

Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus (the “Prospectus”) issued by Huazhang Technology Holding Limited (the “Company”) dated 9 May 2013.

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This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company. Prospective investors should read the Prospectus for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.



華章科技控股有限公司
Huazhang Technology Holding Limited
(Incorporated in the Cayman Islands with limited liability)

**LISTING ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF PLACING**

Number of Placing Shares : 68,000,000 Shares
Placing Price : HK\$1.20 per Placing Share (payable in full on application, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)
Nominal value : HK\$0.01 per Share
Stock code : 8276

Sole Sponsor



Guotai Junan Capital Limited

Sole Bookrunner and Sole Lead Manager



Guotai Junan Securities (Hong Kong) Limited

- The Placing Price has been agreed at HK\$1.20 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%). The net proceeds to be received by the Company from the issue of new Shares pursuant to the Placing after deducting underwriting fees and other related expenses in relation to the Placing are estimated to be approximately HK\$59.5 million.
- The 68,000,000 Placing Shares offered by the Company under the Placing were moderately over-subscribed. 68,000,000 shares have been conditionally allocated to a total of 117 selected individual, professional and institutional investors. The Offer Size Adjustment Option has not been exercised and has lapsed.
- The Directors confirm that, to the best of their knowledge and belief, all placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, Substantial Shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed more than 10% of the enlarged issued share capital of the Company immediately after the Placing.
- The Directors confirm that, immediately after the Placing and Capitalisation Issue, the public float of the Company will be 25% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands at the time of the Listing will be owned by the three largest public Shareholders at the time of the Listing.
- Dealings in the Shares are expected to commence on GEM at 9:00 a.m. on Thursday, 16 May 2013.
- Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING PRICE AND USE OF PROCEEDS

The Placing Price has been agreed at HK\$1.20 per Placing Share (excluding brokerage fee of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%). The net proceeds to be received by the Company from the issue of New Shares pursuant to the Placing are estimated to be approximately HK\$59.5 million. The Directors intend to apply the net proceeds from the issue of the New Shares pursuant to the Placing as follows:

- approximately 30.4% or approximately HK\$18.1 million for increasing production capacity by building a new production plant and improvement of the factory area;
- approximately 15.1% or approximately HK\$9.0 million for improvement of the production process using the high/low voltage power supply systems, and addition of new laboratory facilities and testing facilities;
- approximately 30.4% or approximately HK\$18.1 million for a new production line and numerical control centre equipment for production of cabinets;

- approximately 10.1% or approximately HK\$6.0 million for product development and innovation;
- approximately 6.6% or approximately HK\$3.9 million for increasing the market awareness and enhancing the image and reputation of the Group;
- approximately 0.5% or approximately HK\$0.3 million for upgrading the current enterprise resources planning system; and
- approximately 6.9% or approximately HK\$4.1 million for working capital and other general corporate purposes.

LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING

The 68,000,000 new Shares offered by the Company under the Placing were moderately over-subscribed. The Offer Size Adjustment Option has not been exercised by the Sole Lead Manager or the Underwriters and has lapsed.

RESULTS OF ALLOCATION

Pursuant to the Placing, 68,000,000 Shares have been conditionally allocated to a total of 117 selected individual, professional and institutional investors. The distribution of the Placing Shares is set out below:

	Aggregate number of Placing Shares allocated	Aggregate percentage of the total number of Placing Shares allocated	Approximate percentage of shareholding over the enlarged issued share capital of the Company immediately after completion of the Placing and Capitalisation Issue
Top placee	9,000,000	13.24%	3.31%
Top 5 placees	20,900,000	30.74%	7.68%
Top 10 placees	31,000,000	45.59%	11.40%
Top 25 placees	50,200,000	73.82%	18.46%
Number of Placing Shares allocated			Number of placees
4,000 to 100,000			60
100,001 to 500,000			19
500,001 to 1,000,000			19
1,000,001 to 5,000,000			18
5,000,001 and above			1
Total			<u>117</u>

The Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, Substantial Shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed more than 10% of the enlarged issued share capital of the Company immediately after the Placing.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at the time when the Shares commence dealings on GEM and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50% of the Shares in public hands at the time of the Listing shall be owned by the three largest public Shareholders. The Directors confirm that, immediately after completion of the Capitalisation Issue and the Placing, the Company will comply with the public float requirement under Rule 11.23(7) and Rule 11.23(8) of the GEM Listing Rules.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance by the Company with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing date or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

No receipt will be issued for application monies paid. The Company will not issue temporary documents of title.

Prospective investors should note that the Sole Sponsor and/or the Sole Lead Manager (for itself and on behalf of the Underwriters) are entitled to terminate the Underwriting Agreement by notice in writing to the Company upon the occurrence of any of the events set forth in the paragraph headed “Grounds for termination” in the section headed “Underwriting” in the Prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. In the event that the Underwriting Agreement is terminated, an announcement will be published by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.hzeg.com accordingly.

All share certificates will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. on the Listing Date.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Thursday, 16 May 2013. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.hzeg.com. Shares will be traded in board lot of 4,000 Shares each. The stock code of the Shares is 8276.

By Order of the Board
Huazhang Technology Holding Limited
ZHU Gen Rong
Chairman

Hong Kong, 15 May 2013

As at the date of this announcement, the executive Directors are Mr. Zhu Gen Rong, Mr. Zhong Xin Gang and Mr. Jin Hao; and the independent non-executive Directors are Mr. Kong Chi Mo, Mr. Dai Tian Zhu and Ms. Chen Jin Mei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (a) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (b) there are no other matters the omission of which would make any statement in this announcement misleading; and (c) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the Company’s website at www.hzeg.com.