, subject to adjustment equivalent to the Value Difference and the Revaluation Surplus, provided that the final Consideration shall not exceed HK$780 million and shall not be less than HK$580 million. The Consideration shall be satisfied by the Purchaser by way of procuring Mr. Chi Shaolin (as holder of the Promissory Note) setting off an amount equivalent to the Consideration outstanding under the Promissory Note upon Completion. The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser with reference to the unaudited and unreviewed combined net asset value of the Operating Companies as at 31 December 2012 plus the aggregate of net asset value of the Investments Holding Companies as at the date of the S&P Agreement.

Parties to the S&P Agreement further agreed that: (i) where the outstanding amount (including the principal and accrued interest (if any)) under the Promissory Note as at the date of Completion is lower than the final Consideration, the Purchaser shall pay to the Company in cash an amount equivalent to such difference upon Completion, and (ii) where the outstanding amount under the Promissory Note as at the date of Completion is higher than the final Consideration, the Company shall, by way of prepayment, pay to Mr. Chi Shaolin (the guarantor for the Purchaser and as holder of the Promissory Note) in cash an amount equivalent to such difference upon Completion. The Promissory Note was issued by the Company to Mr. Chi Shaolin on 31 January 2013, and as at the Latest Practicable Date, HK$650 million was outstanding under the Promissory Note.

Given the premises erected on the Properties are mainly for industrial use, the Company has engaged a valuer to assess the values-in-use of the cash-generating units comprising of these premises, as well as machineries and equipment therein as at the Review Date for the Company's accounting reference in the preparation of the Review Accounts. Since the preliminary values-in-use of the cash-generating units as indicated by the valuer do not exceed the corresponding net book values as at 31 December 2012, the Board considers that there will be no surplus over carrying value of these premises. As such, only the land use rights was taken into account for the purpose of calculating the Revaluation Surplus. The net book value of such land use rights was recognised as (i) prepaid land lease payments in prepaid land lease payments and prepayments; and (ii) land grading costs in property, plant and equipment contained in the audited consolidated financial statements of the Group as at 31 December 2012 and the unaudited combined statement of financial position of the Operating Companies as at 31 December 2012 as set out in Appendix II to this circular.

On the other hand, the Disposal Group is expected to record an operating loss for the period from 1 January 2013 to the Review Date and the Disposal Group has carried out the Distribution during the period from April to May 2013 where the Disposal Group paid dividend in cash in aggregate of approximately RMB86.2 million (equivalent to approximately HK$106.3 million) to the Company and Weihai Electronic which should outweigh the size of the Revaluation Surplus. Therefore, the Directors expect that the net assets of the Disposal Group on the Review Date will decrease as compared with that as at 31 December 2012. Accordingly, it is expected that the level of the final Consideration should be reduced as compared with the initial Consideration.

The Review Accounts for the period from 1 January 2013 to the Review Date and the valuation of the Properties of the Disposal Group as at the Review Date to be appraised by valuer will be prepared before Completion for finalising the Consideration and the Company will make further announcement(s) in this regard as and when appropriate.

Conditions Precedent

Completion shall be conditional upon, among other things:

1. the Company having obtained all necessary or appropriate approvals, authorisations, consents and licences as a company listed on the Main Board of the Stock Exchange, including but not limited to the approval of the Shareholders, for the S&P Agreement and the transactions contemplated thereunder;

2. having completed the Reorganisation pursuant to all applicable rules and regulations (including but not limited to the Companies Ordinance and the PRC Company Laws) and having obtained all necessary or appropriate approvals, authorisations, consents and licences from and completed the necessary filings to the relevant government authorities in relation to the Reorganisation;

3. having obtained the Review Accounts and having obtained a valuation report of the Properties of the Disposal Group as at the Review Date appraised by a valuer; and

4. having obtained all other necessary or appropriate approvals, authorisations, consents and licences for the S&P Agreement and the transactions contemplated thereunder.

If any of the conditions set out above is not fulfilled on or before 31 December 2013 (or such later date as the Company and the Purchaser may agree in writing), then S&P Agreement will lapse while each party's rights and obligations already accrued thereunder will not be affected.

Undertaking

Pursuant to the S&P Agreement (as supplemented by the Supplemental Agreement), the Company undertakes to the Purchaser that, among other things, save with prior consultation with and having obtained prior consent from the Purchaser or for the purpose of the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) (including for the purpose of the Reorganisation), the assets and liabilities of each of Sumptuous Wealth, Abundant Wit and Greatest Group will not be materially changed since the date of the S&P Agreement and up to Completion.

Completion

Completion shall take place on the fifth business day following the date on which the above conditions precedent have been fulfilled (or such later date as the Company and the Purchaser may agree in writing). Upon Completion, Sumptuous Wealth will cease to be a subsidiary of the Company, and the Group will not consolidate the financial statements of each of companies within the Disposal Group thereafter.

THE SPLIT-OFF AND THE REORGANISATION

The Split-off

Weihai Electronic has been one of the principal operating subsidiaries of the Group with a registered capital of US$59,483,264.75 before the Split-off. Weihai Electronic obtained the approval of Bureau of Commerce of Weihai Economic Technology Development District (威海經濟技術開發區商務局) concerning the Split-off on 27 May 2013. Pursuant to the Split-off:

(i) Weihai Electronic continues to be in existence as a company with limited liability, with a registered capital of US$14,483,264.75. Weihai Electronic, subsequent to the Split-off, continues to hold equity interests in certain members of the Remaining Group (which were held by Weihai Electronic prior to the Split-off);

(ii) Weihai Mingbo was established on 29 May 2013 with a registered capital of US$10,000,000. Weihai Mingbo will mainly hold land and properties previously held by Weihai Electronic prior to the Split-off; and

(iii) Weihai Hongbo was established on 29 May 2013 with a registered capital of US$35,000,000. Weihai Hongbo mainly holds equity interests in certain Operating Companies which were previously held by Weihai Electronic prior to the Split-off. However, registrations of Weihai Hongbo as new equity holder at relevant government authorities had not yet been completed as at the Latest Practicable Date.

As at the Latest Practicable Date, each of Weihai Electronic, Weihai Mingbo and Weihai Hongbo was a wholly-owned subsidiary of the Group. Upon completion of the Reorganisation as detailed on page 17, Weihai Hongbo will become a wholly-owned subsidiary of Greatest Group and part of the Disposal Group, while Weihai Electronic and Weihai Mingbo shall remain part of the Remaining Group.

The Reorganisation

As at the Latest Practicable Date, Sumptuous Wealth was wholly-owned by the Company. Sumptuous Wealth wholly owns Greatest Group and Abundant Wit (which wholly owns Hongxin International).

Upon completion of the Reorganisation, Greatest Group will wholly own Weihai Hongbo which in turn together with Hongxin International will wholly own other Operating Companies (except that 20% interest of Shenzhen Communication will still be held by its existing non-controlling shareholder, who, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for being a substantial shareholder holding such 20% equity interests in Shenzhen Communication is independent of not connected with the Company). Based on the information currently available, the Company expects that the Reorganisation will be completed by or around the end of August 2013.

INFORMATION ON THE DISPOSAL GROUP

Business segments of the Operating Companies within the Disposal Group can be categorized mainly into (i) external signal cable assembly; (ii) internal signal cable assembly; (iii) connectors; (iv) antennas; and (v) communication and consumer electronics cable.

External signal cable assembly

Products of this business segment include signal connecting cables mainly used externally in computer notebooks, computers, monitors, TVs, mobile handsets and digital cameras, and can transmit digital, analog and audio-frequency signals with such functional advantages as high transmission rate and highly effective in anti-electromagnetic interference. Revenue of the external signal cable assembly segment amounted to approximately RMB337.8 million and RMB333.8 million for the years ended 31 December 2011 and 31 December 2012 respectively, representing approximately 18.1% and 17.3% of the total revenue of the Group during the respective year. Operating Companies engaged in this business segment include Dezhou Electronic.

Internal signal cable assembly

Products of this business segment include signal connecting cables mainly used internally between the main board and LCD monitor in computer notebooks, mobile handsets and digital cameras and can transmit video and audio-frequency signals with such functional advantages as high transmission rate and good shielding effect. Internal signal cable assembly products of the Group primarily include two types, namely, LVDS cable assembly for use in notebooks and flexible flat cable (FFC) assembly for use in LCD and LED TV. Revenue of the internal signal cable assembly segment amounted to approximately RMB339.9 million and RMB384.5 million for the years ended 31 December 2011 and 31 December 2012 respectively, representing approximately 18.2% and 19.9% of the total revenue of the Group during the respective year. Operating Companies engaged in this business segment include Dezhou Electronic, Changshu Electronic and Chongqing Technology.

Connectors

Products of this business segment include connectors mainly for monitors, TVs, computers, and various consumer products. Revenue of the connectors segment amounted to approximately RMB49.9 million and RMB27.7 million for the years ended 31 December 2011 and 31 December 2012 respectively, representing approximately 2.7% and 1.4% of the total revenue of the Group during the respective year. Operating Companies engaged in this business segment include Changshu Connecting-Technology.

Antennas

Products of this business segment include antennas used in computer notebooks, GPS systems, wireless-fixed phones and etc.. Revenue of the antennas segment amounted to approximately RMB28.5 million and RMB71.9 million for the years ended 31 December 2011 and 31 December 2012 respectively, representing approximately 1.5% and 3.7% of the total revenue of the Group during the respective year. Operating Companies engaged in this business segment include Changshu Electronic and Shenzhen Communication.

Communication and consumer electronics cable

Products of this business segment include wire and cable which are generally the work-in progress and are either sold to the customers for their further production or used by the Group internally for the production of finished wire and cable products used in consumer electronics. Revenue of communication and consumer electronics cable segment amounted to approximately RMB398.4 million and RMB304.5 million for the years ended 31 December 2011 and 31 December 2012 respectively, representing approximately 21.4% and 15.8% of the total revenue of the Group during the respective year. Operating Companies engaged in this business segment include Changshu Cable and Huizhou Technology.

Corporate structure of the Disposal Group

The Disposal Group consists of three companies mainly for the purpose of investments holding, namely Sumptuous Wealth, Abundant Wit and Greatest Group (collectively "Investments Holding Companies"), and 11 companies mainly for the purpose of business operations, namely Changshu Electronic, Chenhong International, Honglin Technology, Dezhou Electronic, Chongqing Technology, Changshu Cable, Huizhou Technology, Changshu Connecting-Technology, Hongxin International, Weihai Hongbo and Shenzhen Communication (collectively "Operating Companies"). Description on each company of the Disposal Group is as follows:

Investments Holding Companies

Sumptuous Wealth is an investment holding company incorporated in BVI on 2 January 2013 with limited liability. The issued share capital of Sumptuous Wealth is US$1. As at the Latest Practicable Date, Sumptuous Wealth was wholly-owned by the Company, it did not have any substantive business operation, and its major asset was the 100% issued share capital of Greatest Group and of Abundant Wit, respectively. Since the incorporation of Sumptuous Wealth on 2 January 2013 and up to 31 May 2013, Sumptuous Wealth did not record any profit or loss. The unaudited and unreviewed net asset value of Sumptuous Wealth was approximately RMB6.18 as at 31 May 2013.

Abundant Wit is an investment holding company incorporated in BVI on 16 November 2012 with limited liability. The issued share capital of Abundant Wit is US$1 (which was paid by the Company on 23 March 2013). As at the Latest Practicable Date, Abundant Wit was wholly-owned by Sumptuous Wealth it did not have any substantive business operation and its major asset was the 100% issued share capital of Hongxin International. Since the incorporation of Abundant Wit on 16 November 2012 and up to 31 May 2013, Abundant Wit did not record any profit or loss. The unaudited and unreviewed net asset value of Abundant Wit was zero and approximately RMB6.18 as at 31 December 2012 and 31 May 2013, respectively.

Greatest Group is an investment holding company incorporated in Hong Kong on 1 February 2013 with limited liability. The issued share capital of Greatest Group is HK$1. As at the Latest Practicable Date, Greatest Group was wholly-owned by Sumptuous Wealth and it did not have any investment or substantive business operation. The unaudited and unreviewed net loss of Greatest Group for the period from its incorporation on 1 February 2013 up to 31 May 2013 was approximately RMB211.72 and its unaudited and unreviewed net deficiency in assets was approximately RMB209.47 as at 31 May 2013.

The Operating Companies

Weihai Electronic was established in Weihai, Shandong Province, the PRC on 27 November 1997 with limited liability and was wholly-owned by the Company. Before the Split-off, the principal business of Weihai Electronic was manufacturing and sales of power cord assembly, signal transmission wire and cable products and investment holding. The Split-off was completed on 29 May 2013 and subsequent to which, among others, Weihai Hongbo has become a wholly-owned subsidiary of the Company and the registered capital of which is US$35 million.

Changshu Electronic was established in Changshu, Jiangsu Province, the PRC on 10 June 2002 with limited liability and it was wholly-owned by the Company (directly and indirectly) as at the Latest Practicable Date. The registered capital of Changshu Electronic was US$14 million as at the Latest Practicable Date. Changshu Electronic is principally engaged in the manufacturing and sales of internal signal cable assembly and antennas. It is expected that upon completion of the Reorganisation, Changshu Electronic will continue to hold its existing 80% equity interests in Shenzhen Communication. Changshu Electronic will also become the sole shareholder of Chenhong International (which will in turn own Honglin Technology) and together with Chenhong International will be interested in the entire paid-up registered capital of four Operating Companies, namely Huizhou Technology, Changshu Connecting-Technology, Honglin Technology and Changshu Cable.

Chenhong International was incorporated in Hong Kong on 10 March 2011 with limited liability and was indirectly wholly-owned by the Company as at the Latest Practicable Date. The issued share capital of Chenhong International was HK$10,000 as at the Latest Practicable Date. Chenhong International is principally engaged in the obtaining of overseas loan and other financing for the Group. It is expected that upon completion of the Reorganisation, Chenhong International will become, among others, the sole shareholder of Honglin Technology.

Honglin Technology was established in Taiwan on 21 July 2010 with limited liability and is directly wholly-owned by the Company as at the Latest Practicable Date. The total capital of Honglin Technology was NT$70 million as at the Latest Practicable Date. Honglin Technology is principally engaged in the marketing of internal and external signal cable assembly and antennas, and the research and development of antennas.

Huizhou Technology was established in Huizhou, Guangdong Province, the PRC on 23 August 2004 with limited liability and was indirectly wholly-owned by the Company as at the Latest Practicable Date. The registered capital of Huizhou Technology was RMB80 million as at the Latest Practicable Date. Huizhou Technology is principally engaged in the manufacturing and sales of communication wire and cable and related products.

Chongqing Technology was established in Chongqing, the PRC on 27 August 2010 with limited liability and was indirectly wholly-owned by the Company as at the Latest Practicable Date. The registered capital of Chongqing Technology was RMB24 million as at the Latest Practicable Date. Chongqing Technology is principally engaged in the manufacturing and sales of internal signal cable assembly.

Shenzhen Communication was established in Shenzhen, Guangdong Province, the PRC on 5 November 2009 with limited liability and was indirectly owned as to 80% by the Company as at the Latest Practicable Date. The registered capital of Shenzhen Communication was RMB10 million as at the Latest Practicable Date. Shenzhen Communication is principally engaged in the manufacture and sales of router antennas, WIFI antennas and telephone antennas.

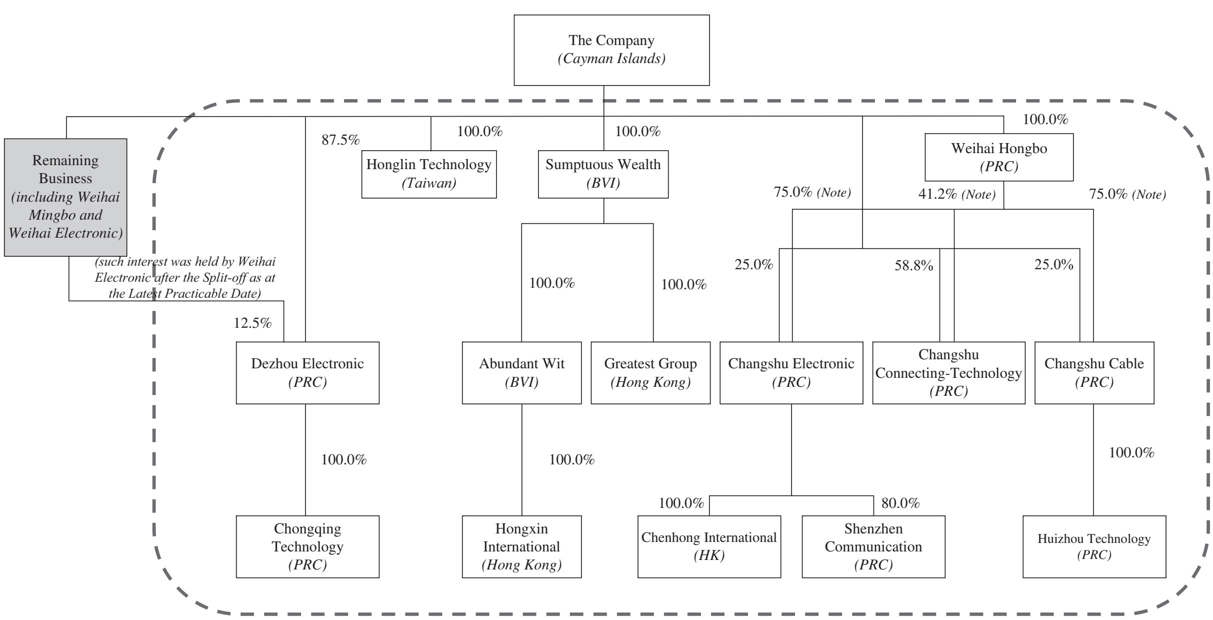
Dezhou Electronic was established in Dezhou, Shandong Province, the PRC on 13 March 2006 with limited liability and was wholly-owned by the Company (directly and indirectly) as at the Latest Practicable Date. The registered capital of Dezhou Electronic was US$18 million as at the Latest Practicable Date. Dezhou Electronic is principally engaged in the manufacturing and sales of internal signal cable assembly and external signal cable assembly.

Changshu Connecting-Technology was established in Changshu, Jiangsu Province, the PRC on 1 March 2004 with limited liability and was wholly-owned by the Company (directly and indirectly) as at the Latest Practicable Date. The registered capital of Changshu Connecting-Technology was US$12.50 million as at the Latest Practicable Date. Changshu Connecting-Technology is principally engaged in the manufacturing and sales of connectors.

Changshu Cable was established in Changshu, Jiangsu Province, the PRC on 25 August 2006 with limited liability and was wholly-owned by the Company (directly and indirectly) as at the Latest Practicable Date. The registered capital of Changshu Cable was US$17.4832 million as at the Latest Practicable Date. Changshu Cable is principally engaged in the manufacturing and sales of communication and consumer electronic wire and cable.

Hongxin International was incorporated in Hong Kong on 22 February 2010 with limited liability. The issued share capital of Hongxin International is HK$1. As at the Latest Practicable Date, Hongxin International was wholly-owned by Abundant Wit. Hongxin International is principally engaged in the export trading of the products of the Group and will also be engaged in investment holding after completion of the Reorganisation.

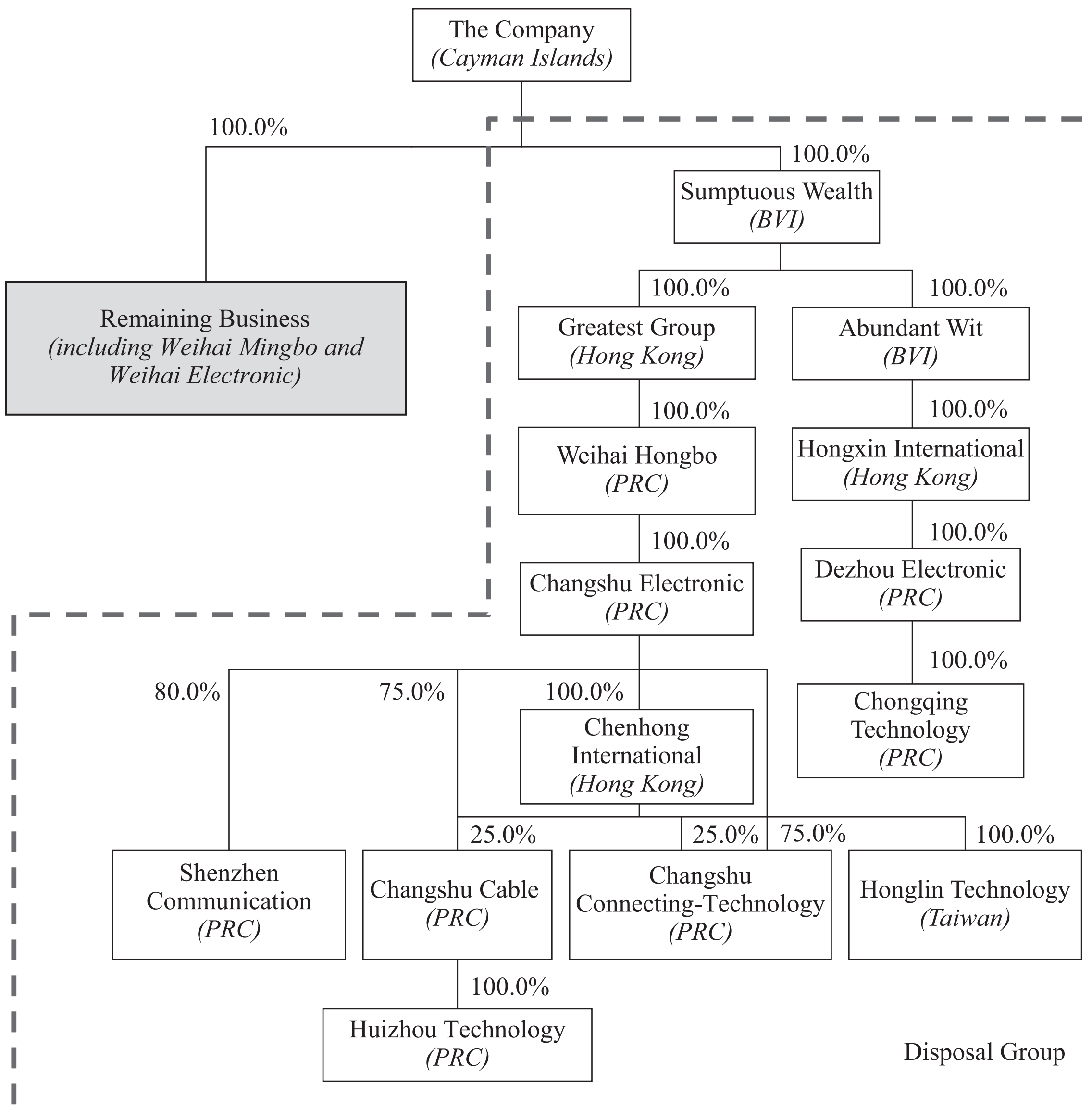
Set out below was the shareholding structure of the Investments Holding Companies, the Operating Companies and the Remaining Business as at the Latest Practicable Date:



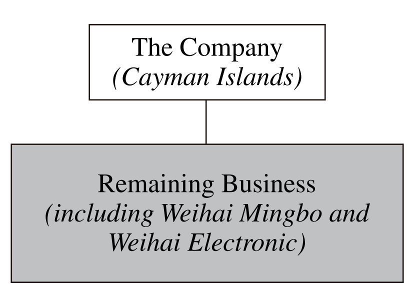
Disposal Group

Note: Such interests were transferred from Weihai Electronic to Weihai Hongbo pursuant to the Split-off. However, registrations of Weihai Hongbo as new equity holder at relevant government authorities had not yet been completed as at the Latest Practicable Date.

Pursuant to the S&P Agreement (as supplemented by the Supplemental Agreement), the Company will undergo the Reorganisation (including the Split-off) before Completion. Set out below is the shareholding structure of the Disposal Group and the Remaining Business upon completion of the Reorganisation:



Set out below is the shareholding structure of the Remaining Group upon Completion:



Financial information of Operating Companies

Set out below is certain financial information extracted from the unaudited combined financial statements of the Operating Companies *(note)* for each of the three years ended 31 December 2012, 31 December 2011 and 31 December 2010 as set out in the Appendix II to this circular:

	For the year ended 31 December 2012 *Unaudited* *RMB'million*	**For the year ended 31 December 2011** *Unaudited* *RMB'million*	**For the year ended 31 December 2010** *Unaudited* *RMB'million*
Revenue	1,170.5	1,182.6	780.1
Profit/(Loss) before taxation	(59.2)	105.5	127.9
Net profit/(Net loss) after taxation	(64.6)	94.8	114.7

	As at 31 December 2012 *Unaudited* *RMB'million*	**As at 31 December 2011** *Unaudited* *RMB'million*	**As at 31 December 2010** *Unaudited* *RMB'million*
Net asset value attributable to the owners of the Operating Companies	631.4	680.9	531.4

Note: As at 31 December 2012, all the equity interests in the Operating Companies were directly held by the Remaining Group, except that 100% equity interests in Chongqing Technology and 80% equity interests in Shenzhen Communication were held by the Remaining Group via a company included in the Operating Companies, and 20% equity interests in Shenzhen Communication were held by a third-party non-controlling shareholder. In preparing the above combined financial figures, the abovementioned Operating Companies were combined as if they were all wholly owned subsidiaries under the Disposal Group except the non wholly-owned subsidiary of the Group, Shenzhen Communication of which the non-controlling interests have been taken into account.

During the year ended 31 December 2012, out of the total impairment losses of approximately RMB36.1 million recognised in the audited consolidated income statement of the Group, approximately RMB23.1 million were related to the Operating Companies and the impairment losses were made against property, plant and equipment, goodwill, intangible assets and trade receivables of certain Operating Companies.

During the period from April to May 2013, the Disposal Group has carried out the Distribution pursuant to which the Disposal Group paid dividend in cash in aggregate of approximately RMB86.2 million to the Company and Weihai Electronic. Based on the unaudited management accounts of the Disposal Group and taking into account respective assets and liabilities of Weihai Electronic attributable to Weihai Hongbo after the Split-off, the unaudited and unreviewed combined net asset value of the Disposal Group was approximately RMB595.8 million (equivalent to approximately HK$734.8 million) as at 31 May 2013. Such net asset value is not only resulted from the operating results of the Operating Companies but also includes but not limited to the net effect of capital increase in Changshu Cable as part of the Reorganisation and the Distribution during the period from April to May 2013.

REASON FOR AND BENEFITS FROM THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in the provision of one-stop signal transmission and connectivity solutions and related products. The Group designs, develops, manufactures and sells a comprehensive range of products including external and internal signal cable assembly, signal transmission wire and cable, power cord assembly, connectors, antennas, automotive wiring harness and other products. Currently, the businesses of the Group relating to the manufactures and sales of signal cable assembly, connectors, antennas and substantial part of signal transmission wire and cable are mainly conducted by certain members of the Operating Companies.

As mentioned in the annual report of the Company for the year ended 31 December 2012, the continued challenges and uncertainties in the global economies and Computer, Consumer electronics and Communication (3Cs) industries had severely affected the Group's business, especially the relatively more traditional products, such as external signal cable assembly, internal signal cable assembly, antennas and connectors. On the other hand, the trend of application of wireless technology in similar products has also reduced the competitiveness of the Group's traditional products and adversely affected their profit margins. Therefore, the Company expects that the growth of its traditional products is limited. During the year ended 31 December 2012, the Group recorded a net loss attributable to the owners of the Company of approximately RMB48.3 million and the net loss of the Operating Companies attributable to the owner of the Company of approximately RMB63.2 million which had offset the net profit of the Remaining Business (without taking into account the businesses conducted by Rosy Sun and its subsidiaries, which were acquired by the Company on 31 January 2013). The Company would proactively seek for and capture the right opportunities for business restructuring and industrial upgrading. The Company would exit from part of the relatively more traditional products with year-on-year reduction in profitability through realisations while vigorously developing new products with strong profitability, for instance, the products of Rosy Sun and its subsidiaries.

In view of that the PRC has experienced significant growth in the telecommunication industry, including mobile telecommunication, application of third-generation mobile networks (3G) technology and broadband and the Twelfth Five Year Plan of the PRC also set out plan to speed up the development in information technology industry, including mobile communication technology, broadband and wireless network, the Company has acquired Rosy Sun pursuant to a sale and purchase agreement on 28 October 2012. On 31 January 2013, the acquisition of Rosy Sun was completed and Rosy Sun became a wholly-owned subsidiary of the Company. Rosy Sun, together with its subsidiaries, are principally engaged in (i) the research and development, manufacture and sale of cell phones which can run on 2G and/or 3G networks such as GSM, IS-95, CDMA2000 and TD-SCDMA in the PRC; (ii) the sale of network equipment to the top three telecommunication services providers in the PRC such as core network equipment, IPRAN and xPON; and (iii) the provision of services to major telecommunication services providers in the PRC, such as the installation, maintenance and upgrade of the network equipment and/or wireless network optimization in their existing network systems. For the year ended 31 December 2012, the net profit attributable to owners of the operating subsidiary of Rosy Sun, namely Shenyang New Postcom Co. Ltd. was approximately RMB67.3 million which is more than the forecasted RMB66.0 million. The Company has also been guaranteed that the net profit attributable to owners of Shenyang New Postcom Co. Ltd. would not be less than RMB85.0 million for the year ending 31 December 2013.

Upon Completion, the Company will focus on its Remaining Business which includes (i) the manufacture and sales of power cord assembly; (ii) the signal transmission wire and cable products such as automotive cable, power cable, specialty wire and cable; (iii) the automotive wiring harness; and (iv) the business of Shenyang New Postcom Co. Ltd.. For the sales of power cord assembly, the Group has recorded a significant growth in revenue of approximately 41.0% for the year ended 31 December 2012 as compared to that for the year ended 31 December 2011. The power cord assembly products of the Group can be widely used, such as for computer notebooks and home electrical appliances and the sales of them are not affected by the introduction of wireless electronic products. In addition, the Company also expects that the increase in awareness of environment protection in the PRC may facilitate sales growth of the Group's halogen-free power cord assembly products in the future.

On the other hand, in light of the historical growth in the PRC automotive market and continuous demand of relevant components, the Company believes that there will be potential growth for the sales of wiring harness for automotive industry. The Company believes that the restructuring of the PRC automotive industry will result in the higher requirement on the quality of relevant automotive components and parts (including wiring harness) which in turn may create business opportunity for the Group's quality automotive wiring harness.

Furthermore, it is planned by the PRC government to facilitate the growth in production of high-end equipment in the PRC such as for the application in railway transportation, renewable energy development and offshore engineering. Therefore, the Company is of the view that the special cable products of the Group that are specially designed and developed for, but not limited to, such applications, will be benefited from the favourable policy in the future.

In light of that (i) the application of the 3G has become more prevailing in the PRC and the certain cities in the PRC have also started using the Long Term Evolution (LTE) technology based 4G network; and (ii) PRC government's encouragement to popularize the application of broadband and to increase in bandwidth, the Company expects that such advancement of the PRC telecommunication and information network industry would create business opportunity for the relevant products of Shenyang New Postcom Co. Ltd. such as xPON, IPRAN, core network equipment and terminal products in the future.

Upon Completion and pursuant to the S&P Agreement (as supplemented by the Supplemental Agreement), the Consideration will set off the outstanding amount under the Promissory Note. By doing so, the Group can reduce its long term liabilities and improve its gearing ratio which in turn will enrich its internal resources for further developing the

Remaining Business and/or financing new investment projects should such opportunity arise in the future. To the best of the Directors' belief based on information currently available, the Directors do not expect any material cash proceeds from the Disposal after setting off the outstanding amount under the Promissory Note, and in case if any, will be used as general working capital.

Pursuant to S&P Agreement (as supplemented by the Supplemental Agreement), the adjustment for the Consideration will take into account the Value Difference and the Revaluation Surplus. Thus, irrespective of the level of the final Consideration, any movement in the final Consideration would be the results of the movement in the fair value of the net asset value of the Disposal Group during the period up to the Review Date and the Directors consider that the terms of the Disposal are fair and reasonable and the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) are in the interest of the Company and the Independent Shareholders as a whole and the Disposal and transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) also represents an opportunity to the Company for realising its loss-making businesses and re-directing its resources to other businesses with growth potential.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Group shall not have any interest in the Disposal Group. Each of the companies within the Disposal Group shall cease to be a subsidiary of the Company since then. Therefore, the profit and loss and assets and liabilities of the Disposal Group will no longer be consolidated to the accounts of the Remaining Group.

Since the Company will early redeem the Promissory Note as a result of the Disposal, the remaining notional interest expenses over the term of the Promissory Note will be recognised in aggregate. As a result, the Remaining Group is expected to record a finance cost amounting to RMB73.8 million. However, such finance cost is non-cash and non-recurrent in nature.

Subject to, among other items, the amounts of the Revaluation Surplus, the Value Difference and the balance the consolidated net asset value of the Disposal Group as at the date of Completion, it is expected that the Company will record a gain on the Disposal before considering the notional finance cost as a result of the early redemption of the Promissory Note of approximately RMB5.7 million which is estimated based on, among other items, (i) the results of valuation of the Properties as at 30 April 2013; (ii) the assumption that the Value Difference is zero and that the consolidated net asset value of the Disposal Group as at the date of Completion is the same as the aggregate value of the unaudited and unreviewed combined net asset value of the Operating Companies as at 31 December 2012 plus the aggregate value of the unaudited and unreviewed net asset values of the Investments Holding Companies as at the date of the S&P Agreement; (iii) the deduction of the currently estimated professional fees and other expenses of the Remaining Group which are attributable to the Reorganisation and the Disposal; and (iv) the related tax amounting to approximately RMB3.2 million accrued by the Remaining Group.

Net Assets

As at 31 December 2012, the audited consolidated net asset value of the Group amounted to approximately RMB1,021.0 million. As set out in Appendix III to this circular, assuming the Disposal had been fully completed on 31 December 2012, the unaudited pro forma consolidated net asset value of the Remaining Group would have been increased to approximately RMB1,062.1 million.

In addition, the Remaining Group's total assets would have been decreased from approximately RMB2,326.6 million to approximately RMB1,925.2 million whilst the total liabilities would have been decreased from approximately RMB1,305.6 million to approximately RMB863.1 million.

The above unaudited pro forma financial figures are prepared on the basis that the Promissory Note had been issued on 31 December 2012 and the Disposal had been fully completed on 31 December 2012 and has not reflected impact to the financial position of the Company brought by the acquisition of Rosy Sun (which was completed on 31 January 2013).

On the assumption that the final Consideration was adjusted to the minimum of HK$580 million, the net assets and total assets of the Remaining Group would decrease as compared with those stated above whilst there would be no change in total liabilities. Such decrease in assets of the Remaining Group is primarily due to the decrease in cash balance of the Remaining Group as the Company would have to pay to Mr. Chi Shaolin the amount which the final Consideration is below the outstanding amount under the Promissory Note. The abovementioned were based on the assumption that (i) the Revaluation Surplus would not change during the period from 30 April 2013 to the Review Date; (ii) the net assets of the Disposal Group would not change during the period from the Review Date to the date of Completion; and (iii) all tax during the Reorganisation, the professional fee and other expenses attributable to the Disposal remain unchanged.

Based on the unaudited management accounts of the Company, the unaudited cash and bank balance of the Group and the Remaining Group were approximately RMB163.0 million (equivalent to approximately HK$201.0 million) and RMB90.1 million (equivalent to approximately HK$111.1 million) respectively as at 31 May 2013. Therefore, on the basis of the cash and bank balance of the Remaining Group as at 31 May 2013 as mentioned above and on the assumption that the final Consideration would be determined at the lowest end of HK$580 million, the Directors consider that the Company should have sufficient cash to settle the possible cash outflow of HK$70 million, being the maximum difference between the final Consideration and the current outstanding amount of HK$650 million under the Promissory Note.

As set out in the unaudited pro forma statement of assets and liabilities of the Group (including Rosy Sun) as at 30 June 2012 contained in the circular of the Company dated 31 December 2012, it is expected that as a result of the acquisition of Rosy Sun, the total assets and total liabilities of the Company would increase by approximately RMB1,016.1 million and approximately RMB1,023.7 million respectively whilst the net assets would decrease by approximately RMB7.6 million primarily due to the issue of the Promissory Note by the Company.

Earnings

The Group recorded an audited consolidated net loss of approximately RMB62.6 million for the year ended 31 December 2012. As set out in Appendix III to this circular, assuming the Disposal had fully taken place on 1 January 2012, the Remaining Group would have recorded an unaudited pro forma consolidated loss of approximately RMB43.0 million for the year ended 31 December 2012.

Such unaudited pro forma consolidated loss of the Remaining Group has not yet taken into account the contribution of Rosy Sun. During the year ended 31 December 2012, Shenyang New Postcom Co. Ltd., being the indirect wholly-owned subsidiary of Rosy Sun, recorded an audited net profit attributable to its owner of approximately RMB67.3 million. For the year ending 31 December 2013, the Company has also been guaranteed that net profit attributable to its owner would not be less than RMB85.0 million.

On the assumption that the final Consideration was adjusted to the minimum of HK$580 million, the corresponding change in net assets of the Disposal Group for the period from 1 January 2013 to the Review Date would be due to, among other factors, the operating results of the Disposal Group, the Distribution and the Reorganisation which should have no impact on the Remaining Group's earnings.

Gearing ratio

The gearing ratio (measured by total short-term borrowings as a percentage of total assets of the Group as the Group did not have any long term debt) of the Group was approximately 34.4% as at 31 December 2012. Based on the unaudited pro forma consolidated statement of financial position as set out in Appendix III to this circular, the gearing ratio (measured by total short-term borrowings and other financial liabilities as a percentage of total assets) would have decreased to approximately 28.3% on the basis that the Disposal had been fully completed on 31 December 2012. Since the Company issued the Promissory Note on 31 January 2013, the total liabilities and the gearing ratio (if taking into account such long term debt) have increased accordingly. The setting off of an amount equivalent to the Consideration outstanding under the Promissory Note will enable the Company to redeem the outstanding amount of the Promissory Note earlier and the remaining notional interest expenses over the term of the Promissory Note on the Remaining Group's accounts will be recognized in aggregate. As a result, the gearing ratio of the Remaining Group will be improved. In fact, such expected finance cost due to the early redemption of the Promissory Note is non-cash and non-recurrent in nature.

Since the total asset of the Remaining Group would decrease if the final Consideration was adjusted to the minimum of HK$580 million, the gearing ratio of the Remaining Group would increase accordingly.

The financial effects of the Disposal are based on currently available information and are provided for illustrative purposes only.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratio (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) is expected to be more than 75%, the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) constitutes a very substantial disposal of the Company under Rule 14.06 of the Listing Rules. Besides, Mr. Chi Shaolin is the controlling Shareholder, the chairman of the Company and an executive Director who is interested in approximately 40.87% interests of the Company, each of Mr. Chi Shaolin and the Purchaser (being wholly-owned by Mr. Chi Shaolin) is a connected person of the Company, and the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under the Listing Rules.

Mr. Chi Shaolin and his associates (including Chenlin International Joint Stock Company Limited and Splendor Sun Group Limited holding an aggregate of 355,229,222 Shares as at the Latest Practicable Date), are regarded as having material interest in the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) and therefore they are required to abstain from voting on the resolution proposed to be passed at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement). Mr. Chi Shaolin was also required to abstain from voting at the Board meeting in relation to the Disposal and the S&P Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Ms. Zheng Lin, Mr. Pao Ping Wing and Mr. Thomas Tam, has been formed to give recommendation to the Independent Shareholders in respect of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement). GF Capital has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

POTENTIAL CONTINUING CONNECTED TRANSACTIONS

The Disposal Group has historically been involved intragroup transactions with the Remaining Group. During the three years ended 31 December 2012, the historical annual transaction amount between the Disposal Group and the Remaining Group ranged from RMB140 million to RMB290 million. The aforesaid transaction amounts were for reference only and may not be indicative to those in the future as such transactions may or may not be terminated after Completion. Such transactions between the Remaining Group and the Disposal Group, if continued, will constitute the continuing connected transactions of the Company under the Chapter 14A of the Listing Rules. The Company will comply with the relevant Listing Rules and make necessary announcement(s) in this regard as and when necessary.

EGM

A notice convening the EGM to be held at the 3rd Floor Conference Room, 9–10 Pudong Road, The First Industrial Park, Economic and Technological Development Zone, Weihai City, Shandong Province, The People's Republic of China on Tuesday, 16 July 2013 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish.

Mr. Chi Shaolin and his associates (including Chenlin International Joint Stock Company Limited and Splendor Sun Group Limited holding an aggregate of 355,229,222 Shares as at the Latest Practicable Date), are regarded as having material interest in the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) and therefore they are required to abstain from voting on the resolution proposed to be passed at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement).

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and GF Capital set out in this circular which set out their recommendations in respect of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) and the principal factors considered by them in arriving at their recommendations.

The Directors (including the independent non-executive Directors who have taken into account the recommendations from GF Capital) are of the view that the terms of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the resolution proposed to be passed at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

By Order of the Board of
HL Technology Group Limited
Chi Shaolin
Chairman & CEO

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)

27 June 2013

To the Independent Shareholders,

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 27 June 2013 (the "Circular"), in which this letter forms part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to advise you as to whether the terms of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) are fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned.

GF Capital has also been appointed as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement).

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 25 of the Circular, and the letter of advice from GF Capital, as set out on pages 27 to 47 of the Circular, and the additional information set out in the appendices to the Circular.

Having taking into account the terms of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement), and having considered the advice rendered by GF Capital and the principal factors and reasons taken into consideration by it in arriving at its advice, we are of the opinion that the terms of the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) are in the interests of the Company and the Independent Shareholders as a whole, and are fair and reasonable so far as the Company and the Independent Shareholders as a whole are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement).

Yours faithfully,
For and on behalf of the Independent Board Committee

PAO Ping Wing	**Thomas TAM**	**ZHENG Lin**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *for identification purposes only*

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser which has been prepared for inclusion in this circular.

廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

29–30/F, Li Po Chun Chamber
189 Des Voeux Road Central
Hong Kong

27 June 2013

To the Independent Board Committee and the Independent Shareholders of HL Technology Group Limited

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposal, particulars of which are set out in a circular (the "Circular") of the Company to the Shareholders dated 27 June 2013 and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the letter from the Board (the "Letter from the Board") contained in the Circular, on 9 June 2013, the Company (as vendor) entered into the S&P Agreement (as supplemented by the Supplemental Agreement) with the Purchaser and Mr. Chi Shaolin (as guarantor for the Purchaser), pursuant to which the Company has conditionally agreed to dispose of and the Purchaser has conditionally agreed to purchase the Sale Share from the Company at the Consideration of HK$779 million, subject to adjustments equivalent to the Value Difference and the Revaluation Surplus, provided that the final Consideration shall not exceed HK$780 million and shall not be less than HK$580 million. The Consideration shall be satisfied by the Purchaser by way of procuring Mr. Chi Shaolin (as holder of the Promissory Note) offsetting the equivalent amount in the Promissory Note. The Disposal constitutes a very substantial disposal on the part of the Company under the Listing Rules. As the Purchaser is a connected person of the Company, the Disposal also constitutes a connected transaction on the part of the Company and will be subject to the approval of the Independent Shareholders at the EGM by way of poll.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects as at the date of the Circular. We have also relied on our discussion with the Directors and the management of the Company (the "Management") regarding the Group and the respective terms of the S&P Agreement (as supplemented by the Supplemental Agreement), including the information and representations contained in the Circular, the unaudited and unreviewed management accounts of the Operating Companies as at 31 December 2012 and the unaudited and unreviewed management accounts of the Investments Holding Companies as at the date of the S&P Agreement (the "Management Accounts"), the annual report of the Company for the year ended 31 December 2012 (the "2012 Annual Report") and the unaudited management accounts of the Company as at 31 May 2013. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular, the Management Accounts, the 2012 Annual Report and the unaudited management accounts of the Company as at 31 May 2013 and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular, the Management Accounts, the 2012 Annual Report and the unaudited management accounts of the Company as at 31 May 2013 nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Purchaser, the Disposal Group, the Remaining Group or their respective associates nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion regarding the terms of the Disposal, we have considered the following principal factors and reasons:

1. Background and reasons for entering into the S&P Agreement (as supplemented by the Supplemental Agreement)

(i) Review of business and financial position of the Group

We summarise the audited consolidated results of the Group for the most recent two financial years as follows:

		Year ended 31 December 2012	2011
		RMB'000	*RMB'000*
	Revenue from sales of:		
the Disposal Group	— External signal cable assembly	333,816	337,750
	— Internal signal cable assembly	384,517	339,859
	— Connectors	27,722	49,928
	— Antennas	71,913	28,462
the Remaining Group	— Power cord assembly	463,814	329,016
	— Automotive wiring harness	127,454	156,678
	Others *(Note)*	524,439	623,683
	Total Turnover	1,933,675	1,865,376
	Cost of sales:		
	Raw material cost	(1,275,224)	(1,166,905)
	Labour cost	(201,555)	(166,541)
	Outsourcing costs	(103,693)	(83,270)
	Others	(71,948)	(70,255)
	Total costs of sales	(1,652,420)	(1,486,971)
	Operating expenses:		
	Distribution and selling expenses	(77,047)	(49,056)
	Administrative and general expenses	(135,284)	(116,714)
	Research and development expenses	(81,190)	(62,179)
	Profit/(Loss) attributable to Shareholders	(48,325)	116,071

Source: 2012 Annual Report

Note: The category of "Others" included the revenue from the business segment of signal transmission wire and cable of which its revenue was approximately RMB488.42 million and RMB420.96 million for the year ended 31 December 2011 and 31 December 2012 respectively. Upon Completion, it is expected that the business of the products for "computing" usage will be disposed of, while the business of automotive cable, power cable, specialty wire and cable, and those of "communication" and "consumer electronics" usage will be part of the Remaining Business.

Upon our review on the 2012 Annual Report and our discussion with the Directors and the Management, we understand that:

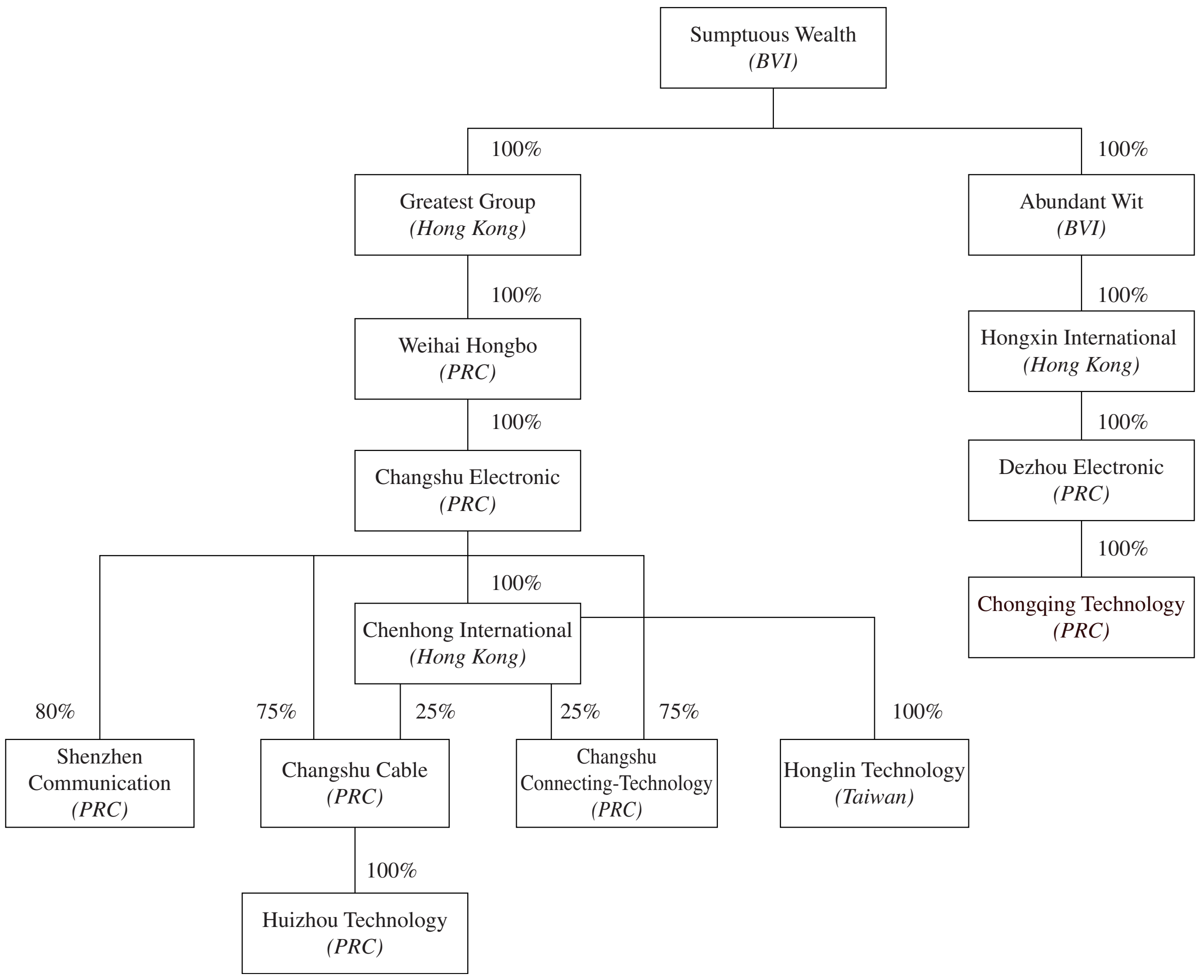
(a) The overall revenue of the Group was negatively affected by the decreasing unit price of the traditional products, resulting in loss-making of the Group in 2012;

(b) In 2012, cost of sales of the Group increased by approximately RMB165.4 million (or approximately 11.1%) as compared to 2011, and the gross profit margin of the Group decreased due to a less-than-proportionate increase in sales turnover by approximately 3.7%. The increase in cost of sales and the reduction of gross profit margin was mainly due to (i) the increase in raw material costs of as a result of the overall increase in sales volume and the higher plastic material price in 2012 as compared to 2011; (ii) the decline in the average selling prices of most of the Group's products, especially the external signal cable assembly, internal signal cable assembly, antennas and connectors; and (iii) the increase in labour costs and outsourcing costs as a result of the overall increase in employee salaries in line with the inflation in 2012; and

(c) The overall increase in operating expenses of the Group in 2012 as compared to 2011 was mainly due to (among other things) (i) the increase in travelling expenses, resulting in the increase in distribution and selling expenses; (ii) the increase in staff cost due to rise in employee salaries; (iii) the increase in material cost and depreciation as a result of the expansion of the research and development of the fields of specialty wire and cable, halogen-free materials and antennas.

(ii) Background of the assets to be disposed of under the Disposal

The following chart shows the group structure of the Disposal Group immediately after completion of the Reorganisation:



The Directors and the Management represented that the Investments Holding Companies does not have any substantive business operation. We have obtained the unaudited and unreviewed management accounts of the Operating Companies as at 31 December 2012 and set out below are the details of the business operation and financial performance of the Operating Companies:

Name	**Principal business**	**Net profit/(loss) attributable to the owners of the company for the year ended 31 December 2012** *unaudited and unreviewed (RMB'million)*	**2011**
Changshu Electronic	manufacturing and sales of internal signal cable assembly and antennas	(1.83)	15.30
Honglin Technology	marketing of internal and external signal cable assembly and antennas, and the research and development of antennas	(6.32)	—
Huizhou Technology	manufacturing and sales of communication wire and cable and related products	(22.90)	0.60
Chongqing Technology	manufacturing and sales of internal signal cable assembly	0.43	0.96
Shenzhen Communication	manufacture and sales of router antennas, WIFI antennas and telephone antennas	(5.24)	(2.43)
Dezhou Electronic	manufacturing and sales of internal signal cable assembly and external signal cable assembly	11.58	48.26
Changshu Connecting-Technology	manufacturing and sales of connectors	(20.90)	9.08

Name	Principal business	Net profit/(loss) attributable to the owners of the company for the year ended 31 December 2012 *unaudited and unreviewed (RMB'million)*	2011
Changshu Cable	manufacturing and sales of communication and consumer electronic wire and cable	0.45	15.25
Hongxin International	export trading of the products of the Group and will also be engaged in investment holding after completion of the Reorganisation	(12.36)	(0.31)

Upon our review on unaudited and unreviewed management accounts of the Operating Companies as at 31 December 2012 and the 2012 Annual Report, and our discussion with the Directors and the Management regarding the business operation of the Disposal Group and the Remaining Group, we understand that:

(a) Upon the Completion, the Group will cease to engage in the businesses of (i) the external signal cable assembly; (ii) internal signal cable assembly; (iii) connectors; and (iv) antennas, while the businesses of (i) power cord assembly; (ii) the signal transmission wire and cable products (other than those of "computing" usage only); (iii) automotive wiring harness; and (iv) the business of Shenyang New Postcom Co. Ltd. will be retained in the Remaining Group;

(b) Upon the Completion, the overlapping between the businesses of Disposal Group and Remaining Group shall be insignificant. The Directors and the Management represented that given the severe competition in the PRC market, the reduction in profit margin in selling the traditional products such as the external signal cable assembly, internal signal cable assembly, antennas and connectors which are ancillary products to the Computer, Consumer electronics and Communication (3Cs) industries and the deterioration of financial performance of the Operating Companies in 2012 as compared to 2011, it is the Company's intention to dispose of the business of traditional products. We have discussed with the Directors and the Management the reason for the disposal of Dezhou Electronic, which was profit-making for the year ended 31 December 2012 actually. The Directors and the Management represented that Dezhou Electronic was one of the suppliers to certain members of the Disposal Group and the profit generated for the year ended 31 December 2012 was primarily attributable to the intra-group transactions between Dezhou Electronic (as supplier) and other members of the Disposal Group (as customers). If such intra-group transactions were to be excluded, then Dezhou Electronic should have recorded a net loss for the year ended 31 December 2012;

(c) Revenue from power cord assembly products (as part of the Remaining Group) increased by approximately RMB134.8 million (or approximately 41.0%) for the year ended 31 December 2012 as compared to 2011. The increase was due to (i) the sales of power cord assembly products was not materially impacted by the introduction of wireless electronic products as they can be widely used, such as for computer notebook and home electrical appliances; (ii) the Directors and the Management expects that the increase in awareness of environment protection in the PRC may facilitate sales growth of the Group's halogen-free power cord assembly products in the future. The Group has adopted an aggressive pricing strategy for acquiring market share in halogen-free products, in particular, the market share in its existing customers. In addition, the unit price of the newly developed halogen-free products with substantial demand from customers has not been affected by the overall trend of the decrease in unit price. Therefore, the Directors and the Management considers that it is beneficial to the Group to continue the business in the sales of power cord assembly products;

(d) Revenue from automotive wiring harness segment (as part of the Remaining Group) decreased by approximately RMB29.2 million (or approximately 18.7%) for the year ended 31 December 2012 as compared to 2011. The decrease was primarily due to the integration of the automotive wiring harness business and the re-location of the production center from Tianjin to Dezhou, resulting in the sacrifice of certain level of production output and sales. However, the Directors and the Management believed that in light of the historical growth in the PRC automotive market and related products, there may be potential growth for the sales of wiring harness of automotive industry and thus may create more business opportunity for the Group's automotive wiring harness business in the future; and

(e) As stated in the Letter from the Board, for the year ended 31 December 2012, the actual net profit attributable to owners of the operating subsidiary of Rosy Sun, namely Shenyang New Postcom Co. Ltd. was approximately RMB67.3 million, which was more than the then forecasted sum of RMB66.0 million as disclosed in the circular of the Company dated 31 December 2012. The Company has also been guaranteed that the net profit attributable to owners of Shenyang New Postcom Co. Ltd. would not be less than RMB85.0 million for the year ending 31 December 2013. Therefore, in view of the prospect of such business, the Remaining Group will continue with the business of Shenyang New Postcom Co. Ltd., which is principally engaged in (i) the research and development, manufacture and sale of cell phones which can run on 2G and/or 3G networks such as GSM, IS-95, CDMA2000 and TD-SCDMA in the PRC; (ii) the sale of network equipment to the top three telecommunication services providers in the PRC such as core network equipment, IPRAN and xPON; and (iii) the provision of services to major telecommunication services providers in the PRC, such as the installation, maintenance and upgrade of the network equipment and/or wireless network optimization in their existing network systems.

Taken into account of the factors above, coupled with the lackluster industry overview on the notebook industry (to which the Disposal Group belongs and shall be less competitive than the tablet personal computer industry) versus a healthier industry overview on the automotive industry and the telecommunication industry (to which the Remaining Group belongs) in the section headed "4. Industries' overviews on the business segments under the Disposal Group and the Remaining Group" below, we are of the view that there is a commercial ground for the Group to put forward the Disposal with a view to divest its loss-making segments (i.e. the Disposal Group) and to reallocate more resources to focus on its profit-making segments of the Remaining Group (including Shenyang New Postcom Co. Ltd.).

2. Terms of the Disposal

(i) Consideration

As stated in the Letter from the Board, the consideration for the disposal of the Sale Share by the Company is HK$779 million, subject to the following adjustments:

The consideration of HK$779 million determined at the date of S&P Agreement (as supplemented by the Supplemental Agreement)

Adjustments:

(i) the Value Difference

(ii) the Revaluation Surplus

Final Consideration at Completion

We have discussed with the Directors and the Management regarding the aforesaid adjustment mechanism of the Consideration, and we have our analysis below:

(a) the consideration of HK$779 million determined at the date of S&P Agreement (as supplemented by the Supplemental Agreement)

As discussed with the Directors and the Management, the consideration of HK$779 million is equivalent to the sum of (i) the unaudited and unreviewed combined net asset value of the Operating Companies as at 31 December 2012 of approximately RMB631.38 million; and (ii) the aggregate value of the unaudited and unreviewed net asset values of the Investments Holding Companies as at the date of S&P Agreement of which the amount is insignificant.

(b) the Value Difference

As stated in the Letter from the Board, the Value Difference is the difference between (i) the unaudited and unreviewed combined net asset value of the Operating Companies as at 31 December 2012 plus the aggregate value of the unaudited and unreviewed net asset values of the Investments Holding Companies as at the date of S&P Agreement; and (ii) the reviewed consolidated/combined net asset value of the Disposal Group as at the Review Date pursuant to the Review Accounts.

Upon our review on the Management Accounts, we note that the major assets of the Investments Holding Companies are the entire issued share capital of their respective subsidiaries, while there are no major liabilities for the Investments Holding Companies. The major assets of the Operating Companies primarily comprise (i) trade and other receivables; (ii) inventories; and (iii) property, plant and equipment, while the major liabilities of the Operating Companies mainly comprise (i) trade and other payables; and (ii) borrowings. As discussed with the Directors and the Management, the Properties as at the Review Date will be revalued by an independent valuer, while the Company and the Purchaser agreed that the other major assets and major liabilities as at the Review Date will not be revalued as they expected no material difference between the carrying value and the fair value of those assets and liabilities based on prevailing general accepted accounting standards, especially no material over-statement of assets nor material under-statement of liabilities are expected (e.g. no material assets impairment is further required subsequent to 31 December 2012).

During the period from April to May 2013, the Disposal Group has carried out the Distribution pursuant to which the Disposal Group paid dividends in cash in aggregate of approximately RMB86.2 million to the Company and Weihai Electronic. The Directors and the Management expects that the Value Difference is negative, taken into account that (i) the Distribution has been paid to the Company and Weihai Electronic during the period between 31 December

2012 and the Review Date; and (ii) the Disposal Group is expected to record an operating loss for the period from 1 January 2013 to the Review Date, and hence the net assets of the Disposal Group will be reduced.

(c) the Revaluation Surplus

As discussed with the Directors and the Management, the Revaluation Surplus (not being available until after the Review Date for finalising the Consideration) is the difference (net of tax effect) between the valuation of the Properties as at the Review Date to be appraised by a valuer and the net book value of the Properties recognised in the audited financial statements of the Group as at 31 December 2012.

Given the premises erected on the Properties are mainly for industrial use, the Company has engaged an independent professional valuer to assess the values-in-use of the cash-generating units comprising of these premises, as well as machineries and equipment therein as at the Review Date for the Company's accounting reference in the preparation of the Review Accounts. Since the preliminary values-in-use of the cash-generating units as indicated by the independent professional valuer do not exceed the corresponding net book values as at 31 December 2012, the Board considers that there will be no surplus over carrying value of these premises. As such, only the land use rights were taken into account for the purpose of calculating the Revaluation Surplus.

The Company has appointed Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "Valuer") to prepare the property valuation report of the Properties as at 30 April 2013 (the "Property Valuation Report"), details of the Property Valuation Report have been set out in Appendix IV to the Circular. Upon our review on the unaudited and unreviewed management accounts of the Operating Companies and the Property Valuation Report, we understand and have been acknowledged by the Directors and the Management that only two members of the Disposal Group (namely, Dezhou Electronic and Changshu Connecting-Technology) are legally owning the Properties.

We have performed the followings steps regarding the appraisal value in respect of the Properties prepared by the Valuer and the Property Valuation Report pursuant to note 1(d) to Rule 13.80 of the Hong Kong Listing Rules:

(I) reviewed the company brochure and track records provided by the Valuer and were satisfied with their experience and expertise;

(II) reviewed the terms of engagement and the scope of work of the Valuer and considered that the scope of work is appropriate and without limitation; and

(III) confirmed with the Valuer that, save and except for the engagement for the revaluation of the Properties and the engagement for the transaction disclosed in the circular of the Company dated 31 December 2012, they have no current or prior relationships with the Company, the Purchaser, Mr. Chi Shaolin and connected persons of them.

We understand that the Properties are valued by the Valuer by way of the direct comparison method, where comparison based on prices realised or market prices of comparable land (of similar size, usage and location) is made (after carefully weighing against all the respective advantages and disadvantages of each land). We have carried out our independent search on the transaction values of the parcels of land adjacent to the Properties and consider that the valuation of the Properties is in line with the market transaction values. We consider that the direct comparison method adopted by the Valuer is in line with the market practice of valuing land (for which there can be an open market for transactions by willing buyers and sellers) and is hence reasonable.

As stated in the Property Valuation Report, the total valuation of the Properties is approximately RMB35,005,000 as at 30 April 2013. An independent professional valuer will update the valuation of the Properties as at the Review Date in determining the Revaluation Surplus. As discussed with the Directors and the Management, it is expected that the Revaluation Surplus will be slightly higher than the revaluation surplus of the Properties of the Disposal Group as at 30 April 2013, as the said difference is expected to be solely attributable to the depreciation of those properties to be expensed over the relevant period on the assumption that the market property values of those properties remain the same over the same period.

(d) the final Consideration at Completion

As part of our due diligence, we have reviewed the terms of the S&P Agreement (as supplemented by the Supplemental Agreement), in particular the adjustment mechanism on the final Consideration. Subject to the adjustment of the Value Difference and the Revaluation Surplus, the final Consideration shall not exceed HK$780 million and shall not be less than HK$580 million. The Consideration shall be satisfied by the Purchaser by way of procuring Mr. Chi Shaolin (as holder of the Promissory Note) offsetting an amount equivalent to the Consideration outstanding under the Promissory Note upon Completion.

In respect of the adjustment of the Value Difference on the final Consideration, we have reviewed (i) the unaudited and unreviewed management accounts of the respective members of the Operating Companies for the three years ended 31 December 2012; and (ii) the unaudited combined financial statements of the Operating Companies as set out in Appendix II to this circular.

In respect of the adjustment of the Revaluation Surplus on the final Consideration, we have reviewed (i) the Property Valuation Report; and (ii) the unaudited pro forma financial information on the Remaining Group in relation to the calculation of the Revaluation Surplus as set out in Appendix III to this circular.

As discussed with the Directors and the Management, it is expected that the final Consideration may be less than HK$779 million as the Value Difference is expected to be negative and to be outweighing the size of the Revaluation Surplus, taken into account that (i) the Distribution (of approximately RMB86.2 million) has been paid to the Company and Weihai Electronic during the period between 31 December 2012 and the Review Date; (ii) it is expected that the loss-making result of the Disposal Group for the period from 1 January 2013 to the Review Date will reduce the net assets position of the Disposal Group, and the aggregate reduction of both (i) and (ii) is expected to be greater than the revaluation surplus of the Properties as at 30 April 2013 (of approximately RMB14 million); and (iii) notwithstanding that the Revaluation Surplus is expected to be slightly higher than the revaluation surplus of the Properties as at 30 April 2013.

We noted that the Consideration, in worst case, may be adjusted down to HK$580 million. However, taking into account of the factors that:

(i) the Value Difference is an adjustment mechanism to adjust the final Consideration to the net asset value of the Disposal Group as at the Review Date. The unaudited combined financial information of the Operating Companies as set out in Appendix II to this circular has been reviewed by the Company's reporting accountants, who will also review the Review Accounts for the period from 1 January 2013 to the Review Date unless other professional accountants are appointed to review the Review Accounts;

(ii) the Revaluation Surplus is an adjustment mechanism to adjust the carrying value of the Properties to its fair value (ignoring a timing difference between that on 31 December 2012 versus the Review Date, which has been confirmed by the Management to be insignificant due to no material change in the composition of the Properties other than the relevant depreciation expenses incurred during the period), and the valuation of the Properties as at the Review Date will be appraised by an independent professional valuer; and

(iii) the Company has engaged an independent professional valuer to assess the values-in-use of the cash-generating units comprising of these premises, as well as machineries and equipment therein as at the Review Date for the Company's accounting reference in the preparation of the Review Accounts, we consider such final Consideration is in a position to fairly reflect the value of the Disposal Group as at the Review Date after the review by the Company's reporting accountants or other professional accountants and the valuer(s) even if the final Consideration is adjusted down to HK$580 million.

The S&P Agreement (as supplemented by the Supplemental Agreement) further stipulated that: (i) where the outstanding amount (including the principal and accrued interest (if any)) under the Promissory Note as at the date of Completion is lower than the final Consideration, the Purchaser shall pay to the Company in cash an amount equivalent to such difference upon Completion, and (ii) where the outstanding amount under the Promissory Note as at the date of Completion is higher than the final Consideration, the Company shall by way of prepayment pay to Mr. Chi Shaolin (the guarantor for the Purchaser and as holder of the Promissory Note) in cash an amount equivalent to such difference upon Completion. Upon our due diligence review, we note from the circular of the Company dated 31 December 2012 that the Promissory Note may be prepaid in whole or in part at any time without premium or penalty prior to its maturity by the Company giving the noteholder (i.e. Mr. Chi Shaolin) not less than 3 business days' prior written notice specifying the amount to be so prepaid.

We consider that (i) the top-up adjustment mechanism to receive cash is fair and reasonable to the Company (as vendor). However, we do not consider (ii) the prepayment adjustment mechanism to pay cash to be entirely attractive to the Company, because the Company's obligation to repay any principal amount of the Promissory Note shall have four more years to come pursuant to the agreed maturity date of the Promissory Note. In this connection, we have enquired and we understand from the Directors and the Management that the aforesaid prepayment adjustment mechanism to pay cash is the result of the arm's length negotiation between the Company and the Purchaser when arriving at the overall terms of the S&P Agreement (as supplemented by the Supplemental Agreement), and hence is part and partial of the Disposal transaction rather than a stand-alone arrangement to be executed solely pursuant to the terms the Promissory Note.

(ii) undertaking from the Company

Pursuant to the S&P Agreement (as supplemented by the Supplemental Agreement), the Company undertakes to the Purchaser that, among other things, save with prior consultation with and having obtained prior consent from the Purchaser or for the purpose of the transactions contemplated under the S&P Agreement (including for the purpose of the Reorganisation), the assets and liabilities of each of Sumptuous Wealth, Abundant Wit and Greatest Group will not be materially changed since the date of the S&P Agreement and up to Completion.

We consider that the S&P Agreement (as supplemented by the Supplemental Agreement), though not being in the ordinary and usual course of business of the Company, is on normal commercial terms and the terms of the S&P Agreement are,on balance, fair and reasonable so far as the Independent Shareholders are concerned.

3. Comparison with comparable companies

To assess the fairness and reasonableness of the Consideration, we have, to the best of our knowledge after having made all reasonable enquiries, identified an exhaustive list from infocastfn.com (a solutions provider for the securities industry offering solution to security industry participants) and google finance (a financial portal operated by google) website of a total of four comparable companies (the "Comparables") listed on the Stock Exchanges engaging in the business of wires, cables and power cords (other than the Company itself). When selecting the Comparables, we have based on the sub-industry classification of "Manufacturing — Electric Cables/Wires" as defined by infocastfn.com website, and we have cross-checked such list of Comparables against those searched from google finance website. Then we try to compare the price-to-book multiple of the Disposal with that of the Comparables. Since the Disposal Group was loss-making in 2012, we consider the comparison of the price-to-earnings multiple with the Comparables is not available. Details of the comparison are set out below:

Company name	Stock code	Principal business activities	Market capitalisation as at 7 June 2013, being the last trading day prior to the date of S&P Agreement (HK$)	Net Profit/(Loss) attributable to shareholders (HK$) *(Note)*	Net asset value attributable to shareholders (HK$) *(Note)*	price-to-book multiple (times)
Jiangnan Group Limited	1366	Manufacture of and trading in wires and cables for power transmission, distribution systems and electrical equipment	4,431,168,000	475,979,860	2,380,148,604	1.86
Chengdu PUTIAN Telecommunications Cable Company Limited	1202	Manufacture and sale of various types of telecommunications cables, optical fibres and cable joining sleeves	428,000,000	(123,657,090)	1,270,175,578	0.34
Perennial International Limited	725	Manufacturing and trading of electric cable and wire products	159,166,400	19,954,000	451,171,000	0.35
Fairson Holdings Limited	8132	Manufacture and sale of power and data cords	97,900,000	(9,002,422)	63,584,410	1.54
					price-to-book multiple (excluding profit-making Comparables)	**price-to-book multiple (including profit-making Comparables)**
				average	**0.94**	**1.02**
				median	**0.94**	**0.95**
				maximum	**1.54**	**1.86**
				minimum	**0.34**	**0.34**
The Disposal					>=1.00	>=1.00

Note: Based on www.hkex.com.hk. Currencies are translated into HK$ and the exchange rate of RMB: HK$ is 1:1.2655 (the exchange rate as at 7 June 2013 as extracted from Bloomberg)

Although the final Consideration is in the range between HK$580 million and HK$780 million, the price-to-book multiple of the Disposal is expected to be not less than 1.00 time after the adjustments of the Value Difference and the Revaluation Surplus at Completion.

Upon comparison, the expected lower-end price-to-book multiple of the Disposal of 1.00 time is within the range of the Comparables (including profit-making ones) from approximately 0.34 times to 1.86 times (and is slightly higher than the median of the Comparables (including profit-making ones) of approximately 0.95 times, although being slightly lower than the average of the Comparables of approximately 1.02 times).

Since the Disposal Group was loss-making in 2012, we consider the comparison of the price-to-book multiple of the Disposal with only those loss-making Comparables is more relevant. On such basis, the expected lower-end price-to-book multiple of the Disposal of 1.00 time is still within the range of the loss-making Comparables from approximately 0.34 times to 1.54 times (and is slightly higher than the median and the average of the loss-making Comparables of approximately 0.94 times and 0.94 times respectively).

Based on the foregoing analysis, we are of the view that the consideration for the Disposal is acceptable.

4. Industries' overviews on the business segments under the Disposal Group and the Remaining Group

We have performed our own independent research on the recent industries' overviews of the business of the Disposal Group and the Remaining Group below:

(i) The notebook industry versus tablet personal computer industry

In the first quarter of 2013, the decline in shipment of global notebooks (NB) was serious, with a quarterly dropping rate of approximately 14.1%, and was the highest dropping rate in recent decades. Among the ten largest NB manufactures, only one of them was able to record a positive growth in shipment of NB in the first quarter of 2013.

By contrast, from the first to the third quarter of 2012, the global shipment of tablet personal computers (Tablet PC) market reached 17.4 million units, 25 million units and 27.8 million units respectively, which represent a respective increase of approximately 141.7%, 66.2% and 49.5%, compared with the corresponding period in 2011. It is predicted that in 2013, the global Tablet PC shipment would reach 172.4 million units.

In light of the aforesaid substitution of NB by the Tablet PC, it is expected the sales in traditional products of the Disposal Group, which are related and ancillary products to the NB market, will also be severely impacted.

(ii) the automotive industry

According to China Association of Automobile Manufacturers, China's total automobile wholesale volume increased by 4% in 2012 from January to November 2012, which represents 2.6% higher than in that of 2011. The increase comes mainly from higher-end passenger car sales in November 2012. Besides, commercial car sales showed positive growth for the first time in 2012 indicating the auto market's gradual recovery after two years.

As discussed with the Directors and the Management, the restructuring of the PRC automotive industry will result in the higher requirement on the quality of relevant automotive components and parts (including wiring harness) which in turn may create business opportunity for the Group's automotive wiring harness. In addition, the Directors and the Management believed that after the integration of the automotive wiring harness business and the re-location of the production center from Tianjin to Dezhou in 2012, the capacity for manufacturing of such products will be enhanced as compared with 2012.

(iii) the telecommunication industry

According to data from the Ministry of Industry and Information Technology, China had 1.072 billion mobile subscriptions as of August 2012, of which 193 million were 3G network service subscribers. During the first eight months of 2012, China added 64 million 3G users. China reached a milestone in February 2012 when the number of mobile phone users in the country surpassed one billion. However, the 3G penetration rate is still low at 14%. In addition, the penetration rate for all kind of mobile phones in China is under 80%, and is still lower than that of the west, where it reaches over 90% or even above 100%.

The 4G licences for Chinese telecom operators are expected to be issued in 2013. It is expected that 4G customer bases to increase from an expected 1 million in 2013 to 439.9 million in 2017. LTE is well-positioned to become an important standard in the 4G industry. The Company expects that such advancement of the PRC telecommunication and information network industry would create business opportunity for the relevant products of Shenyang New Postcom Co. Ltd. such as xPON, IPRAN, core network equipment and terminal products in the future.

Taken into account of the aforesaid industries' overviews, we consider the reasons for the Disposal and the retention of business segments of the Remaining Group and Shenyang New Postcom Co. Ltd. is justified.

5. Financial effects of the Disposal on the Group

(i) Earnings and net assets

According to the unaudited pro forma financial information on the Remaining Group in Appendix III to this circular, it is expected that the Company will record a gain on the Disposal before considering the notional finance cost as a result of the early redemption of the Promissory Note of approximately RMB5.7 million which is estimated based on, among other items, (i) the results of valuation of the Properties as at 30 April 2013, which is approximately RMB35.0 million and the Group will accordingly record a revaluation surplus of approximately RMB14 million (net of tax effect, if any). The exact gain on the Disposal from the revaluation (the Revaluation Surplus) will be determined upon the appraisal of the Properties as at the Review Date by an independent professional valuer and compared with the net book value of the Properties at Completion. As discussed with the Company, it is expected that there will be no material difference between the fair value of the Properties as at the Review Date and at Completion since the Company has undertaken that the assets and liabilities of each of Sumptuous Wealth, Abundant Wit and Greatest Group will not be materially changed since the date of the S&P Agreement and up to Completion, and the expected difference is primarily attributable to the depreciation expenses of the Properties during such period; (ii) the assumption that the Value Difference is zero and that the consolidated net asset value of the Disposal Group as at the date of Completion is the same as the aggregate value of the unaudited and unreviewed combined net asset value of the Operating Companies as at 31 December 2012 plus the aggregate value of the unaudited and unreviewed net asset values of the Investments Holding Companies as at the date of the S&P Agreement; (iii) the deduction of the currently estimated professional fees and other expenses of approximately RMB5.0 million which are attributable to the Reorganisation and the Disposal; and (iv) the related tax amounting to approximately RMB3.2 million accrued by the Remaining Group. Such estimated gain on the Disposal is expected to impact positively on the net assets position of the Group by an equivalent amount.

According to the unaudited combined statements of financial position and the unaudited combined income statements of the Operating Companies in Appendix II to this circular, the interest-bearing bank borrowings of the Operating Companies were approximately RMB328.51 million as at 31 December 2012. The finance cost arising from such borrowings of the Operating Companies was approximately RMB20.85 million for the year ended 31 December 2012. Upon the Completion, such borrowings of the Disposal Group will be transferred to the Purchaser and the relevant finance cost of the Remaining Group is expected to be reduced accordingly.

Since the Company will early redeem the Promissory Note as a result of the Disposal, the remaining notional interest expenses over the term of the Promissory Note will be recognised in aggregate. As a result, the Remaining Group is expected to record a finance cost amounting to approximately RMB73.8 million. However, such finance cost is non-cash and non-recurrent in nature. Upon our due diligence enquiry, we have discussed with and understand from the Management that in any event, such finance cost is expected to be incurred by the Company in full with or without the Disposal. Although such finance cost can be spread annually over the duration of the Promissory Note in the absence of the Disposal, the Disposal allows the Company to divest its loss-making businesses and to avoid incurring future possible operating losses of the Disposal Group.

Upon the Completion, the members of the Disposal Group will cease to be subsidiaries of the Company. Therefore, the Group would cease to bear from any future potential loss (or gain) from the business operation of the Disposal Group following Completion.

(ii) Liquidity/cashflow

As stated in the Letter from the Board, parties to the S&P Agreement (as supplemented by the Supplemental Agreement) agreed that: (i) where the outstanding amount (including the principal and accrued interest (if any)) under the Promissory Note as at the date of Completion is lower than the final Consideration, the Purchaser shall pay to the Company in cash an amount equivalent to such difference upon Completion, and (ii) where the outstanding amount under the Promissory Note as at the date of Completion is higher than the final Consideration, the Company shall by way of prepayment pay to Mr. Chi Shaolin (the guarantor for the Purchaser and as holder of the Promissory Note) in cash an amount equivalent to such difference upon Completion.

We have discussed with the Directors and the Management regarding the aforesaid settlement of the Consideration. We are given to understand that (i) the principal amount of the Promissory Note is HK$650 million; (ii) the Promissory Note does not bear any interest; and (iii) the tenor of the Promissory Note is five years. As such, given that the range of Consideration will be between HK$580 million and HK$780 million, other than the settlement of the Consideration by way of offset of the Promissory Note, the range of settlement of Consideration by cash for the Group should be between a cash outflow of HK$70 million and a cash inflow of HK$130 million. Based on the unaudited management accounts of the Company as at 31 May 2013, the unaudited cash and bank balance of the Group and of the Remaining Group were approximately RMB163.0 million (equivalent to approximately HK$201.0 million) and RMB90.1 million (equivalent to approximately HK$111.1 million) respectively as at 31 May 2013. Therefore, on the basis of the cash and bank balance of the Remaining Group as at 31 May 2013 as mentioned above and on the assumption that the final Consideration would be determined at the lowest end of HK$580 million, the Directors consider that the Company should have sufficient cash to settle the possible cash outflow of HK$70 million.

Upon the Completion, (i) the Consideration will set off the outstanding amount under the Promissory Note. By doing so, the Group can reduce its long term liabilities and improve its gearing ratio which in turn will enrich its internal resources for further developing the Remaining Business and/or financing new investment projects should such opportunity arise in the future. As advised by the Directors and the Management, no capital expenditure will be incurred by the Disposal Group in the near future; (ii) the Group would cease to benefit/suffer from any future cash inflow/outflow from the business operation of the Disposal Group; and (iii) to the best of the Directors' belief based on information currently available, the Directors do not expect any material cash proceeds from the Disposal after setting off the outstanding amount under the Promissory Note, and in case if any, will be used as general working capital.

(iii) Gearing

According to the unaudited combined statements of financial position of the Operating Companies in Appendix II to this circular, the interest-bearing bank borrowings of the Operating Companies were approximately RMB328.51 million as at 31 December 2012.

The gearing ratio (measured by total short-term borrowings as a percentage of total assets of the Group as the Group did not have any long term debt as at 31 December 2012) of the Group was approximately 34.4% as at 31 December 2012. Based on the unaudited pro forma consolidated statement of financial position as set out in Appendix III to this circular, the gearing ratio (measured by total short-term borrowings and other financial liabilities as a percentage of total assets) would have decreased to approximately 28.3% on the basis that the Disposal had been fully completed on 31 December 2012.

Since the Company issued the Promissory Note on 31 January 2013, the total liabilities and the gearing ratio (if taking into account such long term debt) have increased accordingly. The setting off of an amount equivalent to the Consideration outstanding under the Promissory Note will enable the Company to redeem the outstanding amount of the Promissory Note earlier. As a result, the gearing ratio of the Remaining Group will be improved.

Having taken into account of the above, we are of the view that the Disposal will have an overall positive financial impact on the Group.

RECOMMENDATION

Having considered the above principal factors, in particular,

(a) the reasons for entering into the S&P Agreement (as supplemented by the Supplemental Agreement), including the disposal of the loss-making segments of the Group, which would enable the Group to reallocate more resources to focus on its profit-making segments of the Remaining Group (namely, the manufacture and sales of power cord assembly; (ii) the signal transmission wire and cable products (other than those of "computing" usage only); (iii) the automotive wiring harness; and (iv) the business of Shenyang New Postcom Co. Ltd.);

(b) the Consideration is acceptable as compared with the price-to-book multiple of the Comparables;

(c) the lackluster industry overview on the notebook industry (as demonstrated by the recent deterioration in the shipment of notebook market), which is expected to negatively impact the sales of related traditional products of the Disposal Group; and

(d) the Disposal will have an overall positive financial impact on the Group before considering the notional finance cost as a result of the early redemption of the Promissory Note (which finance cost is, in any event, expected to be incurred by the Company in full with or without the Disposal. Although such finance cost can be spread annually over the duration of the Promissory Note in the absence of the Disposal, the Disposal allows the Company to divest its loss-making businesses and to avoid incurring future possible operating losses of the Disposal Group),

we consider that the terms of the Disposal to be on normal commercial terms and, on balance, 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. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, vote in favour of the resolution to approve the S&P Agreement (as supplemented by the Supplemental Agreement).

Yours faithfully,
For and on behalf of
GF Capital (Hong Kong) Limited

Leo Ye	**Harry Yu**
Managing Director & Head of Corporate Finance	*Director*

FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2010, 2011 and 2012 are set out on pages 103 to 200, 67 to 164 and 75 to 188 of the annual reports of the Group for the years ended 31 December 2010, 2011 and 2012 respectively.

They can be accessed on the website of the Company (http://www.hong-lin.com.cn/Reports/class) and the website of the Stock Exchange (http://www.hkexnews.hk).

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2013, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding secured bank borrowings of approximately RMB504.5 million, unsecured bank borrowings of approximately RMB373.6 million and other unsecured loans of approximately RMB195 million.

Save as the aforesaid and apart from intragroup liabilities, at the close of business on 30 April 2013, the Group did not have any outstanding loan capital, debt securities, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

2. MATERIAL ADVERSE CHANGE

During the recent financial year, businesses of the Disposal Group (such as external signal cable assembly, internal signal cable assembly, antennas and connectors) have still been adversely affected by the continuous challenges and uncertainties in the global economies and 3Cs industries and the trend of application of wireless technology in similar products and the relevant results were also adversely impacted.

Save as disclosed above, the Directors are not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 December 2012, being the date to which the latest audited consolidated financial statements of the Group were made up.

3. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS AND OPERATIONS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the three years ended 31 December 2010, 2011 and 2012:

Business review

Year ended 31 December 2012 compared with year ended 31 December 2011

Power cord assembly

The power cord assembly segment of the Group recorded an increase in revenue from approximately RMB329.0 million for the year ended 31 December 2011 to approximately RMB463.8 million for the year ended 31 December 2012, representing an increase of 41.0% as compared to 2011. The increase was mainly due to: (i) the success of the aggressive pricing strategy adopted by the Group for acquiring market share in halogen-free products market, in particular, the market share in our existing customers; and (ii) unit price of our newly developed halogen-free products with substantial demand from customers has not been affected by the overall trend of the decrease in unit price.

Signal transmission wire and cable (automotive cable, power cable, specialty wire and cable)

The signal transmission wire and cable segment (automotive cable, power cable, specialty wire and cable) of the Group recorded an increase in revenue from approximately RMB90.1 million for the year ended 31 December 2011 to approximately RMB116.4 million for the year ended 31 December 2012, representing an increase of approximately 29.2% as compared to that of the year ended 31 December 2011. The increase was mainly contributed by the specialty wire and cable products and power cable products which increased by approximately RMB13.0 million and RMB9.8 million respectively mainly due to the Group's ability to gain more market share from its existing customers.

Automotive wiring harness

The automotive wiring harness segment of the Group recorded a decrease in revenue from approximately RMB156.7 million to approximately RMB127.5 million for the year ended 31 December 2012, representing a decrease of approximately 18.6%, as compared to that of the year ended 31 December 2011. The decrease was primarily due to the integration of the automotive wiring harness business and the re-location of the production center from Tianjin to Dezhou. During such integration and re-location, the Group sacrificed certain level of production output and therefore sales.

Telecommunication and information network equipment (which was acquired by the Group on 31 January 2013)

The telecommunication and information network equipment segment is principally engaged in (i) the research and development, manufacture and sale of cell phones, which can run on 2G and/or 3G networks such as GSM, IS-95, CDMA2000 and TD-SCDMA in the PRC; (ii) the sale of network equipment (which are produced on an OEM subcontracting basis) to the top three telecommunication services providers in the PRC such as core network equipment, IPRAN and xPON; and (iii) the provision of services to major telecommunication services providers in the PRC, such as the installation, maintenance and upgrade of the network equipment and/or wireless network optimization in the their existing network systems.

The telecommunication and information network equipment segment of the Group recorded an increase in revenue from approximately RMB315.9 million for the year ended 31 December 2011 to approximately RMB689.9 million for the year ended 31 December 2012, representing an increase of approximately 118.4%, as compared to that of the year ended 31 December 2011. Such increase was primarily due to the 367.5% increase in sales of network equipment and the provision of relevant services to customers whilst sales of other products (such as cell phones) has increased by approximately 27.3%.

Year ended 31 December 2011 compared with year ended 31 December 2010

Power cord assembly

The power cord assembly segment of the Group recorded an increase in revenue from approximately RMB246.8 million for the year ended 31 December 2010 to approximately RMB329.0 million for the year ended 31 December 2011, representing an increase of approximately 33.3%. Such increase was primarily due to the increase in sales volume as the Group continued to increase its market share with increasing order from existing customers. As the Group strategically sought to increase its market share ahead of ongoing industry landscape change where the Group believed that in the next few years, increasing proportion of cable jacket for power cord assembly would be manufactured using halogen-free materials instead of conventional plastic materials due to increasing environmental awareness. To better position itself to benefit from such trend (and given that we are already capable of producing the own internally generated halogen-free materials of the Group), the Group undertook a more aggressive pricing strategy in 2011 which resulted in an overall decrease in unit selling price. In addition, in the first half of 2011, in order to improve efficiency at the Weihai plant of the Group which is mainly used for the manufacturing of the power cord assembly products of the Group, the Group integrated its wire and cable and power cord assembly business unit in terms of production and management team. During such integration process, the Group sacrificed certain level of production output and therefore sales, which together with a weak operating environment, also negatively impact the profit margin of the power cord assembly segment of the Group. Nonetheless, in the year ended 31 December 2011, the Group also managed to win orders from important new customers in this segment.

Signal transmission wire and cable (automotive cable, power cable, specialty wire and cable)

The signal transmission wire and cable segment (automotive cable, power cable, specialty wire and cable) of the Group recorded an increase in revenue from approximately RMB85.4 million for the year ended 31 December 2010 to approximately RMB90.1 million for the year ended 31 December 2011, representing an increase of approximately 5.5%. Such increase was mainly due to the general increase in procurement from the Group's existing customer and the orders placed by new customers.

Automotive wiring harness

The automotive wiring harness was a new segment market after the Group had made an acquisition of 55% interest in Tianjin Rituo Automotive Electronics Co., Ltd. ("Rituo Automotive") in February 2011. Revenue attributable to automotive wiring harness segment for the year ended 31 December 2011 amounted to approximately RMB156.7 million.

Telecommunication and information network equipment (which was acquired by the Group on 31 January 2013)

The telecommunication and information network equipment segment recorded revenue of approximately RMB315.9 million for the year ended 31 December 2011, representing an increase of approximately 88.4% as compared with approximately RMB167.7 million for the year ended 31 December 2010. Such increase was primarily due to (i) the increase in sales of cell phones and other terminals from approximately RMB53.6 million for the year ended 31 December 2010 to approximately RMB168.4 million for the year ended 31 December 2011 as this segment obtained new purchase orders through their competitiveness in research and development and cost advantages; and (ii) this segment expanded its product range during the year ended 31 December 2011 and began to sell network equipment (which are produced on an OEM subcontracting basis) to the top three telecommunication services providers in the PRC. Revenue generated from this new business during the year ended 31 December 2011 accounted for approximately RMB6.6 million, representing approximately 2.1% of the total revenue of this segment during the year.

Notwithstanding that this segment (i) increased its investment in research and development from approximately RMB2.0 million for the year ended 31 December 2010 to approximately RMB10.0 million for the year ended 31 December 2011 mainly due to the research and development on cell phones, core network and other network equipment to develop new products; and (ii) increased the usage of short term interest-bearing bank and other borrowings to maintain the working capital requirement for the expansion of business which resulted in the increase in finance costs from approximately RMB7.6 million for the year ended 31 December 2010 to approximately RMB14.4 million for the year ended 31 December 2011, the Shenyang New Postcom Co. Ltd. was able to recorded a net profit after taxation for the year ended 31 December 2011 in contrast to the net loss recorded during the year ended 31 December 2010. The net profit after taxation of the Shenyang New Postcom Co. Ltd. for the year ended 31 December 2011 was approximately RMB40.6 million, representing an increase as compared with the net loss after taxation of approximately RMB18.8 million for the year ended 31 December 2010. Such increase was primarily due to the fact that the Shenyang New Postcom Co. Ltd. recorded a gross profit of approximately RMB91.5 million as compared with the gross loss of RMB4.1 million recorded during the year ended 31 December 2010 due to the achievement of economies of scale.

During the year ended 31 December 2011, most of the revenue of the Shenyang New Postcom Co. Ltd. was recorded during the first half of 2011 mainly due to (i) the completion of bulk purchase order of cell phones with significant amount by a PRC major telecommunication services provider; and (ii) PRC telecommunication services providers reduced their purchase during the second half of 2011. Therefore, the Shenyang New Postcom Co. Ltd. incurred a net loss of approximately RMB18.4 million during the second half of 2011 as compared with the net profit of approximately RMB59.0 million during the first half 2011.

4. LIQUIDITY AND FINANCIAL RESOURCES

The Remaining Group will continue to implement prudent financial management policies and maintain a reasonable gearing ratio during its expansion.

The actual cash and cash equivalents of the Remaining Group as at 31 December 2010, 2011 and 2012 were approximately RMB63.8 million, RMB39.8 million and RMB36.4 million respectively. The Remaining Group had actual bank borrowings as at 31 December 2010, 2011 and 2012 of approximately RMB535.6 million, RMB416.3 million and RMB471.6 million respectively which are at fixed interest rates or at a floating rate basis.

5. WORKING CAPITAL

The Group has historically financed working capital primarily through proceeds from sales of its products and borrowings from banks and other financial institutions. The Group will continue to finance the working capital primarily by proceeds from sales of products, and external borrowings from banks and other financial institutions. The Directors are of the opinion that, after taking into account its internal resources and the credit facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

6. FOREIGN EXCHANGE MANAGEMENT

As certain trade and other receivables, trade and other payables and bank borrowings of the Remaining Group are denominated in foreign currencies such as US$, hence exposure to exchange rate fluctuation arises. The Group had entered into certain foreign exchange forward contracts to mitigate its foreign currency exposure.

7. GEARING

As at 31 December 2010, 2011 and 2012, the Remaining Group had no long term debt. Gearing ratio of approximately 49.0%, 38.5% and 42.3% are computed based on the actual short term bank loans over the total assets of the Remaining Group.

8. CAPITAL STRUCTURE

The capital structure of the Group consisted of debt (which included secured and unsecured bank borrowings and the Promissory Note (the outstanding of which will be set off upon Completion)), cash and bank balances, pledged bank deposits and equity attributable to owners of the Company, comprising issued share capital and reserves of the Group.

9. TREASURY POLICIES

The Remaining Group usually finances its working capital through funds from its operations and short term bank borrowings.

10. CAPITAL COMMITMENT

As at 31 December 2010, 2011 and 2012, the Remaining Group had a total capital commitment of approximately RMB27.7 million, RMB60.9 million and RMB578.7 million (of which approximately RMB533.1 million was due to the acquisition of Rosy Sun) contracted for but not provided for in the financial statements, mainly used in respect of acquisition of property, plant and manufacturing facilitates.

11. SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Save for (i) the acquisition of the Rosy Sun (detail of which was set out in the circular of the Company dated 31 December 2012); (ii) the disposal of 55% equity interest in Rituo Automotive by Weihai Electronic and the acquisition of the 100% equity interest in Tianjin Rituo High Technology Co. Ltd (''Rituo Technology'') by Weihai Electronic (detail of which was set out in the circular dated 24 December 2012 of the Company); (iii) the acquisition of entire equity interest in Weihai Jinyuan Mingye Property Development Co. Ltd. by Weihai Electronic (detail of which was set out in the announcement of the Company dated 22 March 2013); (iv) the acquisitions, disposals, split-offs capital increases and capital reductions pursuant to the Reorganisation, the Remaining Group did not have any significant investments, material acquisition or disposal during the course of the financial year and up to the Latest Practicable Date.

12. CONTINGENT LIABILITIES

As at 31 December 2010, 2011 and 2012 and the Latest Practicable Date, the Remaining Group did not have any material contingent liability.

13. PLEDGE OF ASSETS

As at 31 December 2010, 2011 and 2012, the Remaining Group had pledged its bank deposits, property, plant and equipment, prepaid land lease payment, trade and bill receivables with aggregate carrying value of approximately RMB527.7 million, RMB63.9 million and RMB56.7 million respectively to banks to secure for banking facilities granted to the Remaining Group.

14. EMPLOYEE INFORMATION

As at 31 December 2010, 2011 and 2012, the Remaining Group had 1,336, 3,087 and 3,183 employees respectively, they were remunerated in accordance with their performance and market condition. The total amount of the staff cost included, but not limited to, salary, basic medical insurance, basic pension scheme and housing funds for the years ended 31 December 2010, 2011 and 2012 were approximately RMB33.5 million, RMB91.8 million and RMB101.7 million respectively.

15. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Group is principally engaged in the provision of one-stop signal transmission and connectivity solutions and related products. The Group designs, develops, manufactures and sells a comprehensive range of products including external and internal signal cable assembly, signal transmission wire and cable, power cord assembly, connectors, antennas, automotive wiring harness and other products. Currently, the businesses of the Group relating to the manufactures and sales of signal cable assembly, connectors, antennas and substantial part of signal transmission wire and cable are mainly conducted by certain members of the Operating Companies. After the completion of acquisition of Rosy Sun on 31 January 2013, the Company is also engaged in the manufacture and sales of network equipment and terminal products and provision of services to telecommunications service providers.

After Completion, the Remaining Group will be principally engaged in (i) the manufacture and sales of power cord assembly; (ii) the signal transmission wire and cable products such as automotive cable, power cable, specialty wire and cable; (iii) the automotive wiring harness; and (iv) the manufacture and sales of network equipment and terminal products and provision of services to telecommunications service providers.

The Company believes that the challenges and uncertainties in the global economies and Computer, Consumer electronics and Communication (3Cs) industries will continue but should have no material impact on the Remaining Business as the power cord assembly products of the Group can be widely used and least affected by the introduction of wireless electronic products. On the other hand, the Company also expects that the increase in awareness of environment protection in the PRC may facilitate sales growth of the Group's halogen-free power cord assembly products in the future.

The growth of the PRC automotive industry and the continuous demand of relevant components (including signal transmission wire and cable products and wiring harness) will also create business opportunity for the Remaining Group. Meanwhile, the plan of the PRC government to facilitate the growth in production of high-end equipment in the PRC (such as for the application in railway transportation, renewable energy development and offshore engineering) is also expected to benefit the relevant industries which in turn may facilitate the demand of special cable products which the Remaining Group has been manufacturing and selling.

On 31 January 2013, the Company has completed the acquisition of Rosy Sun. The indirect subsidiary of Rosy Sun, namely Shenyang New Postcom Co. Ltd. is principally engaged in the manufacture and sales of network equipment and terminal products and provision of services to telecommunications service providers. For the year ended 31 December 2012, net profit attributable to owner of the Shenyang New Postcom Co. Ltd. was approximately RMB67.3 million which is more than the forecasted RMB66.0 million and represented a growth of approximately 65.6% as compared with that for the year ended 31 December 2011. In view of that the PRC has experienced significant growth in the telecommunication industry over the past few years and the Twelfth Five Year Plan of the PRC also set out the milestone of advancement in the PRC information technology from 2015 to 2020 such as the upgrade in information network for broadband (fixed-line or mobile) and transition to 4G telecommunication technology (i.e. FDD-LTE and TDD-LTE), the Company considers the aforesaid will continue to benefit to the business of manufacture and sales of network equipment and terminal products and provision of services to telecommunications service providers of the Remaining Group.

Nevertheless, the Remaining Group will remain cautious in dealing with the complicated operating environment and will continue to make necessary investments in high-value areas for better equipping the Remaining Group and maintaining the Remaining Group at the technological forefront.

Set out below are the unaudited combined financial position of the Operating Companies as at 31 December 2010, 2011 and 2012 and the related unaudited combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the years ended 31 December 2010, 2011 and 2012, and certain explanatory notes, which have been reviewed by the Company's reporting accountant, Ernst & Young, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2400, "Engagements to Review Financial Statements" 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.

UNAUDITED COMBINED INCOME STATEMENTS

For the years ended 31 December 2010, 2011 and 2012

	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*
Revenue	780,135	1,182,622	1,170,535
Cost of sales	(586,592)	(935,023)	(1,032,251)
Gross profit	193,543	247,599	138,284
Other income and gains	2,271	4,178	4,249
Selling and distribution expenses	(14,711)	(33,940)	(49,914)
Administrative expenses	(35,796)	(56,809)	(70,099)
Research and development expenses	(8,489)	(37,521)	(53,553)
Finance costs	(5,239)	(11,975)	(20,851)
Other expenses	(3,678)	(6,032)	(7,318)
PROFIT/(LOSS) BEFORE TAX	127,901	105,500	(59,202)
Income tax expense	(13,248)	(10,735)	(5,374)
PROFIT/(LOSS) FOR THE YEAR	114,653	94,765	(64,576)
Attributable to:			
Owners of the Operating Companies	112,302	92,349	(63,206)
Non-controlling Interests	2,351	2,416	(1,370)
	114,653	94,765	(64,576)

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2010, 2011 and 2012

	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	114,653	94,765	(64,576)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations	742	(733)	325
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR	115,395	94,032	(64,251)
Attributable to:			
Owners of the Operating Companies	113,044	91,616	(62,881)
Non-controlling Interests	2,351	2,416	(1,370)
	115,395	94,032	(64,251)

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010, 2011 and 2012

	2010 *RMB'000*	**2011** *RMB'000*	**2012** *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	251,419	356,219	353,225
Prepaid land lease payments	9,172	8,276	8,092
Intangible assets	3,190	3,952	4,259
Deferred tax assets	1,219	4,417	529
Prepayment for acquiring land	—	—	34,500
Total non-current assets	265,000	372,864	400,605
CURRENT ASSETS			
Inventories	94,521	148,442	199,597
Trade and bills receivables	372,112	555,814	485,046
Prepayments, deposits and other receivables	107,813	162,315	190,548
Derivative financial instruments	—	—	2
Pledged bank deposits	14,323	11,562	2,501
Cash and cash equivalents	96,577	66,803	54,682
Total current assets	685,346	944,936	932,376
CURRENT LIABILITIES			
Trade and bills payables	186,485	259,386	297,097
Other payables and accruals	86,834	122,148	75,449
Tax payable	4,918	2,319	400
Interest-bearing bank borrowings	127,525	237,174	328,512
Total current liabilities	405,762	621,027	701,458
NET CURRENT ASSETS	279,584	323,909	230,918
TOTAL ASSETS LESS CURRENT LIABILITIES	544,584	696,773	631,523
EQUITY			
Equity attributable to owners of the Operating Companies			
Share capital/paid-in capital	321,078	401,086	415,086
Reserves	210,370	279,803	216,294
	531,448	680,889	631,380
Non-controlling interests	13,136	15,884	143
Total equity	544,584	696,773	631,523

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2010, 2011 and 2012

	Attributable to owners of the Operating Companies							
	Share capital/ paid-in capital *RMB'000*	Capital surplus *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2010	142,987	73,238	7,587	—	16,501	240,313	9,945	250,258
Profit for the year	—	—	—	—	112,302	112,302	2,351	114,653
Exchange differences on translation of foreign operations	—	—	—	742	—	742	—	742
Total comprehensive income for the year	—	—	—	742	112,302	113,044	2,351	115,395
Capital contributions from owners of the Operating Companies	178,091	—	—	—	—	178,091	—	178,091
Capital contributions from the non-controlling interests	—	—	—	—	—	—	840	840
Appropriation of statutory surplus reserve	—	—	8,084	—	(8,084)	—	—	—
At 31 December 2010 and 1 January 2011	321,078	73,238	15,671	742	120,719	531,448	13,136	544,584
Profit for the year	—	—	—	—	92,349	92,349	2,416	94,765
Exchange differences on translation of foreign operations	—	—	—	(733)	—	(733)	—	(733)
Total comprehensive income for the year	—	—	—	(733)	92,349	91,616	2,416	94,032
Acquisition of a member of the Operating Companies	16,800	(21,431)	—	—	—	(4,631)	(420)	(5,051)
Acquisition of non-controlling interests	—	—	—	—	(752)	(752)	752	—
Capital contributions from owners of the Operating Companies	63,208	—	—	—	—	63,208	—	63,208
Appropriation of statutory surplus reserve	—	—	9,472	—	(9,472)	—	—	—
At 31 December 2011 and 1 January 2012	401,086	51,807	25,143	9	202,844	680,889	15,884	696,773
Loss for the year	—	—	—	—	(63,206)	(63,206)	(1,370)	(64,576)
Exchange differences on translation of foreign operations	—	—	—	325	—	325	—	325
Total comprehensive expense for the year	—	—	—	325	(63,206)	(62,881)	(1,370)	(64,251)
Dividend to a non-controlling shareholder	—	—	—	—	(828)	(828)	(5,371)	(6,199)
Disposal of a subsidiary	—	—	(912)	—	912	—	(9,800)	(9,800)
Capital contributions from owners of the Operating Companies	14,000	—	—	—	—	14,000	—	14,000
Capital contribution from non-controlling interests	—	—	—	—	—	—	1,600	1,600
Acquisition of non-controlling interests	—	200	—	—	—	200	(800)	(600)
Appropriation of statutory surplus reserve	—	—	2,724	—	(2,724)	—	—	—
At 31 December 2012	415,086	52,007	26,955	334	136,998	631,380	143	631,523

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2010, 2011 and 2012

	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	127,901	105,500	(59,202)
Adjustments for:			
Finance costs	5,239	11,975	20,851
Interest income	(203)	(380)	(415)
Depreciation	22,390	31,533	29,474
Recognition of prepaid land lease payments	171	188	184
Amortization of intangible assets	245	408	564
(Reversal of)/impairment of trade receivables	(823)	22	1,822
Provision of inventories	—	—	2,061
(Gain)/loss on disposal of property, plant and equipment	121	(1,629)	4,949
Loss on disposal of prepaid land lease payments	—	175	—
Impairment loss of property, plant and equipment	—	—	645
Fair value gains on derivative financial instruments-transactions not qualified as hedges	—	—	(2)
Investment income from derivative financial instruments	(518)	—	—
	154,523	147,792	931
Increase in inventories	(38,761)	(33,186)	(58,088)
(Increase)/decrease in trade and bills receivables	(191,438)	(119,788)	42,520
Increase in prepayments, deposits and other receivables	(36,556)	(46,279)	(2,538)
Increase in trade and bills payables	79,999	45,205	47,973
Decrease in other payables and accruals	(39,434)	(3,637)	(20,036)
Cash generated from/(used in) operations	(71,667)	(9,893)	10,762
Interest paid	(5,239)	(11,975)	(20,851)
Interest received	203	380	415
Income taxes paid	(8,089)	(16,523)	(6,752)
Net cash flows used in operating activities	(84,792)	(38,011)	(16,426)

	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows used in operating activities	(84,792)	(38,011)	(16,426)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of a subsidiary	—	—	901
Acquisition of a member of the Operating Companies	—	4,874	—
Purchase of property, plant and equipment	(100,537)	(159,899)	(94,598)
Purchase of intangible assets	(2,079)	(1,170)	(883)
Prepayments for acquiring land	(3,993)	—	(34,500)
Proceeds from disposal of prepaid land lease payments	—	548	—
Proceeds from disposals of property, plant and equipment	20,088	41,726	15,091
Investment income from derivative financial instruments	518	—	—
Placement of pledged bank deposits	(55,427)	(21,888)	(26,852)
Release of pledged bank deposits	41,104	24,649	35,913
Net cash flows used in investing activities	(100,326)	(111,160)	(104,928)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions from owners of the Operating Companies	178,091	63,208	14,000
Capital contribution from non-controlling interests	840	—	1,600
New bank loans	360,162	495,022	651,999
Repayments of bank loans	(311,672)	(438,635)	(551,592)
Acquisition of non-controlling interests	—	—	(600)
Dividend paid to a non-controlling shareholder	—	—	(6,199)
Net cash flows from financing activities	227,421	119,595	109,208
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	42,303	(29,576)	(12,146)
Cash and cash equivalents at beginning of the year	53,851	96,577	66,803
Effect of foreign exchange rate changes, net	423	(198)	25
CASH AND CASH EQUIVALENTS AT END OF YEAR	96,577	66,803	54,682
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	96,577	66,803	54,682

NOTES TO THE FINANCIAL INFORMATION ON THE OPERATING COMPANIES

31 December 2010, 2011 and 2012

1. GENERAL

On 9 June 2013, the Company (as vendor) entered into the S&P Agreement with the Purchaser and Mr. Chi Shaolin (as guarantor for the Purchaser) for the sale and purchase of the entire issued share capital of Sumptuous Wealth. Pursuant to the S&P Agreement (as supplemented by the Supplemental Agreement), the Company has conditionally agreed to dispose of and the Purchaser has conditionally agreed to purchase the Sale Share from the Company at the Consideration of HK$779 million, subject to adjustment equivalent to the Value Difference and the Revaluation Surplus, provided that the final Consideration shall not exceed HK$780 million and shall not be less than HK$580 million. As at 31 December 2012, all the equity interests in the Operating Companies were directly held by the Remaining Group, except that 100% equity interests in Chongqing Technology and 80% equity interests in Shenzhen Communication were held by the Remaining Group via a company included in the Operating Companies, and 20% equity interests in Shenzhen Communication were held by a third-party non-controlling shareholder.

The principal business activities of the Operating Companies are the production, distribution and sale of external signal cable assembly, internal signal cable assembly, connectors, antennas, and communication and consumer electronics cable.

2. BASIS OF PREPARATION

The unaudited combined financial information includes the financial information of each of the entities comprising the Operating Companies that are under common control of the Company, among which the financial information of Weihai Hongbo represents the financial information of the respective business included in Weihai Electronic before the Split-off and attributable to Weihai Hongbo after the Split-off. The unaudited combined financial information of the Operating Companies has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular of the Company in connection with the Disposal.

The unaudited combined financial information of the Operating Companies has been prepared on the historical cost basis. The unaudited combined financial information of the Operating Companies for each of the three years ended 31 December 2010, 2011 and 2012 has been prepared using the book values of the entities comprising the Operating Companies and adopting the same accounting policies as those adopted by the Group in the preparation of the consolidated financial statements of the Group for those respective years, which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

The unaudited combined financial information of the Operating Companies does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 "Presentation of Financial Statements" issued by the IASB or a set of condensed financial statements as defined in International Accounting Standard 34 "Interim Financial Reporting".

I. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is an illustrative and unaudited pro forma consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Remaining Group which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Disposal as if it had taken place on 31 December 2012 for the pro forma consolidated statement of financial position and on 1 January 2012 for the pro forma consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows.

This unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position and financial results of the Remaining Group had the Disposal been completed as at 31 December 2012 and 1 January 2012 respectively or at any future date.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2012 extracted from the 2012 Annual Report of the Group, adjusted as described below, as if the Disposal had taken place on 31 December 2012. The unaudited pro forma consolidated income statement, 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 audited consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2012 extracted from the 2012 Annual Report of the Group, adjusted as described below, as if the Disposal had taken place on 1 January 2012.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Consolidated statement of financial position as at 31 December 2012	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
NON-CURRENT ASSETS									
Property, plant and equipment	712,507	(353,225)							359,282
Prepaid land lease payments	42,218	(8,092)							34,126
Intangible assets	16,534	(4,259)							12,275
Deferred tax assets	1,744	(529)							1,215
Prepayments for acquiring land	76,251	(34,500)							41,751
	849,254	(400,605)							448,649
CURRENT ASSETS									
Inventories	327,317	(199,597)							127,720
Trade and other receivables	904,856			(610,541)	527,053				821,368
Trade and bills receivables	—	(423,347)		423,347					—
Prepayments, deposits and other receivables	—	(190,548)		190,732					184
Prepaid land lease payments	923			(184)					739
Pledged bank deposits	24,180	(2,501)							21,679
Other financial assets	156	(2)							154
Bank balances and cash	82,276	(54,682)	(42)		110,066			109,277	246,895
Amount due from the Remaining Group	—	(61,699)					61,699		—
Amount due from the Disposal Group	—						120,229		120,229
	1,339,708	(932,376)	(42)	3,354	637,119		181,928	109,277	1,338,968
Assets classified as held for sale	137,624								137,624
	1,477,332	(932,376)	(42)	3,354	637,119		181,928	109,277	1,476,592

	Consolidated statement of financial position as at 31 December 2012	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
CURRENT LIABILITIES									
Trade and other payables	425,081		(42)	(252,317)					172,722
Trade and bills payables	—	(176,868)		176,868					—
Other payables and accruals	—	(75,449)		75,449					—
Income tax liabilities	3,643	(400)		3,354					6,597
Bank and other borrowings	800,154	(328,512)							471,642
Amount due to the Disposal Group	—						61,699		61,699
Amount due to the Remaining Group	—	(120,229)					120,229		—
	1,228,878	(701,458)	(42)	3,354			181,928		712,660
Liabilities associated with assets classified as held for sale	69,613								69,613
	1,298,491	(701,458)	(42)	3,354			181,928		782,273
NET CURRENT ASSETS	178,841	(230,918)			637,119			109,277	694,319
TOTAL ASSETS LESS CURRENT LIABILITIES	1,028,095	(631,523)			637,119			109,277	1,142,968
NON-CURRENT LIABILITIES									
Deferred tax liabilities	7,062								7,062
Other financial liabilities	—					73,780			73,780
	7,062					73,780			80,842
NET ASSETS	1,021,033	(631,523)			637,119	(73,780)		109,277	1,062,126
EQUITY									
Share capital	97,401	(415,086)			415,086				97,401
Share premium and reserves	888,435	(216,294)			222,033	(73,780)		109,277	929,671
Equity attributable to owners of the Company	985,836	(631,380)			637,119	(73,780)		109,277	1,027,072
Non-controlling interests	35,197	(143)							35,054
	1,021,033	(631,523)			637,119	(73,780)		109,277	1,062,126

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

	Consolidated income statement of the Group for the year ended 31 December 2012	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 9)*	*(Note 10)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 11)*	
Revenue	1,933,675	(1,170,535)					194,734		957,874
Cost of sales	(1,652,420)	1,032,251					(194,734)		(814,903)
Gross profit	281,255	(138,284)							142,971
Other income, other gains and losses	32,855	(4,249)		5,499	14,000				48,105
Distribution and selling expenses	(77,047)	49,914							(27,133)
Administrative and general expenses	(135,284)	70,099			(5,026)				(70,211)
Research and development expenses	(81,190)	53,553							(27,637)
Finance costs	(42,664)	20,851				(73,780)			(95,593)
Other expenses	(36,109)	7,318		(5,499)				23,086	(11,204)
(Loss) profit before tax	(58,184)	59,202			8,974	(73,780)		23,086	(40,702)
Income tax expenses	(4,406)	5,374			(3,235)				(2,267)
(Loss) profit for the year	(62,590)	64,576			5,739	(73,780)		23,086	(42,969)
(Loss) profit attributable to:									
Owners of the Company	(48,325)	63,206			5,739	(73,780)		23,086	(30,074)
Non-controlling Interests	(14,265)	1,370							(12,895)
	(62,590)	64,576			5,739	(73,780)		23,086	(42,969)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Consolidated statement of comprehensive income of the Group for the year ended 31 December 2012	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 9)*	*(Note 10)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 11)*	
(Loss) profit for the year	(62,590)	64,576			5,739	(73,780)		23,086	(42,969)
Other comprehensive income									
Exchange difference on translating foreign operations	325	(325)							—
Total comprehensive income (expense) for the year	(62,265)	64,251			5,739	(73,780)		23,086	(42,969)
Attributable to:									
Owners of the Company	(48,000)	62,881			5,739	(73,780)		23,086	(30,074)
Non-controlling interest	(14,265)	1,370							(12,895)
	(62,265)	64,251			5,739	(73,780)		23,086	(42,969)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated statement of cash flows of the Group for the year ended 31 December 2012 *RMB'000* *(Note 1)*	Pro forma adjustment *RMB'000* *(Note 12)*	Pro forma adjustment *RMB'000* *(Note 13)*	Pro forma adjustment *RMB'000* *(Note 4)*	Pro forma adjustment *RMB'000* *(Note 5)*	Pro forma adjustment *RMB'000* *(Note 6)*	Pro forma adjustment *RMB'000* *(Note 8)*	Pro forma adjustment *RMB'000* *(Note 11)*	Unaudited pro forma of the Remaining Group *RMB'000*
Cash flows from operating activities									
(Loss) profit before tax	(58,184)	59,202			8,974	(73,780)		(23,086)	(86,874)
Adjustments for:									
Finance costs recognized in profit or loss	42,664	(20,851)							21,813
Interest income recognised in profit or loss	(881)	415							(466)
Depreciation of property, plant and equipment	47,599	(29,474)							18,125
Amortization of intangible assets	4,596	(564)							4,032
Release of prepaid land lease payments	976	(184)							792
Losses (gains) on disposals of property, plant and equipment	6,130	(4,949)							1,181
Gains on changes in fair value of derivative financial instruments	(21,155)	2							(21,153)
Gains on changes in fair value of the Contingent Consideration	(13,166)								(13,166)
Impairment loss on trade receivables	1,817	(1,822)						1,818	1,813
Write-down of inventories	3,687	(2,061)							1,626
Exchange gains relating to bank borrowings	(621)								(621)
Impairment loss recognised in respect of goodwill	7,488							5,924	13,412
Impairment loss recognised in respect of intangible assets	6,529							1,703	8,232
Impairment loss recognised in respect of property, plant and equipment	20,275	(645)						13,641	33,271
Recognition of share-based payments	3,762								3,762
Gain on Disposal before considering of early redemption of the Promissory Note as a result of the Disposal	—				(14,000)				(14,000)

	Consolidated statement of cash flows of the Group for the year ended 31 December 2012 *RMB'000* *(Note 1)*	Pro forma adjustment *RMB'000* *(Note 12)*	Pro forma adjustment *RMB'000* *(Note 13)*	Pro forma adjustment *RMB'000* *(Note 4)*	Pro forma adjustment *RMB'000* *(Note 5)*	Pro forma adjustment *RMB'000* *(Note 6)*	Pro forma adjustment *RMB'000* *(Note 8)*	Pro forma adjustment *RMB'000* *(Note 11)*	Unaudited pro forma of the Remaining Group *RMB'000*
Operating cash flows before movements in working capital	51,516	(931)			(5,026)	(73,780)			(28,221)
(Increase) decrease in trade and other receivables	105,270			(39,982)					65,288
(Increase) decrease in trade and bills receivables	—	(42,520)		42,520					—
(Increase) decrease in inventories	(94,100)	58,088							(36,012)
Decrease in prepayments, deposits and other receivables	—	2,538		(2,538)					—
Decrease in trade and other Payables	(13,584)		(42)	(27,937)					(41,563)
Increase (decrease) in trade and bills payables	—	(47,973)		47,973					—
Increase in other payables and accruals	—	20,036		(20,036)					—
Increase in other financial liability	—					73,780			73,780
Settlement of derivative financial instruments	14,688								14,688
Cash from operations	63,790	(10,762)	(42)		(5,026)				47,960
Interest paid	(50,435)	20,851							(29,584)
Interest received	—	(415)		415					—
Income taxes paid	(8,046)	6,752			(3,235)				(4,529)
Net cash from operating activities	5,309	16,426	(42)	415	(8,261)				13,847

	Consolidated statement of cash flows of the Group for the year ended 31 December 2012	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 12)*	*(Note 13)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 8)*	*(Note 11)*	
Cash flows from investing activities									
Placement of pledged bank deposits	(145,893)	26,852							(119,041)
Release of pledged bank deposits	171,287	(35,913)							135,374
Purchase of property, plant and equipment	(181,777)	94,598							(87,179)
Purchase of intangible assets	(3,216)	883							(2,333)
Proceeds on disposals of property, plant and equipment	878	(15,091)							(14,213)
Prepayments for acquiring land	(41,751)	34,500							(7,251)
Proceeds on disposals of prepaid land lease payments	4,436								4,436
Proceeds on disposal of a subsidiary	901	(901)							—
Interest received	881			(415)					466
Sales of Sale Share	—				118,327				118,327
Cash received from the Reorganisation	—						109,277		109,277
Net cash (used in) from investing activities	(194,254)	104,928		(415)	118,327		109,277		137,863

	Consolidated statement of cash flows of the Group for the year ended 31 December 2012	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 12)*	*(Note 13)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 8)*	*(Note 11)*	
Cash flows from financing activities									
Proceeds from borrowings	1,396,186	(651,999)							744,187
Repayments of borrowings	(1,225,788)	551,592							(674,196)
Acquisition of non-controlling interests	(2,592)	600							(1,992)
Capital contribution from non-controlling interests of subsidiaries	5,600	(1,600)							4,000
Capital contribution from owners of the Operating Companies	—	(14,000)							(14,000)
Dividends paid to non-controlling shareholders	—	6,199							6,199
Net cash from financing activities	173,406	(109,208)							64,198
Net decrease in cash and cash equivalents	(15,539)	12,146	(42)		110,066		109,277		215,908
Effect of foreign exchange rate changes, net	—	(25)							(25)
Cash and cash equivalents at beginning of the year	106,650	(66,803)							39,847
Cash and cash equivalents at end of year, representing by bank balances and cash	91,111	(54,682)	(42)		110,066		109,277		255,730

Notes:

1 The consolidated statement of financial position of the Group as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2012 are extracted from the 2012 Annual Report of the Group.

2. The adjustment reflects the exclusion of unaudited combined statement of financial position of the Operating Companies as at 31 December 2012, as if the Disposal had taken place on 31 December 2012.

3. The adjustment reflects the exclusion of the unaudited combined statement of financial position of the Investments Holding Companies as at the date of S&P Agreement, as if the Disposal had taken place on 31 December 2012.

4. The adjustment represents the reclassification of the Operating Companies accounts to conform with the presentation format of the Group.

5. The adjustment reflects the adjusted consideration received by the Remaining Group and the financial effect for the sale of the Sale Share before considering the financial effect of the early redemption of the Promissory Note as a result of the Disposal (note 6) as if the Disposal had taken place on 31 December 2012.

   The adjusted consideration is calculated as follows:

	RMB'000
Consideration	
— Unreviewed combined net asset value of the Operating Companies as at 31 December 2012	631,380
— Aggregate value of net asset value of the Investments Holding Companies as at the date of S&P Agreement	—
— Value Difference [(a)]	—
— Revaluation Surplus [(c)]	14,000
Income tax and withholding tax during the Reorganisation	(3,235)
Currently estimated professional fees and other expenses (excluding tax) of the Remaining Group which are attributable to the Disposal	(5,026)
Adjusted consideration	637,119
Unreviewed combined net asset value of the Operating Companies as at 31 December 2012 [(b)]	(631,380)
Aggregate value of net asset value of the Investments Holding Companies as at the date of S&P Agreement [(b)]	—
Gain on Disposal before considering the financial effect of the early redemption of the Promissory Note as a result of the Disposal *(note 6)*	5,739

   (a) Assuming that the Value Difference is zero.

   (b) Assuming that the consolidated net asset value of the Disposal Group as at the date of Completion is the same as the aggregate value of the unaudited and unreviewed combined net asset value of the Operating Companies as at 31 December 2012 plus the aggregate value of the net asset value of the Investments Holding Companies as at the date of S&P Agreement.

   (c) Assuming that the Revaluation Surplus equals to the difference (net of tax effect, if any) between the valuation of the land use rights of the Disposal Group as at 30 April 2013 appraised by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and the net book value of such land use rights of approximately RMB21 million recognised in the audited consolidated financial statements of the Group for the year ended 31 December 2012, out of which approximately RMB8.1 million and RMB0.1

million represented prepaid land lease payments recognised in prepaid land lease payments and prepayments respectively, and approximately RMB12.8 million represented land grading costs recognised in property, plant and equipment. Such balances were also recognised in the same accounts in the unaudited combined statement of financial position of the Operating Companies as at 31 December 2012 as set out in Appendix II to this Circular.

The consideration received from the Purchaser will be used to offset the Promissory Note issued by the Company to Mr. Chi Shaolin. Upon the Completion, the net cash to be received from the Disposal is calculated as follow:

	RMB'000
Adjusted consideration	637,119
Outstanding amount of the Promissory Note (HK$650 million x 0.81085) [a]	527,053
Net cash Received	110,066

(a) Exchange rate at 31 December 2012 of HK$1=RMB0.81085

6. The adjustment represents the notional interest expense recognised for the Promissory Note to be issued by the Group to Mr. Chi Shaolin for the early redemption of the Promissory Note as a result of the Disposal as if the Promissory Note had been issued on 31 December 2012 and the Disposal had taken place on 31 December 2012.

7. The adjustment reflects the reinstatement of the inter-company balances and transactions between the Disposal Group and the Remaining Group as at 31 December 2012 and for the year ended 31 December 2012, respectively.

8. The adjustment reflects the cash outflows to the Remaining Group by the Disposal Group as a result of the Reorganisation after 31 December 2012 and before the Disposal.

9. The adjustment reflects the exclusion of the results of the Operating Companies for the year ended 31 December 2012, as if the Disposal had taken place on 1 January 2012. The adjustment is not expected to have a continuing effect on the Group.

10. The adjustment reflects the exclusion of the results of the Investments Holding Companies for the period from the respective dates of incorporation to the date of the S&P Agreement, as if the Disposal had taken place on 1 January 2012. The adjustment is not expected to have a continuing effect on the Group.

11. The adjustment represented the impairment losses which was attributed to the Disposal Group.

	RMB'000
Impairment loss recognised in respect of property, plant and equipment	13,641
Impairment loss recognised in respect of goodwill	5,924
Impairment loss recognised in respect of intangible assets	1,703
Impairment loss on trade receivables	1,818
	23,086

12. The adjustment reflects the exclusion of the cash flows of the Operating Companies for the year ended 31 December 2012, as if the Disposal had taken place on 1 January 2012. The adjustment is not expected to have a continuing effect on the Group.

13. The adjustment reflects the exclusion of the cash flows of the Investments Holding Companies for the year ended 31 December 2012, as if the Disposal had taken place on 1 January 2012. The adjustment is not expected to have a continuing effect on the Group.

II. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from Ernst & Young, Certified Public Accountants, Hong Kong.

ERNST & YOUNG
安 永

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

27 June 2013

The Directors

HL Technology Group Limited

Dear Sirs,

We report on the unaudited pro forma financial information of HL Technology Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") (the "Unaudited Pro Forma Financial Information") set out in Appendix III to the circular of the Company dated 27 June 2013 (the "Circular") with respect to the very substantial disposal and connected transaction in relation to the disposal of the entire issued share capital of Sumptuous Wealth Limited (the "Disposal"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Disposal might have affected the relevant financial information presented in respect of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix III to the Circular.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare 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").

It is our responsibility to form 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.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 December 2012 or any future dates; or
- the results and the cash flows of the Group for the year ended 31 December 2012 or any future periods.

OPINION

In our opinion:

(a) The Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

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

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

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

27 June 2013

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 April 2013 of the land held by Changshu Honglin Connecting-Technology Co., Ltd., and Dezhou Honglin Electronic Co., Ltd.

JONES LANG LASALLE 仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

27 June 2013

The Board of Directors
HL Technology Group Limited
33rd Floor
Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

On 9 June 2013, HL Technology Group Limited (the "Company", as vendor) entered into the sale and purchase agreement with Jia Ya Developments Limited and Mr. Chi Shaolin (as guarantor for Jia Ya Developments Limited) for the sale and purchase of the entire issued share capital of Sumptuous Wealth Limited, a wholly-owned subsidiary of the Company. On 24 June 2013, the Company, Jia Ya Developments Limited and Mr. Chi Shaolin entered into a deed supplementing and revising certain terms of the sale and purchase agreement. Pursuant to the sale and purchase agreement (as supplemented by the aforementioned deed), the Company has conditionally agreed to dispose of and Jia Ya Developments Limited has conditionally agreed to purchase the Sale Share from the Company at the Consideration of HK$779 million, subject to adjustments equivalent to the Value Difference and the Revaluation Surplus, provided that the final Consideration shall not exceed HK$780 million and shall not be less than HK$580 million.

In accordance with your instructions to value the land held by Changshu Honglin Connecting-Technology Co., Ltd. ("Changshu Connecting-Technology") and Dezhou Honglin Electronic Co., Ltd. ("Dezhou Electronic"), the two wholly-owned subsidiaries of the Company (hereinafter together referred to as the "Operating Companies") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the land on clear site state as at 30 April 2013 (the "valuation date").

Our valuation was carried out on a market value basis. Market value is defined 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".

We have valued the property interests by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have noticed that there are various buildings and structures erected on the properties. As instructed by the Company, these buildings and structures are excluded from our valuation. We have valued the properties on the assumption that the properties are on clear site state.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Operating Companies and the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of State-owned Land Use Rights Certificates relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — DeHeng Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in May 2013 by Mr. Peter Cao and Mr. Aaron Lin. Mr. Peter Cao is a China Real Estate Appraiser who has 12 years' experience in the valuation of properties in the PRC. Mr. Aaron Lin is a Certified Public Valuer who has 2 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by Operating Companies and the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 19 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Land held by the Operating Companies in the PRC

No.	**Property**	**Capital value on clear site state as at 30 April 2013** *RMB*
1.	A parcel of land located at No. 8 Liuzhou Road High and New Technology Industrial Park Changshu City Jiangsu Province The PRC	19,381,000
2.	2 parcels of land located at the eastern side of Fu Min Road and the northern side of Huayuan Avenue Linyi County Dezhou City Shandong Province The PRC	15,624,000
	Total:	**35,005,000**

VALUATION CERTIFICATE

Land held by the Operating Companies in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value on clear site state as at 30 April 2013 *RMB*
1.	A parcel of land located at No. 8 Liuzhou Road High and New Technology Industrial Park Changshu City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 66,601 sq.m. The land use rights of different portion of the property have been granted for terms expiring on 20 April 2055 (for 32,000 sq.m.), 17 November 2060 (for 11,350 sq.m.), 9 June 2054 (for 10,000 sq.m.) and 9 December 2054 (for the remaining 13,251 sq.m.) for industrial use.	The property is currently occupied by Changshu Electronic Changshu Honglin Electronic Co., Ltd. (常熟泓淋電子有限公司) ("Changshu Electronic") and Changshu Honglin Wire and Cable Co., Ltd. (常熟泓淋電線電纜有限公司) ("Changshu Cable"), two indirect wholly-owned subsidiaries of the Company for production, office and ancillary purposes.	19,381,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Chang Guo Yong (2012) Di No. 16558 (常國用(2012)第16558號), the land use rights of a parcel of land with a site area of approximately 66,601 sq.m. have been granted to Changshu Honglin Connecting-Technology Co., Ltd. (常熟泓淋連接技術有限公司) ("Changshu Connecting-Technology") for terms expiring on 20 April 2055 (for 32,000 sq.m.), 17 November 2060 (for 11,350 sq.m.), 9 June 2054 (for 10,000 sq.m.) and 9 December 2054 (for the remaining 13,251 sq.m.) for industrial use.

2. Based on our site inspection and the information provided by the Company, there are various buildings and structures erected on the property which are occupied by Changshu Electronic and Changshu Cable for production, office and ancillary purposes. As instructed by the Company, these buildings and structures are excluded from our valuation. We have valued the property on the assumption that the property is a clear site.

3. Pursuant to an Other Rights Certificate — Chang Ta Xiang (2012) Di No. 03107 (常他項(2012)第03107號), the land use rights of a portion of land of the property with a site area of approximately 8,364 sq.m. under the State-owned Land Use Rights Certificate — Chang Guo Yong (2012) Di No. 16558 are subject to a mortgage in favour of Ningbo Bank Co., Ltd. Changshu Branch (寧波銀行股份有限公司常熟分行) for a bank loan at an amount of RMB2,100,000 with a mortgage term from 1 November 2012 to 31 October 2015.

4. Pursuant to an Other Rights Certificate — Chang Ta Xiang (2012) Di No. 03133 (常他項(2012)第03133號), the land use rights of the remaining portion of land of the property with a site area of approximately 58,237 sq.m. under the State-owned Land Use Rights Certificate — Chang Guo Yong (2012) Di No. 16558 are subject to a mortgage in favour of China Bank Corporation Changshu Sub-branch (中國銀行股份有限公司常熟支行) for a bank loan at an amount of RMB14,634,900 with a mortgage term from 8 November 2012 to 6 November 2015.

5. As the property is the major asset held by Changshu Connecting-Technology, we are of the view that the property is a material property.

   Details of the material property:

(a)	General description of location of the property	:	The property comprises a parcel of land with a site area of approximately 66,601 sq.m. which is located at the eastern side of Liuzhou Road and the southern side of Ningbo Road in the High and New Technology Industrial Park, at the northern part of Changshu City. It is accessible to Zhuhai Road within the locality connecting the property to the downtown area of Changshu. The site is in rectangular shape and the neighbouring developments are mainly various low-rise to medium-rise factories.
(b)	Details of encumbrances, liens, pledges, mortgages against the property	:	The land use rights of the property with a site area of approximately 66,601 sq.m. are subject to 2 mortgages in favour of Ningbo Bank Co., Ltd. Changshu Branch and China Bank Corporation Changshu Sub-branch.
(c)	Environmental Issue	:	No environmental study has been carried out.
(d)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil.
(e)	Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Company, there is no plan for new major development or renovation in the next 12 months from the date of this document.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Changshu Connecting-Technology legally owns the land use rights of the property and is entitled to occupy, use and receive benefit from the property; and

   b. The property has been mortgaged.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value on clear site state as at 30 April 2013 *RMB*
2.	2 parcels of land located at the eastern side of Fu Min Road and the northern side of Huayuan Avenue Linyi County Dezhou City Shandong Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 164,461.07 sq.m. The land use rights of the property have been granted for a term expiring on 12 December 2056 for industrial use.	The property is currently occupied by Dezhou Honglin Electronic Co., Ltd. (德州泓淋電子有限公司) ("Dezhou Electronic") for production, office and ancillary purposes.	15,624,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates — Lin Guo Yong (2006) Di Nos. 398 and 399 (臨國用(2006)第398和399號), the land use rights of 2 parcels of land with a total site area of approximately 164,461.07 sq.m. have been granted to Dezhou Electronic for a term expiring on 12 December 2056 for industrial use.

2. Based on our site inspection and the information provided by the Company, there are various buildings and structures erected on the property which are occupied by Dezhou Electronic for production, office and ancillary purposes. As instructed by the Company, these buildings and structures are excluded from our valuation. We have valued the property on the assumption that the property is a clear site.

3. Pursuant to an Other Rights Certificate — Lin Ta Xiang (2011) Di No. 0176 (臨他項(2011)第0176), the land use rights of a parcel of land under the State-owned Land Use Rights Certificate — Lin Guo Yong (2006) Di No. 399 are subject to a mortgage in favour of Standard Chartered Bank (China) Co., Ltd. Shenzhen Branch (渣打銀行(中國)有限公司深圳分行) for a bank loan at an amount of RMB18,208,600 with a mortgage term from 19 July 2011 to 18 July 2016.

4. Pursuant to an Other Rights Certificate — Lin Ta Xiang (2013) Di No. 0100 (臨他項(2013)第0100號), the land use rights of a parcel of land under the State-owned Land Use Rights Certificate — Lin Guo Yong (2006) Di No. 398 are subject to a mortgage in favour of China Construction Bank Corporation Linyi Sub-branch (中國建設銀行股份有限公司臨邑支行) for a bank loan at an amount of RMB26,700,000 with a mortgage term from 17 May 2013 to 17 July 2016.

5. As the property is the major asset held by Dezhou Electronic, we are of the view that the property is a material property.

   Details of the material property:

   (a) General description of location of the property : The property comprises 2 parcels of land with a total site area of approximately 164,461.07 sq.m. which is located at the eastern side of Fu Min Road and the northern side of Huayuan Avenue in the Hengyuan Economic and Technology Development Zone in Linyi County of Dezhou City. It is further accessible to Huayuan Avenue and No. 104 national highway. The site is in square shape and the neighbouring developments are mainly various low-rise to medium-rise factories.

(b)	Details of encumbrances, liens, pledges, mortgages against the property	:	The land use rights of the property with a total site area of approximately 164,461.07 sq.m. are subject to 2 mortgages in favour of Standard Chartered Bank (China) Co., Ltd. Shenzhen Branch and China Construction Bank Corporation Linyi Sub-branch.
(c)	Environmental Issue	:	No environmental study has been carried out.
(d)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil.
(e)	Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Company, there is no plan for new major development or renovation in the next 12 months from the date of this document.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Dezhou Electronic legally owns the land use rights of the property and is entitled to occupy, use and receive benefit from the property; and

   b. The property has been mortgaged.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to notified to the Company and the Stock Exchange were as follows:

Long position in Shares

Name	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Chi Shaolin	Interest of controlled corporation *(Note 1)*	294,283,839	40.87%
Mr. Jiang Taike	Beneficial owner *(Note 2)*	16,248,857	2.26%
Mr. Li Jianming	Beneficial owner *(Note 3)*	1,030,431	0.14%

Notes:

1. Mr. Chi Shaolin is deemed to be interested in 294,283,839 Shares held by Chenlin International Joint Stock Company Limited for the purpose of the SFO by virtue of it being wholly-owned by Mr. Chi Shaolin.

2. Yongchang Joint Stock Company Limited held a total of 72,903,711 Shares in trust for 37 minority shareholders, including Mr. Jiang Taike who is interested in 16,248,857 Shares.

3. Hongxin Joint Stock Company Limited held approximately 5.11% interest in the Company in trust for 136 employee shareholders, including Mr. Li Jianming who is interested in 1,030,431 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to notified to the Company and the Stock Exchange.

Interests of substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the persons other than a Director or chief executive of the Company who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital, were as follow:

Name	Capacity	Number of Shares	Approximate percentage of shareholding
Chenlin International Joint Stock Company Limited	Security interest in shares of the corporation *(Note 1)*	294,283,839	40.87%
Yongchang Joint Stock Company Limited	Security interest in shares of the corporation *(Note 2)*	72,903,711	10.13%
Splendor Sun Group Limited	Beneficial owner *(Note 3)*	60,945,383	8.46%
Chi Rongjie	Interest of controlled corporation *(Note 3)*	60,945,383	8.46%
Hongxin Joint Stock Company Limited	Security interest in shares of the corporation *(Note 4)*	36,791,039	5.11%

Notes:

1. Chenlin International Joint Stock Company Limited held approximately 40.87% interest in the Company, which entire issue share capital is owned by Mr. Chi Shaolin.

2. Yongchang Joint Stock Company Limited held a total of 72,903,711 Shares in trust for 37 minority shareholders, including Mr. Jiang Taike, an executive Director, who is interested in 16,248,857 Shares.

3. Splendor Sun Group Limited is owned as to 65.87% by Mr. Chi Rongjie. Mr. Chi Rongjie is deemed to be interested in the 60,945,383 Shares held by Splendor Sun Group Limited for the purpose of the SFO.

4. Hongxin Joint Stock Company Limited held approximately 5.11% interest in the Company in trust for 136 employee shareholders, including a Mr. Li Jianming, an executive Director, who is interested in 1,030,431 Shares.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest of short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any options in respect of such capital.

Interests in contract or arrangement

Save for the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in contract or arrangement subsisting which is significant in relation to the business of the Group.

Interests in assets

Save for the Disposal and the transactions contemplated under the S&P Agreement (as supplemented by the Supplemental Agreement) as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets have been acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up or are proposed to be acquired or disposed of by or leased to any member of the Group.

Service contracts

There is no existing or proposed service contract between any member of the Group and any Director or proposed Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations).

Competing business

Each of the Directors has confirmed that so far as they are aware, none of the Directors or their respective associates has any interest in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

LITIGATION

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

EXPERTS AND CONSENTS

The qualification of the experts who have given opinion in this circular is as follows:

Name	Qualification
GF Capital	a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young ("EY")	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang LaSalle")	Professional valuers

As at the Latest Practicable Date, each of GF Capital, EY and Jones Lang LaSalle had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and has no direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of GF Capital, EY and Jones Lang LaSalle has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and/or references to its name, in the form and context in which they respectively appear.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

(a) the S&P Agreement;

(b) the Supplemental Agreement;

(c) an agreement of sale and purchase dated 22 March 2013 entered into between Weihai Electronic and Beijing Jinyuan Mingye Property Development Co. Ltd. and Mr. Miao Junjie in relation to the transfer of the entire equity interest of Weihai Jinyuan Mingye Property Development Co. Ltd. to Weihai Electronic at the consideration of RMB6 million;

(d) a supplemental agreement to the sale and purchase agreement as set out in paragraph (i) below dated 28 December 2012 entered into between the Company and Mr. Chi Shaolin, pursuant to which parties agreed to supplement and revise certain terms of the said sale and purchase agreement;

(e) a supplemental agreement to the equity transfer agreement as set out in paragraph (g) below dated 19 December 2012 entered into between Weihai Electronic and Rituo Automotive, pursuant to which parties agreed to extend the date of payment of consideration;

(f) a supplemental agreement to the equity transfer agreement as set out in paragraph (h) below dated 19 December 2012 entered into between Weihai Electronic and Mr. Wang Xiang, pursuant to which parties agreed to extend the date of payment of consideration and Mr. Wang Xiang agreed to pay interest if consideration is not paid in full by such time;

(g) an equity transfer agreement dated 20 November 2012 entered into among Weihai Electronic, Rituo Automotive and Rituo Technology in relation to the acquisition of 100% equity interest in Rituo Technology by Weihai Electronic from Rituo Automotive at the consideration of RMB15.0 million;

(h) an equity transfer agreement dated 20 November 2012 entered into among Weihai Electronic, Mr. Wang Xiang (王祥) and Rituo Automotive in relation to the transfer of 55% equity interest in Rituo Automotive by Weihai Electronic to Mr. Wang Xiang at the consideration of RMB58.6 million;

(i) a sale and purchase agreement dated 28 October 2012 entered into between the Company (as purchaser) and Mr. Chi Shaolin (as vendor) in relation to the transfer of the entire issued share capital of Rosy Sun Investments Limited and shareholder's loan (if any) by Mr. Chi Shaolin to the Company at the consideration of HK$650 million; and

(j) an article of association in relation to the establishment of Weihai Dongchen Plastics New Materials Limited entered into between Weihai Electronic and Mr. Chi Zhongmin and Mr. Zheng Fengji dated 27 April 2012.

GENERAL

(a) The secretary and qualified accountant of the Company is Ms. Ho Wing Yan. Ms. Ho is an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is situated at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

(c) The Company's headquarter situates at Pudong Road, Economic and Technological Development Zone, Weihai, Shandong Province, the PRC. The Company's principal place of business in Hong Kong situates at 33rd Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

(d) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. at the Company's principal place of business in Hong Kong at 33rd Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2012;

(c) the letter from the Board, the text of which is set out on pages 7 to 25 of this circular;

(d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 26 of this circular;

(e) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 27 to 47 of this circular;

(f) the report from EY in respect of review of the financial information of the Operating Companies as set out in Appendix II to this circular;

(g) the report from EY in respect of the unaudited pro forma financial information on the Remaining Group as set out in Appendix III to this circular;

(h) the valuation report prepared by Jones Lang LaSalle as set out in Appendix IV to this circular;

(i) the letters of consents referred to in the paragraph headed "Experts and Consents" in this appendix;

(j) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(k) the S&P Agreement;

(l) the Supplemental Agreement; and

(m) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "Meeting") of HL Technology Group Limited (the "Company") will be held at the 3rd Floor Conference Room, 9–10 Pudong Road, The First Industrial Park, Economic and Technological Development Zone, Weihai City, Shandong Province, The People's Republic of China on Tuesday, 16 July 2013 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the sale and purchase agreement entered into among the Company (as vendor), Jia Ya Developments Limited (the "Purchaser") (as purchaser) and Mr. Chi Shaolin (as guarantor for purchaser) dated 9 June 2013 (as supplemented by a deed entered into among the Company, the Purchaser and Mr. Chi Shaolin (as the guarantor for the Purchaser) dated 24 June 2013 (the "Supplemental Agreement")) (the "S&P Agreement") in relation to the disposal of the entire issued share capital of Sumptuous Wealth Limited by the Company at the initial consideration of HK$779,000,000 (subject to adjustment according to the terms and conditions of the S&P Agreement (as supplemented by the Supplemental Agreement)) (copy of each of the S&P Agreement and the Supplemental Agreement has been produced to the Meeting and marked "A" and "B", respectively, and initialled by the chairman of the Meeting for identification purpose), and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and

(b) each of the directors of the Company be and is hereby authorised to do all such acts and things and signed, agree, ratify or execute all such documents and take all such actions as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the S&P Agreement (as supplemented by the Supplemental Agreement) and any of the transactions contemplated thereunder."

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

Hong Kong, 27 June 2013

* *for identification purposes only*

Principal Place of Business in Hong Kong:
33rd Floor
Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.

2. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding the Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude any member from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) should he so wishes.

3. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint shareholding.

4. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Meeting if shareholders so wish.

5. The ordinary resolution set out in this notice will be put to Shareholders to vote taken by way of a poll.