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HL Technology Group Limited

泓淋科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1087)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

2015 FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
		(Restated)
CONTINUING OPERATIONS		
Revenue	841,527	1,393,914
Gross profit	123,588	164,013
Profit before tax from continuing operations	51,510	84,406
Profit for the year from continuing operations	37,730	68,260
DISCONTINUED OPERATION		
Loss for the year from a discontinued operation	(12,537)	(20,471)
Profit for the year	25,193	47,789
Profit attributable to:		
— Owners of the parent	24,851	49,382
— Non-controlling interests	342	(1,593)
	25,193	47,789
Earnings per share		
— Basic and diluted (RMB cents)	3.48	6.86

* For identification purposes only

- The Group recorded a total revenue from its continuing operations of approximately RMB841.5 million for the year ended 31 December 2015, representing a decrease of approximately RMB552.4 million, or approximately 39.6% as compared to the revenue of approximately RMB1,393.9 million for the year ended 31 December 2014.
- The Group's net profit from its continuing operations amounted to approximately RMB37.7 million for the year ended 31 December 2015, representing a decrease of approximately RMB30.6 million, or approximately 44.8% as compared to the net profit of approximately RMB68.3 million for the year ended 31 December 2014.
- Basic earnings per share was approximately RMB3.48 cents for the year ended 31 December 2015, representing a decrease of approximately RMB3.38 cents, or approximately 49.3% as compared to basic earnings per share of approximately RMB6.86 cents for the year ended 31 December 2014.

The board (the “Board”) of directors (the “Directors”) of HL Technology Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015, together with comparative figures for the year ended 31 December 2014. The consolidated results of the Group for the year ended 31 December 2015 have been reviewed by the Company's audit committee (the “Audit Committee”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December

	<i>Notes</i>	2015 RMB'000	2014 <i>RMB'000</i> (Restated)
CONTINUING OPERATIONS			
Revenue	4	841,527	1,393,914
Cost of sales		<u>(717,939)</u>	<u>(1,229,901)</u>
Gross profit		123,588	164,013
Other income and gains	4	18,173	4,202
Selling and distribution expenses		(9,639)	(14,702)
Administrative expenses		(39,018)	(46,171)
Other expenses		(33,569)	(6,836)
Finance costs	5	<u>(8,025)</u>	<u>(16,100)</u>
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	51,510	84,406
Income tax expense	7	<u>(13,780)</u>	<u>(16,146)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		37,730	68,260
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	8	<u>(12,537)</u>	<u>(20,471)</u>
PROFIT FOR THE YEAR		<u>25,193</u>	<u>47,789</u>
Attributable to:			
Owners of the parent		24,851	49,382
Non-controlling interests		<u>342</u>	<u>(1,593)</u>
		<u>25,193</u>	<u>47,789</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	10		
Basic and diluted			
— For profit for the year		<u>RMB3.48 cents</u>	<u>RMB6.86 cents</u>
— For profit for the year from continuing operations		<u>RMB4.99 cents</u>	<u>RMB9.48 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December*

	2015 RMB'000	2014 <i>RMB'000</i> (Restated)
PROFIT FOR THE YEAR	<u>25,193</u>	<u>47,789</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(436)</u>	<u>(18)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>24,757</u>	<u>47,771</u>
Attributable to:		
Owners of the parent	24,636	49,364
Non-controlling interests	<u>121</u>	<u>(1,593)</u>
	<u>24,757</u>	<u>47,771</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,497	315,009
Prepaid land lease payments		–	101,447
Goodwill		268,726	61,146
Other intangible assets		209,656	130,734
Available-for-sale investments		15,000	15,000
Deferred tax assets		5,362	7,249
Prepayments for acquiring property, plant and equipment		–	593
Total non-current assets		500,241	631,178
CURRENT ASSETS			
Inventories		13,975	145,382
Trade and bills receivables	<i>11</i>	585,120	1,260,905
Prepayments, deposits and other receivables	<i>12</i>	224,665	198,485
Pledged deposits		8,130	23,985
Cash and cash equivalents		192,120	169,950
		1,024,010	1,798,707
Assets classified as held for sale		196,140	–
Total current assets		1,220,150	1,798,707
CURRENT LIABILITIES			
Trade and bills payables	<i>13</i>	390,229	867,044
Other payables and accruals	<i>14</i>	152,777	147,876
Interest-bearing bank and other borrowings		41,276	489,421
Tax payable		47,634	45,349
Total current liabilities		631,916	1,549,690
NET CURRENT ASSETS		588,234	249,017
TOTAL ASSETS LESS CURRENT LIABILITIES		1,088,475	880,195

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	33,962	10,607
Government grants	6,588	14,200
	<hr/>	<hr/>
Total non-current liabilities	40,550	24,807
	<hr/>	<hr/>
Net assets	1,047,925	855,388
	<hr/>	<hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	104,732	97,401
Reserves	874,345	749,593
	<hr/>	<hr/>
	979,077	846,994
	<hr/>	<hr/>
Non-controlling interests	68,848	8,394
	<hr/>	<hr/>
Total equity	1,047,925	855,388
	<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CASH FLOWS*Year ended 31 December*

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Net cash flows from operating activities	<u>40,833</u>	<u>250,274</u>
Net cash flows from/(used in) investing activities	<u>154,747</u>	<u>(7,971)</u>
Net cash flows used in financing activities	<u>(170,653)</u>	<u>(134,983)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,927	107,320
Cash and cash equivalents at beginning of year	169,950	62,721
Effect of foreign exchange rate changes, net	<u>(2,757)</u>	<u>(91)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>192,120</u>	<u>169,950</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 16 November 2007 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company acts as an investment holding company. The Group is mainly engaged in designs, development and provision of communication system and manufacture and sale of signal transmission and connectivity products.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). They have been prepared under the historical cost convention. Assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these annual consolidated financial statements are the same as those used in the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the revised IFRSs (which also include International Accounting Standards (“IASs”) and Interpretations).

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year’s financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment are described below:

- (a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- *IFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.
- *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
- *IAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- *IFRS 3 Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
- *IFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.
- *IAS 40 Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these financial statements.

IFRS 9	<i>Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i> ⁴
Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
IFRS 14	<i>Regulatory Deferral Accounts</i> ³
IFRS 15	<i>Revenue from Contracts with Customers</i> ²
IFRS 16	<i>Leases</i> ⁶
Amendments to IAS 1	<i>Disclosure Initiative</i> ¹
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of IFRSs ¹
Amendments to IAS 7	<i>Disclosure Initiative</i> ⁵
Amendments to IAS 12	<i>Recognition of Deferred Tax Assets for unrealised Losses</i> ⁵

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁴ No mandatory effective date is determined but available for early adoption

⁵ Effective for annual periods beginning on or after 1 January 2017

⁶ Effective for annual periods beginning on or after 1 January 2019

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion clause has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in IAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. During the current year, the Group underwent a business restructuring and gradually shifted towards business of network system integration. As at 31 December 2015, the Group substantially completed the business restructuring and changed its internal organisation structure that changed the composition of its reportable segments. Based on the new internal organisation structure, the Group has two reportable operating segments and the corresponding segment information for the year ended 31 December 2014 have been restated for presentation on the same basis. The two reportable segments are set out as follows:

- (a) The communication system segment, which designs, develops and provides of network communication devices and systems, network system integration of Enterprise Private Network and mobile internet office software solutions.
- (b) The “others” segment, which leases plants and properties owned by the Group.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segmental profit, which is a measurement of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group’s profit before tax from continuing operations except that interest income, other income and gains, finance costs, as well as other unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude available-for-sale investments, deferred tax assets, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, interest-bearing bank and other borrowings, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2015

	Communication system RMB'000	Others RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	840,443	1,084	841,527
Sales to a discontinued operation	–	1,626	1,626
	<u>840,443</u>	<u>2,710</u>	<u>843,153</u>
<i>Reconciliation:</i>			
Elimination of sales to a discontinued operation			<u>(1,626)</u>
Revenue from continuing operations			<u>841,527</u>
Segment results	81,703	(14,814)	66,889
<i>Reconciliation:</i>			
Elimination of sales to a discontinued operation			(1,626)
Interest income			941
Unallocated income and gains			5,315
Finance costs			(8,025)
Corporate and other unallocated expenses			<u>(11,984)</u>
Profit before tax from continuing operations			<u>51,510</u>
Segment assets	1,507,596	–	1,507,596
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>212,795</u>
Total assets			<u>1,720,391</u>
Segment liabilities	513,214	–	513,214
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>159,252</u>
Total liabilities			<u>672,466</u>
Other segment information:			
Impairment losses recognised in the statement of profit or loss	19,150	14,419	33,569
Depreciation and amortisation	32,457	2,190	34,647
Capital expenditure*	242,794	–	242,794

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets including assets from the acquisition of a subsidiary.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2014

	Communication system RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue			
Sales to external customers	1,393,914	–	1,393,914
Sales to a discontinued operation	–	4,463	4,463
	<u>1,393,914</u>	<u>4,463</u>	<u>1,398,377</u>
<i>Reconciliation:</i>			
Elimination of sales to a discontinued operation			<u>(4,463)</u>
Revenue from continuing operations			<u>1,393,914</u>
Segment results	108,304	(771)	107,533
<i>Reconciliation:</i>			
Elimination of sales to a discontinued operation			(4,463)
Interest income			300
Unallocated income and gains			368
Finance costs			(16,100)
Corporate and other unallocated expenses			<u>(3,232)</u>
Profit before tax from continuing operations			<u>84,406</u>
Segment assets	1,400,174	136,638	1,536,812
<i>Reconciliation:</i>			
Corporate and other unallocated assets			192,614
Assets related to a discontinued operation			<u>700,459</u>
Total assets			<u>2,429,885</u>
Segment liabilities	866,788	–	866,788
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			506,447
Liabilities related to a discontinued operation			<u>201,262</u>
Total liabilities			<u>1,574,497</u>
Other segment information:			
Impairment losses recognised in the statement of profit or loss	7,081	–	7,081
Depreciation and amortisation	25,042	4,357	29,399
Capital expenditure	11,891	–	11,891

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

(a) Revenue from external customers

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Restated)
Mainland China	633,108	545,944
Taiwan	–	721,907
Hong Kong	205,744	126,063
United States of America	2,675	–
	<u>841,527</u>	<u>1,393,914</u>

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Mainland China	479,697	608,691
Hong Kong	182	238
	<u>479,879</u>	<u>608,929</u>

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from continuing operations of approximately RMB466,341,000 (2014: RMB721,907,000) for the current year was derived from sales made by the communication system segment to two (2014: one) major external customers from whom the revenue individually derived has exceeded 10% of the revenue of the Group.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods and software products sold, after allowances for returns and trade discounts, the value of services rendered and gross rental income received during the year.

An analysis of revenue, other income and gains from continuing operations is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Restated)
Revenue		
Sales of goods and software products	635,087	1,114,982
Rendering of services	205,356	278,932
Gross rental income	1,084	–
	<u>841,527</u>	<u>1,393,914</u>
Other income and gains		
Bank and other interest income	941	300
Government grants released	7,612	3,527
Net gains on disposals of subsidiaries	4,471	–
Foreign exchange differences, net	734	368
Gain on disposal of items of property, plant and equipment	4,264	–
Others	151	7
	<u>18,173</u>	<u>4,202</u>

5. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Restated)
Interest on bank and other borrowings	6,934	14,240
Others	1,091	1,860
	<u>8,025</u>	<u>16,100</u>

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2015 RMB'000	2014 <i>RMB'000</i> (Restated)
Cost of inventories sold*	715,908	1,225,168
Depreciation	5,299	9,847
Recognition of prepaid land lease payments	1,415	1,797
Amortisation of other intangible assets**	27,933	17,755
Impairment of prepaid land lease payments	9,317	–
Impairment of property, plant and equipment	5,102	1,685
Impairment of other intangible assets	18,083	1,905
Impairment of trade receivables	678	3,184
Impairment of other receivables and prepayments	389	62
Minimum lease payments under operating leases	2,492	2,296
Auditors' remuneration	2,300	2,200
Research and development costs	2,722	7,881
Government grants released	(7,612)	(3,527)
Foreign exchange differences, net	(734)	(368)
Employee benefit expenses (including Directors' and a chief executive's remuneration)		
– Wages and salaries	16,245	22,345
– Pension scheme contributions	976	3,263
– Termination benefit	–	12,621
– True up of termination benefit	(1,493)	–
	15,728	38,229
Write-down of inventories to net realisable value	106	246
Gain on disposal of items of property, plant and equipment	(4,264)	–
Bank and other interest income	(941)	(300)
Net gains on disposals of subsidiaries	(4,471)	–

* Inclusive of write-down of inventories to net realisable value.

** Amortisation of other intangible assets is included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i> (Restated)
Current — Hong Kong		
Charge for the year	3,079	11,555
Overprovision in prior year	(114)	—
Current — Mainland China		
Charge for the year	11,280	5,956
Deferred income tax	(6,403)	(1,365)
Withholding tax	5,938	—
	<hr/>	<hr/>
Total tax expense for the year	13,780	16,146

The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies within the Group are domiciled and operate.

8. DISCONTINUED OPERATION

On 28 April 2015, the Company entered into a sale and purchase agreement with a company owned by Mr. Chi Shaolin (“Mr. Chi”), a Director and substantial shareholder of the Company by then, for the disposal of the entire equity interest in Honglin International Limited (together with its subsidiaries referred to as “Honglin International”) at a cash consideration of approximately HK\$232,805,000. Honglin International is engaged in manufacture and sale of traditional signal transmission and connectivity products. The Board decided to cease its signal transmission and connectivity business for the purpose of restructuring and Honglin International was classified as a discontinued operation. With Honglin International classified as a discontinued operation, the signal transmission and connectivity business is no longer included in the note for operating segment information. The transaction was completed on 30 June 2015.

8. DISCONTINUED OPERATION (CONTINUED)

The consolidated results of Honglin International for the period/year are presented below:

	Period from 1 January to 30 June 2015 RMB'000	2014 RMB'000
Revenue	305,983	702,854
Other income and gains	6,911	19,379
Expenses and costs	(327,057)	(707,321)
Finance costs	(16,160)	(35,412)
Loss from the discontinued operation	(30,323)	(20,500)
Gain on disposal of the discontinued operation	17,786	–
Loss before tax from the discontinued operation	(12,537)	(20,500)
Income tax expense	–	29
Loss for the year from the discontinued operation	(12,537)	(20,471)
Attributable to:		
Owners of the parent	(10,770)	(18,878)
Non-controlling interests	(1,767)	(1,593)
	(12,537)	(20,471)

The net cash flows incurred by Honglin International are as follows:

	2015 RMB'000	2014 RMB'000
Operating activities	46,938	69,173
Investing activities	125,938	(2,554)
Financing activities	(19,925)	(54,009)
Net cash inflow	152,951	12,610
Loss per share:		
Basic from the discontinued operation	(RMB1.51 cents)	(RMB2.62 cents)

The calculation of basic loss per share from the discontinued operation are based on:

	2015 RMB'000	2014 RMB'000
Loss attributable to ordinary equity holders of the parent from the discontinued operation	(10,770)	(18,878)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation ('000) (note 10)	713,333	720,000

9. DIVIDEND

No dividend have been paid or proposed by the Company during the year ended 31 December 2015 and subsequent to the end of the reporting period (2014: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 713,333,333 (2014: 720,000,000) in issue during the year.

The calculation of basic earnings per share is based on:

	2015 RMB'000	2014 <i>RMB'000</i> (Restated)
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	35,621	68,260
From a discontinued operation	(10,770)	(18,878)
	24,851	49,382
Weighted average number of ordinary shares in issue ('000) during the year used in the basic earnings per share calculation	713,333	720,000
Earnings per share:		
Basic		
— For continuing operations	RMB4.99 cents	RMB9.48 cents
— For a discontinued operation	(RMB1.51 cents)	(RMB2.62 cents)
	RMB3.48 cents	RMB6.86 cents

Diluted earnings per share amounts were the same as the basic earnings per share amounts as there were no potentially dilutive shares in existence during the years ended 31 December 2015 and 31 December 2014.

11. TRADE AND BILLS RECEIVABLES

	2015 RMB'000	2014 <i>RMB'000</i>
Trade receivables	586,115	1,243,309
Impairment	(6,957)	(6,945)
Trade receivables, net	579,158	1,236,364
Bills receivable	5,962	24,541
	585,120	1,260,905

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the transaction date and net of provision, is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 3 months	79,602	800,592
3 to 6 months	261,472	176,257
6 to 12 months	114,180	38,541
1 to 2 years	110,470	98,612
Over 2 years	13,434	122,362
	579,158	1,236,364

The movements in provision for impairment of trade receivables are as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
At beginning of year	6,945	3,125
Provided in the current year	6,534	4,588
Impairment losses reversed	(3,909)	(768)
Disposal of a subsidiary	(2,583)	–
Exchange realignment	(30)	–
	6,957	6,945

The maturity profile of the bills receivable of the Group as at the end of the reporting period is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 3 months	–	12,069
3 to 6 months	5,962	12,472
	5,962	24,541

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables mainly included advances to suppliers and other third parties of approximately RMB196,489,000 (2014: RMB166,227,000).

Included in the Group's prepayments, deposits and other receivables are amounts due from related parties of approximately RMB10,681,000 as at 31 December 2014, which are repayable on credit terms similar to those offered to the major customers of the Group.

The Group did not provide any allowance on the advances to other third parties as, in the opinion of the Directors, there has not been any significant change in credit quality and the amounts are still considered recoverable.

Movements in the provision for impairment of other receivables are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of year	3,073	3,011
Provide in the current year	2,499	413
Impairment losses reversed	(26)	(351)
Disposal of a subsidiary	(3,252)	—
	<u>2,294</u>	<u>3,073</u>

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade payables of the Group, based on the invoice date, as at the end of the reporting period is as follows:

	2015 RMB'000	2014 RMB'000
Within 3 months	55,343	513,181
3 to 12 months	209,853	146,682
1 to 2 years	105,225	143,355
Over 2 years	19,808	17,423
	<u>390,229</u>	<u>820,641</u>

An ageing analysis of the bills payable of the Group, based on the issuance date, as at the end of the reporting period is as follows:

	2015 RMB'000	2014 RMB'000
Within 3 months	—	30,065
3 to 6 months	—	16,338
	<u>—</u>	<u>46,403</u>

14. OTHER PAYABLES AND ACCRUALS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Advances from customers	16,594	39,738
Accruals	11,215	36,169
Other taxes payable	40,464	40,973
Payable for acquisition of a subsidiary	76,271	—
Others	8,233	30,996
	<hr/>	<hr/>
	152,777	147,876
	<hr/>	<hr/>

PERFORMANCE REVIEW

The global economy continued to expand throughout 2015 at a moderate and uneven pace as the United States and Europe were recovering from the economic recession. At the same time, some developing countries such as China has also undergone a slow economic growth with GDP growth slowed to approximately 6.8%. With this unstable economic environment, the investors hesitated to invest in the market and therefore, some enterprises deferred their business plans for development in the past year.

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 which resulted in significant decreases in the revenue and the profit of the Group in 2015.

In order to keep up the growth engine, the Company decides to broaden its offering for Business to Business (“B2B”) market with a vertical integrated solution of network system integration and mobile internet software of enterprise Office Automation (“OA”) to fulfill the tremendous demand resulted from “Internet Plus” plan which was put forward by China Premier Li Keqiang in March of 2015.

As a result, the Company entered into a sale and purchase agreement with a third party to acquire 75% equity interest in the issued share capital of Fortune Grace Management Limited (“Fortune Grace”) at a total consideration of HK\$450.0 million on 6 November 2015. Fortune Grace has interest in Wafer Systems Limited, which is principally engaged in the business of network system integration, including network infrastructure solutions, network professional services and mobile internet software of OA as well as integrated solutions such as Smart Office Suite (the “Newly Acquired Business”). The acquisition of Fortune Grace was completed on 13 November 2015.

By this acquisition, the Company is not only able to further enrich its portfolio but also to strengthen the Group’s overall operating synergy together with existing business. Most importantly, this move is able to enlarge our customer base, leading to potential revenue growth in the following years.

As the traditional telecommunications industry is getting more and more competitive, business of mobile terminal products with the three major telecommunications operators in China has been under intense competitive pressure.

In order to improve liquidity of the Group and to reallocate the Group’s resources to research and development and sales and marketing of network system integration business of Enterprise Private Network so that the Group is able to focus on the businesses with better prospects and profitability, on 4 December and 31 December 2015, 沈陽新郵通信設備有限公司 (“Shenyang New Postcom Co., Ltd*”, “Shenyang New Postcom”), an indirect wholly-owned subsidiary of the Company, entered into sale and purchase agreements with independent third parties to dispose of motor vehicles, equipment and properties at a total cash consideration of RMB100.0 million and intangible assets at a total cash consideration of RMB150.0 million respectively.

* The English name is for identification purpose only

As for the signal transmission and connectivity products, they recorded a substantial loss during the first half of 2015 due to the overall decline and intense competition in the consumer electronics industry. The Board decided to dispose of the business of manufacture and sale of traditional signal transmission and connectivity products for the purpose of group restructuring. Therefore, on 28 April 2015, the Company entered into a sale and purchase agreement with a company owned by Mr. Chi, a Director (resigned on 29 October 2015) and a substantial Shareholder (ceased to be a Shareholder on 8 December 2015), to dispose of the entire share capital of Honglin International at a cash consideration of approximately HK\$232.8 million. The disposal of Honglin International was completed on 30 June 2015 and each of the members of Honglin International ceased to be the subsidiaries of the Company.

Upon the completion of the disposal of Honglin International, the Company does not have any business operations in Weihai and the properties there have been left idle and leased out. To improve the liquidity of the Group and focus more on those businesses with better prospects and profitability, on 8 July 2015, the Company entered into a sale and purchase agreement to dispose of 100% equity interest in 威海市裕博線纜科技有限公司 (“Weihaishi Yubo Wire & Cable Technology Co., Ltd.*”, “Weihai Yubo”) with an independent third party at cash consideration of RMB65 million. The disposal of Weihai Yubo was completed on 27 October 2015 and Weihai Yubo ceased to be a subsidiary of the Company.

Upon the completion of a series of acquisition and disposal, the major product lines and services of the Group are in the area of provision of network communication devices and systems, network system integration of Enterprise Private Network and mobile internet office software solutions.

Throughout the year, the Company made its efforts in (i) enforcing and expanding the existing product portfolio and services to improve the overall sustainable profitability through acquisition; (ii) disposing the underperforming business of the Group to improve the overall liquidity of the Group and allocating more resources into the business with stronger profitability and better prospects; (iii) making betterments on sales and marketing, utilizing internal resources and business networks to explore new market segment, broadening our customer base and improving the overall sustainable profitability; and (iv) adopting measures to facilitate cost reduction and to improve our organizational and operational efficiencies.

The Group recorded a total revenue from its continuing operations of approximately RMB841.5 million for the year ended 31 December 2015, representing a decrease of approximately RMB552.4 million, or approximately 39.6% as compared to the revenue of approximately RMB1,393.9 million for the year ended 31 December 2014. The decrease was mainly attributable to the fact that the revenue from the ordinary business decreased by approximately RMB619.4 million, or approximately 44.4% as compared to that for the year ended 31 December 2014, mainly due to the decrease in the network products and services resulting from (i) the weakening economy and the continuous intense competition in the telecommunications industry; and (ii) the Group has been downsizing the operation of the traditional communication products and services due to the shifting of its focus towards the development of the business of network system integration and the reorganization of its internal resources. The decrease was partially net off by the revenue generated from the Newly Acquired Business amounted to approximately RMB67.0 million.

* The English name is for identification purpose only

The Group's gross profit from its continuing operations for the year ended 31 December 2015 amounted to approximately RMB123.6 million, representing a decrease of approximately RMB40.4 million, or approximately 24.6% as compared to that for the year ended 31 December 2014. The decrease was mainly attributable to the fact that (i) the decrease in gross profit from the ordinary business by approximately RMB56.7 million, or approximately 34.6% as compared to that for the year ended 31 December 2014 mainly due to (i) the weakening economy and the continuous intense competition in the telecommunications industry; and (ii) the Group has been downsizing the operation of the traditional communication products and services due to the shifting of its focus towards the development of the business of network system integration and the reorganization of its internal resources. The decrease was partially net off by the gross profit occurred from the Newly Acquired Business amounted to approximately RMB16.3 million.

The Group's net profit from its continuing operations amounted to approximately RMB37.7 million for the year ended 31 December 2015, representing a decrease of approximately RMB30.6 million, or approximately 44.8%, as compared with that of approximately RMB68.3 million for the year ended 31 December 2014. The decrease in net profit from its continuing operations was mainly attributable to the decrease in net profit from the ordinary business by approximately RMB39.0 million, or approximately 57.1% as compared to that for the year ended 31 December 2014, mainly due to (i) the decrease in gross profit of approximately RMB56.7 million resulting from the weakening economy and the continuous intense competition in the telecommunications industry and the Group has been downsizing operation of the traditional communication products and services due to the shifting of its focus towards the development of the business of network system integration and the reorganization of its internal resources; (ii) the increase in impairment loss of customer relationship, prepaid land lease payments, and property, plant and equipment of approximately RMB28.9 million; and (iii) the provision of profits tax of approximately RMB5.9 million arising from the completion of the disposal of Weihai Yubo in October 2015. The decrease was partially offset by (i) the increase in other income and gains generated from the ordinary business of approximately RMB14.0 million; (ii) the total decrease in administrative expenses and selling and distribution expenses of approximately RMB18.4 million incurred in the ordinary business in line with the reduction in revenue; (iii) the decrease in finance costs of approximately RMB8.3 million incurred in the ordinary business in line with the decrease of loan balances due to the improvement on liquidities of the Group; and (iv) the net profit generated from the Newly Acquired Business of approximately RMB8.4 million.

Loss from a discontinued operation was approximately RMB12.5 million, which included an operating loss of approximately RMB30.3 million due to the decrease of gross profit under the overall decline and intense competition in consumer electronics industry, and a gain on disposal of the discontinued operation of approximately RMB17.8 million.

In summary, for the year ended 31 December 2015, the Group recorded net profit of approximately RMB25.2 million.

OUTLOOK

In light of the communication market is in the growing stage due to maturity of 4G technology and Enterprise Private Network technology, we believe demands on communication system equipments and services will be boosting continuously.

In the segment of B2B market, we believe there is a huge demand on mobile internet software of OA. With the software, enterprise is able to integrate mobile internet, cloud computing and big data to better improve company's efficiencies and effectiveness.

The Group will accordingly keep increasing its investments in the telecommunications industry, seeking for more strong partners and working closely with them to develop new products and solutions. The Group will also keep exploring new technologies to be applied in the current products and services. Furthermore, the Group will keep monitoring its business scale and portfolio closely and putting more resources into the business with stronger profitability and better prospects to ensure a sustainable development of the Company and bring long-term contributions to the shareholders of the Company (the "Shareholders").

MANAGEMENT DISCUSSION AND ANALYSIS

On 28 April 2015, the Company entered into a sale and purchase agreement with a company owned by Mr. Chi, a Director (resigned on 29 October 2015) and a substantial Shareholder (ceased to be a Shareholder on 8 December 2015), to dispose of the entire share capital of Honglin International at a cash consideration of approximately HK\$232.8 million. Honglin International is principally engaged in manufacture and sale of traditional signal transmission and connectivity products. The Board decided to dispose of the business of manufacture and sale of traditional signal transmission and connectivity products for the purpose of group restructuring. The transaction was completed on 30 June 2015 and each of the members of Honglin International ceased to be the subsidiaries of the Company. Therefore, Honglin International was classified as a discontinued operation.

The comparative consolidated statement of profit or loss have been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative year.

Revenue

The Group recorded a total revenue from its continuing operations of approximately RMB841.5 million for the year ended 31 December 2015, representing a decrease of approximately RMB552.4 million, or approximately 39.6% as compared to the revenue of approximately RMB1,393.9 million for the year ended 31 December 2014. The decrease was mainly attributable to the fact that the revenue from the ordinary business decreased by approximately RMB619.4 million, or approximately 44.4% as compared to that for the year ended 31 December 2014, mainly due to the decrease in the network products and services resulting from (i) the weakening economy and the continuous intense competition in the telecommunications industry; and (ii) the Group has been downsizing the operation of the traditional communication products and services due to the shifting of its focus towards the development of the business of network system integration and the reorganization of its internal resources. The decrease was partially net off by the revenue generated from the Newly Acquired Business amounted to approximately RMB67.0 million.

Cost of Sales

The cost of sales from the Group's continuing operations amounted to approximately RMB717.9 million, representing a decrease of approximately RMB512.0 million for the year ended 31 December 2015, or approximately 41.6%, as compared to that for the year ended 31 December 2014 of approximately RMB1,229.9 million. The decrease was mainly attributable to the fact that the cost of sales from the ordinary business decreased by approximately RMB562.6 million, or approximately 45.7% as compared to that for the year ended 31 December 2014, which was basically in line with the decrease in revenue and the reduction of in-house costs occurred since the Company rose the proportion of outsourcing which was more efficient and with lower costs. The decrease was partially net off by the cost of sales from the Newly Acquired Business of approximately RMB50.7 million.

Gross Profit and Margin

The Group's gross profit from its continuing operations for the year ended 31 December 2015 amounted to approximately RMB123.6 million, representing a decrease of approximately RMB40.4 million, or approximately 24.6% as compared to that for the year ended 31 December 2014 of approximately RMB164.0 million. The decrease was mainly attributable to the fact that (i) the decrease in gross profit from the ordinary business by approximately RMB56.7 million, or approximately 34.6% as compared to that for the year ended 31 December 2014 mainly due to (i) the weakening economy and the continuous intense competition in the telecommunications industry; and (ii) the Group has been downsizing the operation of the traditional communication products and services due to the shifting of its focus towards the development of the business of network system integration and the reorganization of its internal resources. The decrease was partially net off by the gross profit generated from the Newly Acquired Business amounted to approximately RMB16.3 million.

The gross profit margin from the Group's continuing operations increased to approximately 14.7% for the year ended 31 December 2015 from approximately 11.8% for the year ended 31 December 2014. The increase was mainly attributable to (i) the increase in gross profit margin from ordinary business due to the rising proportion of sales from network products related to the Enterprise Private Network; and (ii) the Newly Acquired Business with higher gross profit margin.

Other Income and Gains

The Group recorded other income and gains from its continuing operations of approximately RMB18.2 million for the year ended 31 December 2015, including (i) gains on disposals of subsidiaries of the Group of approximately RMB4.5 million; (ii) gains on disposals of property, plant and equipment of approximately RMB4.3 million; (iii) approximately RMB7.6 million from the government grants released during the year; and (iv) approximately RMB1.8 million from the interest income and others.

Selling and Distribution Expenses

The selling and distribution expenses from the Group's continuing operations decreased by approximately RMB5.1 million for the year ended 31 December 2015, or approximately 34.7%, as compared with that for the year ended 31 December 2014. The decrease was mainly attributable to the decrease in selling and distribution expenses from the ordinary business by approximately RMB7.2 million, or approximately 49.0% as compared to that for the year ended 31 December 2014, which was basically in line with the decrease in revenue. The decrease was partially net off by the selling and distribution expenses incurred by the Newly Acquired Business amounted to approximately RMB2.1 million.

Administrative Expenses

The administrative expenses from the Group's continuing operations decreased by approximately RMB7.2 million for the year ended 31 December 2015, or approximately 15.6%, as compared with that for the year ended 31 December 2014. The decrease was mainly attributable to (i) the decrease in administrative expenses from the ordinary business by approximately RMB11.3 million, or approximately 24.5% as compared to that for the year ended 31 December 2014, mainly due to the decrease in staff costs as result of the reduced number of staff; and (ii) the decrease in research and development expenses as the Group reduced its investments in the research and development on traditional communication products. The decrease was partially net off by the increase in professional fees incurred by the projects for acquisition and disposal and the administrative expenses incurred by the Newly Acquired Business.

Other Expenses

Other expenses from the Group's continuing operations amounted to approximately RMB33.6 million, which was primarily attributable to (i) the impairment loss of approximately RMB18.1 million recognised in respect of customer relationship with three major telecommunications operators; (ii) the impairment loss of approximately RMB9.3 million recognised in respect of prepaid land lease payment and others; (iii) the impairment loss of approximately RMB5.1 million recognised in respect of property, plant and equipment; and (iv) the impairment loss of approximately RMB1.1 million recognised in respect of trade and other receivables.

Finance Costs

The finance costs from the Group's continuing operations decreased by approximately RMB8.1 million for the year ended 31 December 2015, or approximately 50.3%, as compared with that for the year ended 31 December 2014. The decrease was basically in line with the decrease of loan balances due to the improvement on liquidities of the Group.

Income Tax Expense

The income tax expense from the Group's continuing operations decreased by approximately RMB2.4 million for the year ended 31 December 2015, representing a slight decrease as compared with that for the year ended 31 December 2014, which was primarily composed of the current income tax expenses, deferred tax expenses and the withholding tax incurred. The decrease was mainly attributable to the decrease of current income tax expense basically in line with the reduction in profit before tax from continuing operations, which was partially offset by the withholding tax of approximately RMB5.9 million arising from the completion of the disposal of Weihai Yubo in October 2015. Overall, the Group's effective tax rate from the Group's continuing operations for the year ended 31 December 2015 was 26.8%, compared with 19.1% for the year ended 31 December 2014.

Profit for the Year

The Group's net profit from its continuing operations amounted to approximately RMB37.7 million for the year ended 31 December 2015, representing a decrease of approximately RMB30.6 million, or approximately 44.8%, as compared with that of approximately RMB68.3 million for the year ended 31 December 2014. The decrease in net profit from its continuing operations was mainly attributable to the decrease in net profit from the ordinary business by approximately RMB39.0 million, or approximately 57.1% as compared to that for the year ended 31 December 2014, mainly due to (i) the decrease in gross profit of approximately RMB56.7 million resulting from the weakening economy and the continuous intense competition in the telecommunications industry and the Group has been downsizing operation of the traditional communication products and services due to the shifting of its focus towards the development of the business of network system integration and the reorganization of its internal resources; (ii) the increase in impairment loss of customer relationship, prepaid land lease payments, and property, plant and equipment of approximately RMB28.9 million; and (iii) the provision of profits tax of approximately RMB5.9 million arising from the completion of the disposal of Weihai Yubo in October 2015. The decrease was partially offset by (i) the increase in other income and gains generated from the ordinary business of approximately RMB14.0 million; (ii) the total decrease in administrative expenses and selling and distribution expenses of approximately RMB18.4 million incurred in the ordinary business in line with the reduction in revenue; (iii) the decrease in finance costs of approximately RMB8.3 million incurred in the ordinary business in line with the decrease of loan balances due to the improvement on liquidities of the Group; and (iv) the net profit generated from the Newly Acquired Business of approximately RMB8.4 million.

Loss from a discontinued operation was approximately RMB12.5 million, which included an operating loss of approximately RMB30.3 million due to the decrease of gross profit under the overall decline and intense competition in consumer electronics industry, and a gain on disposal of the discontinued operation of approximately RMB17.8 million.

In summary, for the year ended 31 December 2015, the Group recorded net profit of approximately RMB25.2 million.

Liquidity and Financial Resources

The Group continues to implement prudent financial management policies and maintains a relatively low gearing ratio during its operations. As at 31 December 2015, the Group's gearing ratio (measured by total short-term borrowings from continuing operations as a percentage of total assets from continuing operations) was approximately 2.4% (31 December 2014: approximately 5.9%). The decline in gearing ratio was mainly due to the decrease of interest-bearing bank and other borrowings as the Group did not renew bank borrowings upon maturity.

As at 31 December 2015, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB41.3 million (31 December 2014: approximately RMB489.4 million). These loans carried interests at floating or fixed rates. Out of the interest-bearing bank and other borrowings, approximately RMB32.4 million were unsecured loans and carried interests at floating rates, and approximately RMB4.2 million were unsecured loans and carried interests at fixed rates and approximately RMB4.7 million were secured loans and carried interests at floating rates.

As at 31 December 2015, there were no outstanding balance on interest-bearing bank and other borrowing from the ordinary business because the Group disposed of Honglin International and did not renew bank borrowing upon maturity. The interest-bearing bank and other borrowings balance from the Newly Acquired Business were approximately RMB41.3 million as at 31 December 2015.

Save as aforesaid or as otherwise disclosed in this announcement, and apart from intragroup liabilities, the Company did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtednesses, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities as at the close of business on 31 December 2015.

The Directors have confirmed that there has been no material change in the indebtednesses and contingent liabilities of the Group since 31 December 2015 to the date of this announcement.

Foreign Currency Risk

As certain of the Group's trade and other receivables, cash and cash equivalents and trade and other payables and pledged deposits are denominated in foreign currency, exposure to exchange rate fluctuation arises. The Group has relevant policy to monitor the risk associated with the fluctuation of foreign currency and control such risk, if necessary.

Working Capital

Inventories balance as at 31 December 2015 was approximately RMB14.0 million (31 December 2014: approximately RMB145.4 million). The decrease was mainly attributable to the decline in inventories balance from the ordinary business of approximately RMB141.9 million, or approximately 97.6% as compared to that as at 31 December 2014, mainly due to the inventory control and the effect of the disposal of Honglin International. The decrease was partially net off by the inventories balance from the Newly Acquired Business of approximately RMB10.5 million.

The average turnover days for inventories (calculated by using the data from continuing operations) increased to 9 days as at 31 December 2015 (31 December 2014: 5 days). The increase was mainly due to the relatively low inventory turnover rate from the Newly Acquired Business as some equipments provided to the customers needed to be imported from overseas suppliers in advance.

Trade and bills receivables balance as at 31 December 2015 was approximately RMB585.1 million (31 December 2014: approximately RMB1,260.9 million). The decrease in trade and bills receivables balance was mainly attributable to the decrease in trade and bills receivables balance from the ordinary business of approximately RMB830.2 million, or approximately 65.8% as compared to that as at 31 December 2014 mainly due to the decrease in sales and the disposal of Honglin International. The decrease was partially net off by the trade and bills receivables balance from the Newly Acquired Business of approximately RMB154.4 million.

The average turnover days for trade and bills receivables (calculated by using the data from continuing operations) increased to 476 days as at 31 December 2015 (31 December 2014: 247 days) which was mainly due to the rising proportion of sales with relatively longer credit period.

Trade and bills payables balance as at 31 December 2015 was approximately RMB390.2 million (31 December 2014: approximately RMB867.0 million). The decrease in trade and bills payables balance was mainly attributable to the decrease in trade and bills payables balance from the ordinary business by approximately RMB553.8 million, or approximately 63.9% as compared to that as at 31 December 2014 mainly due to the disposal of Honglin International. The decrease was partially net off by the trade and bills payables balance from the Newly Acquired Business of approximately RMB77.0 million.

The average turnover days for trade and bills payables (calculated by using the data from continuing operations) increased to 284 days as at 31 December 2015 (31 December 2014: 185 days). The increase in turnover days was mainly due to the rising proportion of purchase or outsourcing production with relatively long payable credit period.

The Group's cash conversion cycle (calculated by using the data from continuing operations) for the year ended 31 December 2015 was 201 days as compared with 67 days for the year ended 31 December 2014.

Cash Flows

The net cash flows from operating activities for the year ended 31 December 2015 of approximately RMB40.8 million was primarily due to the decrease in trade and bills receivables, which was partially net off by the decrease in trade and bills payables and the decrease in operating profit.

The net cash flows from investing activities for the year ended 31 December 2015 of approximately RMB154.7 million was primarily attributable to cash inflows from the disposal of subsidiaries of the Group.

The net cash flows used in financing activities for the year ended 31 December 2015 of approximately RMB170.7 million was primarily attributable to repayments of bank loans and other borrowings.

Capital Expenditures

As at 31 December 2015, the Group incurred total capital expenditures from its continuing operations of approximately RMB242.8 million in the purchase of intangible assets and property, plant and equipment.

Capital Commitments

As at 31 December 2015, the Group had no significant capital commitments. As at 31 December 2014, the Group had capital commitments of approximately RMB7.9 million in respect of the acquisitions of property, plant and equipment.

Contingent Liabilities

A subsidiary of the Group is currently a defendant in a lawsuit brought by a supplier alleging that the subsidiary breached and repudiated a commissioned development contract on software of handsets. At the same time, the Group instituted a counter-claim against the supplier for the compensation for the loss on default in a contract with one of the Group's customers. The litigation is likely to continue for a considerable amount of time, and the Directors, based on the advice from the Group's legal counsel, believe that the outcome of this claim cannot be reliably estimated. Therefore, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs incurred.

The Group underwent several reorganisations, including disposal of the entire interest in Honglin International and Weihai Yubo during the year and transfers of several subsidiaries within the Group. The Group has conducted filings the reorganizations, if required, with the relevant tax authorities. However, those reorganizations may be subject to further investigations if initiated and requested by the relevant tax authorities. The Directors believe that the taxes arising from those reorganizations have been properly dealt with and provided for in the financial statements. Given the complexity of relevant tax laws and regulations and the diversified practice of respective tax authorities in the People's Republic of China (the "PRC"), the Directors consider that the existence of any additional tax obligation arising from those reorganizations cannot be confirmed until completion of such further investigation, if any, and/or issuance of any written notice by the relevant tax authorities. Therefore, the possible obligation of such additional tax has not been provided for.

Employees

As at 31 December 2015, the Group had a total of 404 employees (31 December 2014: 971). The breakdown of employees of the Group as at 31 December 2015 and 2014 is as follows:

	As at 31 December 2015	As at 31 December 2014
Manufacturing and technical engineering	65	320
Sales and marketing	121	305
General and administration	135	222
Research and development	83	124
	<hr/>	<hr/>
Total	404	971
	<hr/>	<hr/>

The decrease in the numbers of employees as at 31 December 2015 as compared with that as at 31 December 2014 was mainly due to (i) the Group completed the disposal of Honglin International and Weihai Yubo, and their employees were not included; and (ii) the Group streamlined departments and reduced the number of employees as the Group redressed its business strategy towards the development of the business of network system integration. The decrease was partially net off by all employees of the Newly Acquired Business.

Compensation policy of the Group is determined by evaluating individual performance of the employees and has been reviewed regularly.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF HONGLIN INTERNATIONAL

On 28 April 2015, the Company entered into a sale and purchase agreement to dispose of the entire interest in Honglin International with Jia Ya Developments Limited (“Jia Ya”) and Mr. Chi at an initial cash consideration of HK\$255.0 million (the “Disposal 1”).

Jia Ya is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Chi.

As certain applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for Disposal 1 were more than 25% but less than 75%, the Disposal 1 constituted a major transaction of the Company under the Listing Rules. Besides, Mr. Chi was a substantial Shareholder (ceased to be a Shareholder on 8 December 2015), an executive Director (resigned on 29 October 2015) and chief executive officer of the Company (resigned on 29 October 2015), who was interested in as to approximately 14.5% of the equity interest in the Company as at 28 April 2015, each of Mr. Chi and Jia Ya was a connected person (as defined in the Listing Rules) of the Company at the time of the transaction, and Disposal 1 also constituted a connected transaction of the Company and was subject to the reporting, announcement and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. Disposal 1 was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 25 June 2015. Disposal 1 was completed on 30 June 2015 at a final cash consideration of HK\$232,804,729 as mutually agreed by the parties to the sale and purchase agreement.

Details of Disposal 1 have been set out in the announcements of the Company dated 28 April 2015 and 30 June 2015 and the circular of the Company dated 10 June 2015.

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF 100% EQUITY INTERESTS IN WEIHAI YUBO

On 8 July 2015, the Company entered into a sale and purchase agreement to dispose of 100% equity interest in Weihai Yubo with Meadow Bridge Limited (“Meadow Bridge”) and 張克東 (Mr. Zhang Kedong*) (“Mr. Zhang”, as the guarantor for Meadow Bridge) at cash consideration of RMB65 million (or HK\$82 million).

Meadow Bridge is a company incorporated in Anguilla, the British West Indies with limited liability, which is wholly-owned by Mr. Zhang.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the disposal exceeded 5% but was/were less than 25%, the disposal constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the disposal of 100% equity interests in Weihai Yubo have been set out in the announcements of the Company dated 8 July 2015 and 27 October 2015.

* *The English name is for identification purpose only*

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 75% EQUITY INTEREST IN FORTUNE GRACE

On 13 October 2015, the Company entered into a non-legally binding memorandum of understanding with Fortune Grace to acquire not less than 51% of the issued share capital of Wafer System Limited, a wholly-owned subsidiary of Fortune Grace.

On 6 November 2015, the Company entered into a sale and purchase agreement with Smoothly Global Holdings Limited (“Smoothly Global”) and Mr. Chan Sek Keung, Ringo (“Mr. Chan”, as the guarantor for Smoothly Global) to acquire 75% equity interest in the issued share capital of Fortune Grace, at a total consideration of HK\$450.0 million, of which HK\$190.4 million shall be settled in cash and the balance of HK\$259.6 million shall be settled by the issue of consideration shares under the general mandate. 110,000,000 consideration shares were issued by the Company to Smoothly Global on 13 November 2015.

Pursuant to the sale and purchase agreement, each of Smoothly Global and Mr. Chan undertakes and guarantees to the Company that the aggregate audited consolidated net profit after tax of Fortune Grace and its subsidiaries for the 2 years ending 31 December 2016 (the “Actual Profit”) shall be not less than HK\$60 million (the “Guaranteed Profit”). In the event that the Actual Profit fails to meet the Guaranteed Profit, Smoothly Global shall indemnify the Company the compensated amount by way of cash within five(5) business days upon receipt of the written notice from the Company.

Fortune Grace is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The main asset of Fortune Grace is its interest in Wafer Systems Limited, which is principally engaged in the business of network system integration, including provision of network infrastructure solutions and net professional services as well as internet related software solutions.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the acquisition exceeded 5% but were less than 25%, the acquisition constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The acquisition of 75% equity interest in Fortune Grace was completed on 13 November 2015 and Smoothly Global became a substantial Shareholder holding 110,000,000 shares of the Company.

Details of the acquisition of 75% equity interest in Fortune Grace have been set out in the announcements of the Company dated 13 October 2015, 6 November 2015 and 13 November 2015.

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF MOTOR VEHICLES, EQUIPMENT AND PROPERTIES

On 4 December 2015, Shenyang New Postcom, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of fourteen vehicles including sedan and minivan, and truck and forklift with 沈陽市聯盛科技有限公司 (transliterated as “Shengyang City Liansheng Technology Company Limited*”, “Shengyang Liansheng”) at cash consideration of RMB0.5 million.

On the same day, Shenyang New Postcom entered into another sale and purchase agreement to dispose of various types of tools, electrical appliances, computer equipment and office network equipment with Shengyang Liansheng at cash consideration of RMB1.0 million.

On the same day, Shenyang New Postcom entered into the third sale and purchase agreement with Shengyang Liansheng to dispose of 2 parcels of land with a total site area of approximately 151,132 square meters located in the PRC at cash consideration of RMB98.5 million.

Shengyang Liansheng is a limited liability company established in the PRC.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the above mentioned sale and purchase agreements in aggregate exceeded 5% but were below 25%, the three disposals constituted discloseable transactions of the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the disposal of motor vehicles, equipment and properties have been set out in the announcement of the Company dated 4 December 2015.

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF INTANGIBLE ASSETS

On 31 December 2015, Shenyang New Postcom, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 深圳吉時銘業科技有限公司 (transliterated as “Shenzhen Ji Shi Ming Ye Technology Company Limited*”, “Shenzhen Ji Shi Ming Ye”) to dispose of its technology know-how of the third generation mobile telecommunications multi-media technology and certain patents relating to wireless mobile communication terminals and systems (the “Intangible Assets”) at cash consideration of RMB150.0 million.

Shenzhen Ji Shi Ming Ye is a limited liability company established in the PRC.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the disposal exceeded 5% but were below 25%, the disposal constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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Details of the disposal of Intangible Assets have been set out in the announcement of the Company dated 31 December 2015.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE ENTRUSTMENT LOAN AGREEMENT AND THE TENANCY AGREEMENT

On 28 April 2015, Weihai Yubo entered into an entrustment loan agreement with 威海市泓淋電子有限公司 (Weihaishi Honglin Electronic Co., Ltd.*, “Weihai Electronic”) pursuant to which Weihai Yubo had entrusted the bank in the PRC which possesses the relevant qualifications (the “Bank”) to provide an entrustment loan in the principal amount of not more than RMB95.0 million to Weihai Electronic and the total amount of the entrustment loan, including the principal amount and the interest accrued at any time during the term of the entrustment loan agreement, shall not be more than RMB102.0 million for the year ended 31 December 2015. Pursuant to the entrustment loan agreement, Weihai Yubo was required to provide a pledge of land and property to the Bank to guarantee the principal amount of the entrustment loan aforesaid.

On the same date, Weihai Yubo entered into a tenancy agreement with Weihai Electronic, pursuant to which Weihai Yubo shall continue to lease to Weihai Electronic the land and the property erected thereon owned by Weihai Yubo. The lease term is from 28 April 2015 to 31 December 2017. The rental is RMB100 per square meter per year and the total rental shall not be more than RMB4.0 million in each of the three financial years ending 31 December 2017.

Weihai Yubo is a company established in the PRC with limited liability. The principal business of Weihai Yubo is investment holding and provision of rental services of plants.

Weihai Electronic is a company established in the PRC with limited liability. The principal business of Weihai Electronic is manufacture and sale of power cord cable and assembly products and investment holding.

Upon completion of Disposal 1, Weihai Electronic became a connected person of the Group, and the transactions contemplated under the entrustment loan agreement, the corresponding asset pledge agreement as well as the tenancy agreement became continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of such continuing connected transactions have been set out in the announcements of the Company dated 28 April 2015 and 30 June 2015, and the circular of the Company dated 10 June 2015.

The disposal of Weihai Yubo was completed on 27 October 2015. Following the completion of disposal of Weihai Yubo, the Company ceased to have any interest in Weihai Yubo and Weihai Yubo ceased to be a subsidiary of the Company accordingly. As a result, the transactions contemplated under the entrustment loan agreement, the corresponding asset pledge agreement as well as the tenancy agreement between Weihai Electronic and Weihai Yubo would not constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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CHANGE IN SHAREHOLDING OF CHENLIN INTERNATIONAL

The Board has been informed by Chenlin International Joint Stock Company Limited (“Chenlin”), a substantial Shareholder (ceased to be a Shareholder on 8 December 2015), that Chenlin has entered into an agreement on 4 December 2015 with Asia Venture Holdings Corporation (“AVHC”), a company wholly-owned by Mr. Liu Dafan, pursuant to which Chenlin has agreed to dispose of all of its shareholding in the Company, being 97,000,839 shares (“Sale Shares”) of the Company, to AVHC at a consideration of HK\$208,550,000. The Sale Shares represent approximately 12.4% of the issued share capital of the Company at the time of transaction. Completion took place on 8 December 2015 and Chenlin ceased to be a Shareholder and AVHC became a substantial Shareholder holding 97,000,839 shares of the Company.

Details of the change in shareholding of Chenlin have been set out in the announcement of the Company dated 8 December 2015.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of 100% of the Issued Share Capital of Yao Neng Developments Limited (“Yao Neng”)

On 24 March 2016, the Company entered into a sale and purchase agreement with Sina Trade Limited and Mr. Mao Hai Tao for the acquisition of 100% of the issued share capital of Yao Neng for a total cash consideration of HK\$400.0 million. Yao Neng is a company incorporated in the British Virgin Islands with limited liabilities on 1 January 2016 and is principally engaged in investment holding. The main asset of Yao Neng is its indirect interest in the entire equity interest in 華眾科技(深圳)有限公司 (transliterated as “Huazhong Technology (Shenzhen) Company Limited*”) which has developed four online service platform solutions in the PRC relating smart campus and management platform system, community and professional training platform system, smart city comprehensive administration services platform system and internet of things logistics management platform system.

As the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition exceeded 5% but were below 25%, the acquisition constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the acquisition of 100% of the issued share capital of Yao Neng have been set out in the announcements of the Company dated 8 March 2016 and 24 March 2016.

* The English name is for identification purpose only

EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

Proposed Change of Company Name

On 30 March 2016, the Board proposes to change the English name of the Company from “HL Technology Group Limited” to “InvesTech Holdings Limited” and the Chinese name of the Company from “泓淋科技集團有限公司**” to “威訊控股有限公司**” (the “Change of Company Name”). The Change of Company Name is subject to the fulfillment of certain conditions. Details of the Change of Company Name are set out in the announcement of the Company dated 30 March 2016.

The Board believes that the new English and Chinese names of the Company can better reflect its recent development in network system integration business and the online service platform development business, allow the public and investors to better discern the Company’s principal business activities, and improve the brand recognition of the Company.

DIVIDEND

The Directors consider that the declaration, payment and amount of the dividend shall be subject to the status of the Group’s future development. The Board does not recommend any final dividend for the financial year ended 31 December 2015 (2014: Nil) and will consider to formulate a dividend policy at an appropriate time in the future.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from 20 May 2016 (Friday) to 27 May 2016 (Friday) (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting of the Company (the “Annual General Meeting”), all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 19 May 2016 (Thursday).

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of incorporating the elements of good corporate governance into the management structures and internal control procedures of the Group so as to achieve effective accountability to the Shareholders as a whole. The Board strives to uphold good corporate governance and adopt sound corporate governance practices continuously in the interest of Shareholders to enhance the overall performance of the Group. The principles and applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in the Appendix 14 to the Listing Rules have been adopted by and complied with the Group throughout the year except for the following deviation.

*** The Chinese name is for identification purpose only*

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. For the year ended 31 December 2015, as the Board considered that vesting the roles of chairman and chief executive officer (“CEO”) in the same individual was beneficial to the business prospects and management of the Group, chairman of the Board and CEO were performed by Mr. Chi until he tendered his resignation on 29 October 2015. Mr. Wu Chi Luen has been appointed as the CEO since Mr. Chi’s resignation. Mr. Chan has been appointed as the chairman of the Board with effect from 25 February 2016.

AUDIT COMMITTEE

The Company established the Audit Committee pursuant to a resolution of Directors passed on 25 October 2010 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has set up the written terms of reference which was revised on 22 March 2012 first and further revised on 26 November 2015. The primary responsibilities of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advice in respect of financial reporting at least at half-year intervals, and oversee the internal control procedures and risk management policies of the Company constantly. The Audit Committee currently consists of five members, namely, Mr. Thomas Tam, Mr. Pao Ping Wing, Mr. Qu Wen Zhou, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai as at the date of this announcement, all of whom are independent non-executive Directors. Mr. Thomas Tam currently serves as the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the applicable code provisions in the CG Code.

The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2015, the consolidated financial statements for the year ended 31 December 2015 and this announcement.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. On specific enquiries made, all Directors confirmed that they complied with the required standards set out in the Model Code and its code of conduct regarding Directors’ securities transactions during the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, the Company issued and allotted 110,000,000 ordinary shares of the Company to settle part of the consideration of the sale and purchase agreement dated 6 November 2015 in relation to the acquisition of 75% equity interest in Fortune Grace from Smoothly Global. Details of the said acquisition have been set out in the announcement of the Company dated 13 October 2015, 6 November 2015 and 13 November 2015.

In addition, during July 2015, the Company repurchased a total of 50,000,000 fully paid ordinary shares of the Company at an aggregate consideration of approximately HK\$189.8 million on the Stock Exchange (the “Share Repurchase”). All the repurchased ordinary shares of the Company were subsequently cancelled.

Particulars of the repurchases are as follows:

Month	Number of ordinary shares repurchased	Price per share or highest price paid (HK\$)	Lowest price paid (HK\$)	Aggregate consideration price (HK\$)
July 2015	5,000,000	3.89	(N/A)	19,450,000
	9,900,000	4.10	4.03	40,104,000
	8,000,000	4.05	3.91	31,755,000
	8,000,000	3.90	3.89	31,160,000
	11,000,000	3.59	3.51	38,855,000
	8,100,000	3.57	3.48	28,448,000

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s securities during the year ended 31 December 2015.

Details of the Share Repurchase have been set out in the announcements of the Company dated 15 July 2015 and 24 July 2015.

FINANCIAL INFORMATION

The financial information set out in this announcement represents an extract from the Group’s audited accounts for the year ended 31 December 2015. The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group’s external auditors, Ernst & Young.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27 May 2016 (Friday) and the notice of Annual General Meeting will be published and despatched to Shareholders in due course.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year.

ANNUAL REPORT

The annual report of the Company for the financial year ended 31 December 2015 containing all the applicable information required by the Listing Rules will be published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.hong-lin.com.cn) in due course. Printed copies will be despatched to Shareholders in due course.

By order of the Board
HL Technology Group Limited
Chan Sek Keung, Ringo
Chairman

Hong Kong, 30 March 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. Chan Sek Keung, Ringo (Chairman) and Mr. Wong Kui Shing, Danny and the independent non-executive Directors are Mr. Thomas Tam, Mr. Pao Ping Wing, Mr. Qu Wen Zhou, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai.