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HL Technology Group Limited

泓淋科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1087)

DISCLOSEABLE TRANSACTION DISPOSAL OF WUHAN ELECTRONIC

DISPOSALS

The Board is pleased to announce that, on 27 September 2013 (after trading hours), the Company entered into the Disposal Agreement I with U&T. Pursuant to the Disposal Agreement I, the Company agreed to dispose of and U&T agreed to purchase 25% equity interest in Wuhan Electronic at the consideration of RMB1.25 million (equivalent to approximately HK\$1.56 million).

On the same day, Weihai Electronic, an indirectly wholly-owned subsidiary of the Company, entered into the Disposal Agreement II with Rongfa Electronic. Pursuant to the Disposal Agreement II, Weihai Electronic agreed to dispose of and Rongfa Electronic agreed to purchase 75% equity interest in Wuhan Electronic at the consideration of RMB3.75 million (equivalent to approximately HK\$4.69 million).

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals, when aggregated, are more than 5% but less than 25%, the Disposals constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* for identification purpose only

INTRODUCTION

The Board is pleased to announce that, on 27 September 2013 (after trading hours), the Company entered into the Disposal Agreement I with U&T. Pursuant to the Disposal Agreement I, the Company agreed to dispose of and U&T agreed to purchase 25% equity interest in Wuhan Electronic at the consideration of RMB1.25 million (equivalent to approximately HK\$1.56 million).

On the same day, Weihai Electronic, an indirectly wholly-owned subsidiary of the Company, entered into the Disposal Agreement II with Rongfa Electronic. Pursuant to the Disposal Agreement II, Weihai Electronic agreed to dispose of and Rongfa Electronic agreed to purchase 75% equity interest in Wuhan Electronic at the consideration of RMB3.75 million (equivalent to approximately HK\$4.69 million).

Principal terms of the Disposal Agreements are set out below:

THE DISPOSAL AGREEMENTS

Disposal Agreement I

Date: 27 September 2013 (after trading hours)

Parties:

Vender: the Company

Purchaser: U&T. U&T is a company established in Hong Kong with limited liability on 17 January 2011, and to the best of the Directors' knowledge, information and belief, U&T is an investment holding company.

Disposal Agreement II

Date: 27 September 2013 (after trading hours)

Parties:

Vender: Weihai Electronic

Purchaser: Rongfa Electronic. Rongfa Electronic is a company established in the PRC with limited liability on 10 August 2012 and to the best of the Directors' knowledge, information and belief, its principal business activities are sales of electronic spare parts, electronic connecting cable, power charger of cell phone, automotive electronic devices and automotive wiring harness.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of U&T and Rongfa Electronic and their respective ultimate beneficial owner(s) is a third party independent of the Company and its Connected Persons.

Assets disposed of:

Pursuant to the Disposal Agreement I, the Company agreed to dispose of and U&T agreed to purchase 25% equity interest in Wuhan Electronic at the consideration of RMB1.25 million (equivalent to approximately HK\$1.56 million).

Pursuant to the Disposal Agreement II, Weihai Electronic agreed to dispose of and Rongfa Electronic agreed to purchase 75% equity interest in Wuhan Electronic at the consideration of RMB3.75 million (equivalent to approximately HK\$4.69 million).

Upon completion of the transactions contemplated under the Disposal Agreements, the Company will not, directly or indirectly, hold any equity interest in Wuhan Electronic, who will thereupon cease to be a subsidiary of the Company.

Consideration:

The Consideration were arrived at based on arm's length negotiations between the respective parties to the Disposal Agreements and on normal commercial terms, and the Consideration represent the respective expected book value of the net assets of Wuhan Electronic on 30 September 2013.

The Consideration will be paid by the respective purchasers in cash within 180 days after the completion of the registration of the transfers of the said equity interest in the relevant Industrial and Commercial Bureau in the PRC.

The sales proceeds will be utilized by the Group as general working capital for business development.

Completion:

Each of the Disposal Agreements is conditional upon having obtained the approval of relevant governing authorities in the PRC, and having obtained all approval and consents necessary by the Company whose Shares are listed on the Stock Exchange.

The transactions contemplated under the Disposal Agreements are not inter-conditional.

INFORMATION OF WUHAN ELECTRONIC

Wuhan Electronic is a company established in the PRC with limited liability by the Company and Weihai Electronic on 11 October 2005. As at the date of this announcement, Wuhan Electronic has a registered capital of US\$1.00 million (equivalent to approximately HK\$7.80 million), all of the registered capital has been paid up. The equity interest in Wuhan Electronic is owned as to 25% by the Company and as to 75% by Weihai Electronic as at the date of this announcement.

Currently, Wuhan Electronic is principally engaged in the business activities in developing, manufacturing and sale of wire and cable, signal transmission cable and electronic spare parts.

Financial information of Wuhan Electronic

Set out below is certain audited financial information of Wuhan Electronic for each of the two years ended 31 December 2011 and 2012 prepared according to the PRC accounting standards:

| | For the year ended 31 December 2012 RMB'000 | For the year ended 31 December 2011 RMB'000 |
|--------------------------|--|--|
| (Loss)/profit before tax | (1,314) | 3,181 |
| (Loss)/profit after tax | (985) | 2,799 |
| Revenue | 171,355 | 148,657 |

Financial effects of the Disposals:

Upon completion of the transactions contemplated under the Disposal Agreements, the Company will not, directly or indirectly, hold any equity interest in Wuhan Electronic, who will thereupon cease to be a subsidiary of the Company.

The Disposals are expected to have no effect on the gain or loss before tax of the Group as the Consideration equal to the expected book value of the net assets of Wuhan Electronic on 30 September 2013 which is estimated as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE DISPOSALS

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 signal transmission and connectivity products, networks and terminals products.

Wuhan Electronic kept staying in a loss status recently. The Company has relocated all of the original businesses in Wuhan Electronic to Weihai Electronic due to the Group's development strategy and to turn around its loss making status. The Disposals will allow the Group concentrate its superior resources and stop the loss making.

Therefore, the Directors consider that the terms of the Disposals are fair and reasonable and the Disposals is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposals, when aggregated, are more than 5% but less than 25%, the Disposals constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

| | |
|-------------------------|---|
| “Board” | board of Directors |
| “Company” | HL Technology Group Limited, a company incorporated in Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange |
| “Connected Person(s)” | has the meaning ascribed to it in the Listing Rules |
| “Consideration” | the consideration of the Disposal Agreement I of RMB1.25 million and the consideration of the Disposal Agreement II of RMB3.75 million, in aggregate |
| “Director(s)” | director(s) of the Company |
| “Disposal Agreement I” | disposal agreement the Company entered into with U&T on 27 September 2013 to dispose of 25% equity interest in Wuhan Electronic |
| “Disposal Agreement II” | disposal agreement Weihai Electronic entered into with Rongfa Electronic on 27 September 2013 to dispose of 75% equity interest in Wuhan Electronic |
| “Disposal Agreements” | Disposal Agreement I and Disposal Agreement II |
| “Disposals” | disposal of an aggregate of 100% equity interest in Wuhan Electronic pursuant to the Disposal Agreements |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC for the purpose of this announcement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Rongfa Electronic” | Linyi Rongfa Electronic Co., Ltd.* (臨邑縣榮發電子有限公司) |

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|---------------------|---|
| “Share(s)” | ordinary share(s) of US\$0.02 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “U&T” | U&T Electronics (Hong Kong) Co., Limited |
| “Weihai Electronic” | Weihai Honglin Electronic Co., Ltd.* (威海市泓淋電子有限公司), a company established in the PRC on 27 November 1997 with limited liability, which is an indirect wholly-owned subsidiary of the Company |
| “Wuhan Electronic” | Wuhan Honglin Electronic Co., Ltd.* (武漢市泓淋電子有限公司), a company established in the PRC on 11 October 2005 with limited liability, which is an indirect wholly-owned subsidiary of the Company before the completion of the Disposals |
| “%” | per cent. |

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB0.80 to HK\$1.00 and amounts quoted in US\$ have been converted into HK\$ at the rate of US\$1.00 to HK\$7.80. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 27 September 2013

As at the date of this announcement, the executive Directors are Mr. Chi Shaolin, Mr. Jiang Taike, Mr. Li Jianming and Mr. Lu Chengye and the independent non-executive Directors are Ms. Zheng Lin, Mr. Pao Ping Wing and Mr. Thomas Tam.

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