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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)

PROFIT WARNING

This announcement is made by HL Technology Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2015 (the “**Period**”) and assessment of the information currently available to the Board, the Group is expected to record a significant decrease in net profit for the Period as compared with the net profit recorded for the year ended 31 December 2014. The decrease in net profit during the Period was attributable to the followings:

- (i) the performance of the communication system segment of the Group has been affected by the weakening economy and the continuous intense competition in the telecommunications industry. In particular, the gross margin of the sales of traditional terminal products and the equipment and services for the three major mobile network operators (the “**Traditional Communication Products and Services**”) has been decreasing. As such, the Company has been downsizing the operation of the Traditional Communication Products and Services which resulted in significant decreases in the revenue and the profit generated from the Traditional Communication Products and Services;
- (ii) after the completion of the acquisition of Fortune Grace Management Limited in November 2015 (details of which are set out in the announcements of the Company dated 6 November 2015 and 13 November 2015) and in view of the market conditions stated in paragraph (i) above, the Group has been shifting its focus towards the development of the business of network system integration and reorganising its internal resources. As a result, certain business opportunities and developments have been deferred which resulted in the decrease in revenue and gross profit generated from the business of enterprise private network (which is part of the communication system segment) during the second half of 2015;

* For identification purpose only

- (iii) the provision of profits tax of approximately RMB5.9 million arising from the completion of the disposal of 威海市裕博線纜科技有限公司 (transliterated as “Weihaishi Yubo Wire & Cable Technology Co., Ltd.*”) in October 2015 (details of which are set out in the announcements of the Company dated 8 July 2015 and 27 October 2015); and
- (iv) the provision for impairment of prepaid land lease payments, property, plant and equipment and other intangible assets of the Group during the year ended 31 December 2015.

As the Company is still in the course of compiling the results of the Group for the year ended 31 December 2015, the information contained in this announcement is only based on, among others, a preliminary assessment of the unaudited management accounts of the Group and the expectation of the Board after taking into account the information currently available, and is not based on any data or information being audited or reviewed by the auditors of the Company. Further information and other details of the Group’s financial performance for the year ended 31 December 2015 will be disclosed in the forthcoming annual results announcement which is expected to be published in March 2016.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
HL Technology Group Limited
Wu Chi Luen
Executive Director & CEO

Hong Kong, 29 January 2016

As at the date of this announcement, the executive Directors are Mr. Wu Chi Luen (CEO), Mr. Lu Chengye and Ms. Wang Fang, the non-executive Directors are Mr. Wong Kui Shing, Danny and Mr. Chan Sek Keung, Ringo and the independent non-executive Directors are Mr. Thomas Tam, Mr. Pao Ping Wing, Mr. Qu Wen Zhou and Mr. Lu, Brian Yong Chen.