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华章科技

HUAZHANG TECHNOLOGY

華章科技控股有限公司
Huazhang Technology Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8276)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "SEHK")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the SEHK. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the SEHK and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Huazhang Technology Holding Limited (the "Company" and together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the SEHK (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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue of the Group increased by 9.5% from approximately HK$229,520,000 for the year ended 30 June 2012 to approximately HK$251,362,000 for the year ended 30 June 2013.

- Gross profit of the Group increased by 11.4%, from approximately HK$64,349,000 for the year ended 30 June 2012 to approximately HK$71,673,000 for the year ended 30 June 2013. Gross profit margin of the Group increased from 28.0% for the year ended 30 June 2012 to 28.5% for the year ended 30 June 2013.

- Profit attributable to the owners of the Company decreased by 7.3%, from approximately HK$19,083,000 for the year ended 30 June 2012 to approximately HK$17,682,000 for the year ended 30 June 2013. Net profit margin of the Group decreased from 8.3% for the year ended 30 June 2012 to 7.0% for the year ended 30 June 2013.

- Basic earnings per share for the year ended 30 June 2013 and 2012 were HK$0.08 and HK$0.09, respectively.

- The Board recommends the payment of a final dividend of HK$0.033 per share.

The Board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 30 June 2013, together with the comparative figures for the year ended 30 June 2012, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") as below.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30 June	
		2013	2012
	Note	***HK$***	*HK$*
Revenue	3	**251,362,209**	229,520,229
Cost of sales		**(179,689,213)**	(165,171,426)
Gross profit		**71,672,996**	64,348,803
Distribution costs		**(11,765,216)**	(12,224,321)
Administrative expenses		**(35,265,116)**	(22,123,362)
Research and development expenses		**(8,566,882)**	(7,437,497)
Other income		**8,213,826**	1,474,156
Other gains/(losses) — net		**180,631**	(607)
Operating profit		**24,470,239**	24,037,172

	Note	Year ended 30 June **2013** *HK$*	2012 *HK$*
Finance income		**180,992**	414,721
Finance costs		**(838,332)**	(1,580,076)
Finance costs — net	4	**(657,340)**	(1,165,355)
Profit before income tax		**23,812,899**	22,871,817
Income tax expense	5	**(6,130,712)**	(3,788,448)
Profit for the year, all attributable to the owners of the Company		**17,682,187**	19,083,369
Other comprehensive income for the year			
Currency translation differences		**1,359,711**	1,315,342
Other comprehensive income for the year, net of tax		**1,359,711**	1,315,342
Total comprehensive income for the year, all attributable to the owners of the Company		**19,041,898**	20,398,711
Earnings per share for profit attributable to the owners of the Company			
— Basic earnings per share	6	**0.08**	0.09
— Diluted earnings per share	6	**0.08**	0.09

	Note	Year ended 30 June **2013** *HK$*	2012 *HK$*
Dividends	7	**8,976,000**	12,713,596

CONSOLIDATED BALANCE SHEET

		As at 30 June	
		2013	2012
	Note	***HK$***	*HK$*
ASSETS			
Non-current assets			
Land use rights		**9,039,689**	9,077,521
Property, plant and equipment		**38,194,654**	39,702,425
Deferred income tax assets		**1,175,292**	1,086,721
Trade and other receivables	8(a)	**828,573**	294,122
Prepayments — non-current portion	8(b)	**433,700**	352,450
		49,671,908	50,513,239
Current assets			
Inventories		**95,032,774**	111,170,507
Trade and other receivables	8(a)	**52,072,397**	33,262,407
Prepayments	8(b)	**11,190,500**	9,834,523
Restricted cash		**5,025,347**	1,527,484
Cash and cash equivalents		**80,920,622**	43,817,397
		244,241,640	199,612,318
Total assets		**293,913,548**	250,125,557

	Note	As at 30 June 2013 HK$	2012 HK$
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	9	**2,720,000**	—
Share premium	9	**70,910,254**	—
Other reserves	10	**60,488,810**	51,468,818
Retained earnings		**42,088,858**	26,866,952
Total equity		**176,207,922**	78,335,770
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**807,350**	—
Current liabilities			
Trade and other payables	11	**116,122,519**	147,170,666
Current income tax liabilities		**775,757**	—
Borrowings	12	**—**	24,619,121
		116,898,276	171,789,787
Total liabilities		**117,705,626**	171,789,787
Total equity and liabilities		**293,913,548**	250,125,557
Net current assets		**127,343,364**	27,822,531
Total assets less current liabilities		**177,015,272**	78,335,770

NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION AND REORGANISATION

1.1 General Information

The Company was incorporated on 26 June 2012 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the research and development, manufacture and sale of industrial automation systems and sludge treatment products and the provision of after-sales service in the People's Republic of China (the "PRC"). The ultimate controlling parties of the Group are Mr Zhu Gen Rong ("Mr Zhu"), Mr Wang Ai Yan, Mr Liu Chuan Jiang, and Ms Zhu Ling Yun (the "Persons Acting in Concert", or "Controlling Shareholders").

The Company's ordinary shares were listed on GEM of the SEHK on 16 May 2013 (the "Listing") by way of placing (the "Placing").

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of the Company on 25 September 2013.

1.2 Reorganisation

In preparation for the listing of the Company's shares on the SEHK, the Company underwent a group reorganisation (the "Reorganisation") on 3 May 2013, pursuant to which Likwin Limited ("Likwin"), subsidiary of the Company, acquired 3,000,001 shares of Hua Zhang Electric Holding Company Limited ("Huazhang Electric") from Huazhang Overseas Holding, Inc., the former parent company, and 1 share of Huazhang Electric from Mr Zhu, representing the entire issued share capital of Huazhang Electric, through a share swap, which was satisfied by a consideration of procuring Florescent Holdings Limited ("Florescent"), Likwin's ultimate holding company, to allot and issue 7,789 shares to Lian Shun Limited, a company incorporated on 25 May 2012, and 2,210 shares to Qunyu Limited, a company incorporated on 10 April 2012 and 100% owned by the non-controlling shareholders, respectively. As a result of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

The Company and Likwin have not been involved in any business prior to the Reorganisation and do not meet the definition of having a business. The Reorganisation is merely a reorganisation of the Group's businesses with no change in management of such businesses. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganisation. Accordingly, the Reorganisation has been accounted for as a reorganisation of businesses under common control in a manner similar to a uniting of interests. The consolidated financial statements of the Group for the year ended 30 June 2013 including the comparative figures have been prepared on the merger basis as if the Company has been the holding company of these companies comprising the Group since 1 July 2011, or since the dates of their incorporation or establishment.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with HKFRSs. The consolidated financial statements have been prepared under the historical cost convention.

Changes in accounting policies and disclosures

New and amended standards adopted by the Group in the year ended 30 June 2013

The following new and amendment to standards are mandatory for the first time for the financial year beginning on 1 July 2012.

- Amendment has been made to HKAS 1 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from the amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The Group applied the amendment to standard on 1 July 2012 and it does not have any impact on the Group's consolidated financial statements.

- HKFRS 10 'Consolidated Financial Statements'. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applied HKFRS 10 from 1 January 2013. There is no impact on the Group's consolidated financial statements as the new principle of the control does not change the classification of the subsidiaries which are consolidated in the Group's consolidated financial statements.

- HKFRS 13 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group applied HKFRS 13 from 1 January 2013, and there is no impact on the Group's consolidated financial statements.

- HKAS 27 (revised 2011) 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. The Group applied HKAS 27 (revised 2011) from 1 January 2013. There's no impact on the Company's separate financial statements.

- Amendment to HKFRS 7 'Financial instruments: Disclosures' on asset and liability offsetting requires new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Group applied the amendment to HKFRS 7 from 1 January 2013, and there's no impact on the Group's consolidated financial statements.

- Apart from the above, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued Improvements to HKFRSs 2011 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The Group applied these amendments from 1 January 2013, and there is no impact on the Group's consolidated financial statements.

Amendment to HKAS 1	Presentation of financial statements
Amendment to HKAS 16	Property, plant and equipment
Amendment to HKAS 32	Financial instruments: Presentation
Amendment to HKAS 34	Interim financial reporting

There are no other new standards and amendments to standards which are mandatory for the first time for the financial year beginning on 1 July 2012 which had a material impact on the Group's consolidated financial statements.

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from a product perspective. The Board assesses the performance of the operating segments based on a measure of segment profit or loss.

The reportable operating segments derive their revenue primarily from the research and development, supply and sale of (i) industrial automation systems, (ii) sludge treatment products, and (iii) provision of after-sales service.

No geographical segment information is presented as all the sales and operating profits of the Group are derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

No revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue for the year ended 30 June 2013. Revenue from two customers of the industrial automation systems segment represents HK$59,163,241 of the Group's total revenue for the year ended 30 June 2012.

The Board assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The common administrative expenses, other losses, other income, financing (including finance costs and interest income) and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of land use rights, property, plant and equipment, inventories, trade and other receivables and prepayment. They exclude deferred income tax assets and prepaid tax, restricted cash and the cash and cash equivalents.

Segment liabilities comprise operating liabilities. They exclude borrowings and tax liabilities.

Revenue

Turnover of the Group consists of the following revenues for the years ended 30 June 2013 and 2012.

	Year ended 30 June	
	2013	2012
	HK$	*HK$*
Revenue from sales of industrial automation systems	**174,946,086**	200,760,826
Revenue from sales of sludge treatment products	**54,851,876**	14,465,470
Revenue from provision of after-sales service	**21,564,247**	14,293,933
	251,362,209	229,520,229

The segment results for the year ended 30 June 2013:

	Industrial Automation systems	**Sludge treatment products**	**After-sales service**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Segment revenue from external customers	174,946,086	54,851,876	21,564,247	251,362,209
Segment cost of sales	(126,016,342)	(40,375,705)	(13,297,166)	(179,689,213)
Segment gross profit	48,929,744	14,476,171	8,267,081	71,672,996
Segment results	33,796,200	6,029,449	7,195,767	47,021,416
Common administrative expenses				(30,945,634)
Other gains — net				180,631
Other income				8,213,826
Finance costs — net				(657,340)
Profit before income tax				23,812,899
Income tax expense				(6,130,712)
Profit for the year				17,682,187

Other segment items included in the consolidated statement of comprehensive income:

	Industrial Automation systems *HK$*	Sludge treatment products *HK$*	After-sales service *HK$*	Unallocated *HK$*	Total *HK$*
Capital expenditure	—	734,568	—	235,979	970,547
Depreciation of property, plant and equipment	1,327,375	1,068,968	—	984,070	3,380,413
Amortization of land use rights	70,302	93,276	—	84,116	247,694

The segment assets and liabilities as at 30 June 2013 are as follows:

	Industrial Automation systems *HK$*	Sludge treatment products *HK$*	After-sales service *HK$*	Unallocated *HK$*	Total *HK$*
Segment assets	103,332,857	66,819,376	18,306,231	105,455,084	293,913,548
Segment liabilities	(84,198,828)	(27,347,693)	(624,542)	(5,534,563)	(117,705,626)

The segment results for the year ended 30 June 2012:

	Industrial Automation systems *HK$*	Sludge treatment products *HK$*	After-sales service *HK$*	Total *HK$*
Segment revenue from external customers	200,760,826	14,465,470	14,293,933	229,520,229
Segment cost of sales	(145,916,569)	(10,637,530)	(8,617,327)	(165,171,426)
Segment gross profit	54,844,257	3,827,940	5,676,606	64,348,803
Segment results	39,569,610	(7,155,329)	5,303,180	37,717,461
Common administrative expenses				(15,153,838)
Other losses				(607)
Other income				1,474,156
Finance costs — net				(1,165,355)
Profit before income tax				22,871,817
Income tax expense				(3,788,448)
Profit for the year				19,083,369

Other segment items included in the consolidated statement of comprehensive income:

	Industrial Automation systems *HK$*	**Sludge treatment products** *HK$*	**After-sales service** *HK$*	**Unallocated** *HK$*	**Total** *HK$*
Capital expenditure	1,081,201	7,022,388	—	4,701,255	12,804,844
Depreciation of property, plant and equipment	823,139	676,421	—	904,382	2,403,942
Amortization of land use rights	68,805	91,289	—	82,324	242,418

The segment assets and liabilities as at 30 June 2012 are as follows:

	Industrial Automation systems *HK$*	**Sludge treatment products** *HK$*	**After-sales service** *HK$*	**Unallocated** *HK$*	**Total** *HK$*
Segment assets	108,515,713	56,812,792	10,378,407	74,418,645	250,125,557
Segment liabilities	(118,750,364)	(25,383,709)	—	(27,655,714)	(171,789,787)

4 FINANCE COSTS — NET

	Year ended 30 June	
	2013	2012
	HK$	*HK$*
Finance costs		
— Interest expenses on bank borrowings	**838,332**	1,716,098
— Net foreign exchange loss	**—**	50,584
	838,332	1,766,682
Less: amounts capitalised on qualifying assets	**—**	(186,606)
	838,332	1,580,076
Finance income		
— Interest income on bank deposits	**(164,027)**	(414,721)
— Net foreign exchange gain	**(16,965)**	—
	(180,992)	(414,721)
Net finance costs	**657,340**	1,165,355

5 INCOME TAX EXPENSE

	Year ended 30 June	
	2013	2012
	HK$	*HK$*
Current income tax		
— PRC enterprise income tax	**5,395,083**	3,757,802
Deferred income tax	**735,629**	30,646
Income tax expense	**6,130,712**	3,788,448

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profit tax rate is 16.5% for the year ended 30 June 2013 and 2012.

(iii) PRC enterprise income tax ("EIT")

EIT is provided on the assessable income of entity within the Group incorporated in the PRC.

6 EARNINGS PER SHARE

Basic earnings per share for the years ended 30 June 2013 and 2012 is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue. In determining the weighted average number of ordinary shares in issue during the years ended 30 June 2013 and 2012, the 203,999,999 shares issued and allotted through capitalisation of the share premium account of the Company upon Listing on 16 May 2013 (Note 9(b)(iv)) have been regarded as if these shares were in issue since 1 July 2011.

	Year ended 30 June	
	2013	2012
	HK$	*HK$*
Profit attributable to the owners of the Company	**17,682,187**	19,083,369
Weighted average number of ordinary shares in issue	**212,500,000**	204,000,000
Basic earnings per share	**0.08**	0.09

As there were no dilutive options and other dilutive potential shares in issue during the years ended 30 June 2013 and 2012, diluted earnings per share is the same as basic earnings per share.

7 DIVIDENDS

	Year ended 30 June	
	2013	2012
	HK$	*HK$*
Proposed final dividends	**8,976,000**	12,713,596

At a meeting held on 25 September 2013, the Board proposed a final dividend of HK$8,976,000, representing HK$3.3 cents per share using the share premium account.

Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. The proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of share premium for the year ending 30 June 2014.

Dividend during the year ended 30 June 2012 represented dividend declared by the Group to the then owners of the respective companies for the year then ended, after elimination of intra-group dividend.

8 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	As at 30 June	
	2013	2012
	HK$	*HK$*
Warranty receivables — due from third parties *(i)*	**23,040,517**	16,438,956
Other trade receivables — due from third parties	**24,282,747**	8,232,616
Other trade receivables — due from related parties	**2,152,565**	3,526,507
	49,475,829	28,198,079
Less: provision for impairment of trade receivables	**(3,617,438)**	(3,493,754)
Trade receivables — net	**45,858,391**	24,704,325
Bills receivable	**4,748,783**	7,986,315
Trade and bills receivables	**50,607,174**	32,690,640
Other receivables due from related parties	**21,880**	80,960
Other receivables due from the sponsor	**518,081**	—
Others	**1,753,835**	784,929
	2,293,796	865,889
Total trade and other receivables	**52,900,970**	33,556,529
Less: trade receivables — non-current portion	**(828,573)**	(294,122)
	52,072,397	33,262,407

(i) Warranty receivables represent the approximately 5% to 10% of the contract value which will be collected upon the expiry of the warranty period (which is usually for a period of 18 months from the date of delivery or 12 months after on-site testing, whichever is earlier).

As at 30 June 2013 and 2012, the ageing analysis of the warranty receivables and other trade receivables (including non-current portion) is as follows:

	As at 30 June	
	2013	2012
	HK$	*HK$*
Warranty receivables		
Up to 3 months	**5,130,520**	6,668,215
3 months to 6 months	**1,708,071**	1,652,124
6 months to 1 year	**4,098,100**	2,725,965
1 year to 2 years	**7,964,120**	3,470,137
Over 2 years	**4,139,706**	1,922,515
	23,040,517	16,438,956

	As at 30 June	
	2013	2012
	HK$	*HK$*
Other trade receivables		
Up to 3 months	**7,653,062**	6,335,809
3 months to 6 months	**1,244,621**	1,000,651
6 months to 1 year	**14,014,175**	684,836
1 year to 2 years	**1,956,242**	2,563,262
Over 2 years	**1,567,212**	1,174,565
	26,435,312	11,759,123

As at 30 June 2013 and 2012, trade receivables of HK$34,921,700 and HK$13,658,022 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 30 June	
	2013	2012
	HK$	*HK$*
Past due within 3 months	**7,653,062**	6,335,810
Past due in 3 months to 6 months	**1,244,621**	1,000,651
Past due in 6 months to 1 year	**14,014,175**	684,836
1 year to 2 years	**7,623,765**	5,099,246
Over 2 years	**4,386,077**	537,479
	34,921,700	13,658,022

As at 30 June 2013 and 2012, trade receivables of HK$3,617,438 and HK$3,493,754 were impaired. The amount of the provision was HK$3,617,438 and HK$3,493,754 as at 30 June 2013 and 2012 respectively. The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. The ageing of these trade receivables is as follows:

	As at 30 June	
	2013	2012
	HK$	*HK$*
1 year to 2 years	**2,296,597**	934,153
Over 2 years	**1,320,841**	2,559,601
	3,617,438	3,493,754

Movements on the Group's provision for impairment of trade receivables are as follows:

	Year ended 30 June	
	2013	2012
	HK$	*HK$*
At 1 July	**3,493,754**	3,026,175
Provision for receivables impairment	**41,312**	402,650
Foreign exchange difference	**82,372**	64,929
At 30 June	**3,617,438**	3,493,754

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated statements of comprehensive income.

The carrying amounts of the Group's trade and other receivables are denominated in RMB.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(b) Prepayments

	As at 30 June	
	2013	2012
	HK$	*HK$*
Non-current		
Prepayments for operating lease payment — non-current portion	**433,700**	352,450
	433,700	352,450
Current		
Prepayments for raw materials	**11,015,461**	7,546,375
Prepaid income tax	**—**	882,074
Prepayments for operating lease payment — current portion	**125,039**	92,736
Prepaid and deferred professional service fees for initial public offerings	**—**	1,313,338
Prepaid service fees to SEHK	**50,000**	—
	11,190,500	9,834,523
	11,624,200	10,186,973

9 SHARE CAPITAL AND PREMIUM

(a) Authorized shares

	Number of authorized shares *(thousands)*
At 26 June 2012 (date of incorporation) *(i)* and 30 June 2012	38,000
Capital increase on 6 May 2013 *(ii)*	7,962,000
At 30 June 2013	8,000,000

(i) Upon incorporation on 26 June 2012, the authorized share capital was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each.

(ii) Pursuant to a shareholder's resolution dated 6 May 2013, the authorised share capital of the Company increased from HK$380,000 divided into 38,000,000 ordinary shares, to HK$80,000,000 divided into 8,000,000,000 ordinary shares of par value HK$0.01 each.

(b) Issued shares

	Number of issued shares	Ordinary shares HK$	Share premium HK$	Total HK$
At 30 June 2012	1	0.01	—	0.01
Issuance of ordinary shares *(iii)*	68,000,000	680,000.00	80,920,000.00	81,600,000.00
Share issuance costs *(iii)*	—	—	(7,969,746.00)	(7,969,746.00)
Capitalisation issue *(iv)*	203,999,999	2,039,999.99	(2,039,999.99)	—
At 30 June 2013	272,000,000	2,720,000.00	70,910,254.01	73,630,254.01
Representing:				
Proposed dividends *(v)*			8,976,000.00	
Others			61,934,254.01	
At 30 June 2013			70,910,254.01	
At 26 June 2012 (date of incorporation)	—	—	—	—
Issuance of ordinary shares to the then shareholder *(i)*	1	0.01	—	0.01
At 30 June 2012	1	0.01	—	0.01

(i) Upon incorporation on 26 June 2012, the Company issued 1 ordinary share to the then shareholder, Mr Zhu at the par value of HK$0.01 per share, with a total consideration of HK$0.01.

(ii) On 13 July 2012, Mr Zhu transferred the 1 ordinary share to Florescent, the sole shareholder prior to the Listing of the Company.

(iii) On 16 May 2013, the Company issued 68,000,000 new ordinary shares of HK$0.01 each at HK$1.2 per share in connection with its Placing and the commencement of the Listing of its shares on the SEHK, and raised gross proceeds of approximately HK$81,600,000. The excess over the par value of HK$680,000 for the 68,000,000 ordinary share issued net of transaction costs HK$7,969,746 was credited to "share premium" with amount of HK$72,950,254.

(iv) On 16 May 2013, pursuant to a shareholder's resolution dated 6 May 2013 and a board resolution dated 14 May 2013, conditional on the share premium account of the Company being credited as a result of the issue of the offer shares pursuant to the Placing, the Company capitalised an amount of HK$2,039,999.99, standing to the credit of its share premium account by applying such sum to pay up in full at par a total of 203,999,999 shares for allotment and issue to Florescent.

(v) Pursuant to Section 34 of the Cayman Companies Law (2003 Revision) and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provision of the Articles of Association of the Company.

10 OTHER RESERVES

	Reorganisation reserve	Merger reserve HK$	Statutory reserves HK$	Translation differences HK$	Total HK$
At 1 July 2012	3,000,000	35,224,773	2,812,658	10,431,387	51,468,818
Translation differences	—	—	—	1,359,711	1,359,711
Capitalisation of loan from the former parent company	—	5,200,000	—	—	5,200,000
Appropriation to statutory reserves	—	—	2,460,281	—	2,460,281
At 30 June 2013	3,000,000	40,424,773	5,272,939	11,791,098	60,488,810
At 1 July 2011	3,000,000	—	1,787,619	9,116,045	13,903,664
Translation differences	—	—	—	1,315,342	1,315,342
Capitalisation of loan from the former parent company	—	35,224,773	—	—	35,224,773
Appropriation to statutory reserves	—	—	1,025,039	—	1,025,039
At 30 June 2012	3,000,000	35,224,773	2,812,658	10,431,387	51,468,818

11 TRADE AND OTHER PAYABLES

	As at 30 June	
	2013	2012
	HK$	*HK$*
Trade payables — due to third parties	**20,193,031**	15,126,400
Trade payables — due to a related party	**968,581**	19,461,417
Bills payable	**15,757,999**	1,545,227
	36,919,611	36,133,044
Other taxes payable	**2,564,940**	1,908,860
Employee benefit payables	**2,510,828**	2,453,325
Accrued operating expenses	**50,000**	90,800
Advances from customers *(a)*	**68,465,543**	101,701,793
Provision for warranty expenses	**1,489,942**	1,381,593
Payables for property, plant and equipment	**2,053,096**	2,309,070
Payables for service fees to the compliance adviser	**45,000**	—
Others	**2,023,559**	1,192,181
	79,202,908	111,037,622
	116,122,519	147,170,666

(a) Advances from customers represent the down payment from the customers according to the contract payment schedule. The Group usually requires a down payment of approximately 10 % to 30% of the total contract value to be paid upon signing of the relevant contract or within 30 days from the date of the contract; up to approximately 90% to 95% of the contract sum upon delivery, but before the completion of the installation and debugging.

At 30 June 2013 and 2012, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 30 June	
	2013	2012
	HK$	*HK$*
Up to 3 months	**18,215,552**	32,356,979
3 months to 6 months	**895,368**	249,237
6 months to 1 year	**1,196,756**	1,428,736
1 year to 2 years	**552,177**	337,404
Over 2 years	**301,759**	215,461
	21,161,612	34,587,817

12 BORROWINGS

	As at 30 June	
	2013	2012
	HK$	*HK$*
Short-term bank borrowings		
— Secured bank borrowings *(i)*	**—**	18,399,941
— Unsecured bank borrowings	**—**	6,219,180
	—	24,619,121

(i) As at 30 June 2012, bank borrowings are secured by the land use rights, property, plant and equipment of the Group and are guaranteed by Mr Zhu, a related party.

The carrying amounts of the Group's borrowings are all denominated in RMB.

The weighted average effective interest rates at each balance sheet date was as follows:

	As at 30 June	
	2013	2012
Short-term bank borrowings	**—**	7.00%

The fair value of current bank borrowings approximate their carrying amount.

As at 30 June 2013, the Group has the following unutilised banking facilities:

	As at 30 June	
	2013	2012
	HK$	*HK$*
Authorised banking facilities — expiring within one year	**62,770,699**	—
Less: used banking facilities	**(12,505,932)**	—
	50,264,767	—

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in research and development, manufacture and sale of industrial automation systems and sludge treatment products. The industrial automation systems and sludge treatment products are custom-built in accordance with the specifications and requirements provided by its customers. Moreover, the Group also engaged in the provision of after-sales services to its existing customers.

Majority of its industrial automation systems are made from its self-developed software and hardware sourced from its suppliers, and are used in industrial production applications to improve production line efficiency by controlling the production process. Meanwhile, the Group also provide customers with hardware assembly services of automation system, which do not contain our self-developed software. The Group's industrial automation system consists of the following four products:

- drive control system;
- distributed control system;
- machine control system; and
- motor control centre

The sludge treatment products are dewatering systems which are also made from its self-developed software and hardware sourced from its suppliers and are used for the separation of solid from liquid in the handling of industrial waste in order to reduce sludge disposal costs and to meet the PRC government's requirement for environmental protection. Depending on the specific demands of our customers, the Group also sells the hardware of sludge treatment products separately. The Group's sludge treatment products comprise two categories, namely, filter press and steel-belt filter press.

Industrial automation systems and sludge treatment products are made-to-order according to customers' specifications and requirements.

The Group also provides after-sales services to the existing customers of industrial automation systems and sludge treatment products. Depending on the requirements of the customers, the after-sales services include the provision of on-site engineering and maintenance services and/or the repair and replacement of spare parts and components.

The Group believes that after-sales service will allow it to utilise our technical and engineering expertise and enable the Group to retain our customers and better understand their needs.

The Group's customers are mainly engaged in the PRC's paper-making industry, in addition, some of the customers are engaged in other industries such as metallurgical and power industries.

The Group conducts business on a project basis and all of the products are custom-made to meet the needs and specifications of our customers. . The Group identifies most of our potential projects through business discussions, although a few of them were identified through competitive bidding in open tenders marketed by tendering companies. The Group's customers can usually choose the method of identifying suppliers at their discretion, unless they are required under the PRC laws to carry out competitive bidding.

The group aims to improve the market position and customers' awareness of industrial automation systems and sludge treatment products with unrelenting efforts. The Group recorded a steady growth in revenue for the financial year ended 30 June 2013.

Financial Review

Revenue

Revenue of the Group mainly came from three business segments: (i) industrial automation system; (ii) sludge treatment products; and (iii) after-sales services.

Revenue of the Group increased by approximately 9.5% from approximately HK$229,520,000 for the year ended 30 June 2012 to approximately HK$251,362,000 for the year ended 30 June 2013. The increase was mainly attributable to the increase in sales from sludge treatment products and after-sales services.

Revenue from the sales of industrial automation systems

Revenue of the Group mainly came from the sales of industrial automation system, which accounted for approximately 69.6% of the total revenue for the year ended 30 June 2013 (30 June 2012: 87.5%). Revenue from sales of industrial automation system decreased by 12.9% from approximately HK$200,761,000 for the year ended 30 June 2012 to approximately HK$174,946,000 for the year ended 30 June 2013. The decrease was mainly attributable to the delay in completion of construction works of several customers during the year, so the acceptance procedures could not be finalised until the relevant construction work is completed.

Revenue from the sales of sludge treatment products

Revenue from the sales of sludge treatment products of the Group increased by approximately 279.2% from approximately HK$14,465,000 for the year ended 30 June 2012 to approximately HK$54,852,000 for the year ended 30 June 2013. Sales of sludge treatment products accounted for approximately 21.8% of the total revenue for the year ended 30 June 2013 (30 June 2012: 6.3%). Such increase was mainly attributable to the effort of the marketing staff as well as the research and development results that led to an increase in sales contracts obtained.

Revenue from the provision of after-sale services

Revenue from after-sale services provided by the Group to customers for industrial automation system and sludge treatment products increased by approximately 50.9% from approximately HK$14,294,000 for the year ended 30 June 2012 to approximately HK$21,564,000 million for the year ended 30 June 2013. The Group expects that the revenue generated from the provision of after-sales services will continue to provide a steady income stream in future based on the fact that the warranty periods of the products that were sold to customers prior to the year ended 30 June 2011 had gradually expired after 30 June 2012 and in order to ensure the normal operation of their equipment, most of the customers will request the Group to provide after-sale maintenance services, resulting in an increase in the revenue of sales from this segment.

Cost of sales

Cost of sales of the Group increased by approximately 8.8% from approximately HK$165,171,000 for the year ended 30 June 2012 to approximately HK$179,689,000 for the year ended 30 June 2013. Cost of sales mainly comprised adjusted cost of raw materials, direct labour costs, such as wages, salaries and benefits offered to the workers and engineers, and manufacturing overhead costs, such as depreciation charges relating to its production facilities, electricity and water, and travelling expenses incurred by its engineers and technicians visiting our customers to discuss product specifications. Since the adjusted cost of raw materials accounted for more than 80% of the Group's cost of sales, any changes in the price of raw material may result in significant impact to the cost of sales of the Group.

In order to mitigate the risk of cost overruns, we have implemented internal control measures, including but not limited to: (i) budgeting procurement costs and expenses in accordance with the specific needs of each project in order to control the project cost; (ii) checking the latest costs of raw materials before we fix the contract price with our customers; (iii) analyzing price trends of raw materials on a quarterly basis; (iv) entering into fixed price agreements with suppliers of raw materials; (v) monitoring closely market prices and paying close attention to market forecasts and market condition analysis; (vi) placing orders for our raw materials in a timely manner; and (vii) making deposits, advance payments and progress payments to the relevant suppliers in a timely manner.

Gross profit and gross profit margin

Gross profit for the year ended 30 June 2013 is approximately HK$71,673,000 (30 June 2012: HK$64,349,000), representing an increase of 11.4% as compared to the same period of last year. The overall gross profit margin of the Group increased slightly from approximately 28.0% for the year ended 30 June 2012 to approximately 28.5% for the year ended 30 June 2013. Such increase was mainly attributable to the efforts in controlling costs and expenditures.

Other income

For the years ended 30 June 2012 and 2013, other income of the Group amounted to approximately HK$1,474,000 and HK$8,214,000 respectively. The increase was mainly attributable to the one-off subsidy for listing received from Tongxiang municipal government of Zhejiang province during the year.

Administrative expenses

Administrative expenses mainly include the basis salary, social welfare contribution and year-end bonus paid to or provided for back office personnel and management team, office expenses, depreciation, auditor's fees and professional service fees incurred for advices and services provided by various professional parties in relation to the Listing.

The administrative expenses of the Group increased from approximately HK$22,123,000 for the year ended 30 June 2012 to approximately HK$35,265,000 for the year ended 30 June 2013. The increase was mainly attributable to the expenses of approximately HK$12,479,000 (30 June 2012: HK$2,194,000) incurred in connection with the listing of the Company on GEM of the SEHK on 16 May 2013, which was charged to professional service fees for the years ended 30 June 2013 and 30 June 2012 in accordance with the relevance accounting standards.

Finance costs

Finance costs of the Group decreased from approximately HK$1,580,000 for the year ended 30 June 2012 to approximately HK$838,000 for the year ended 30 June 2013. The decrease was mainly due to the fact that the Group has fully repaid the bank borrowings during the year.

Profit before tax

The profit before tax increased from HK$22,872,000 for the year ended 30 June 2012 to approximately HK$23,813,000 for the year ended 30 June 2013. If excluding the expenses of approximately HK$12,479,000 incurred in connection with the listing of the Company on GEM of the SEHK on 16 May 2013 and the one-off subsidy for listing received from Tongxiang municipal government of Zhejiang province amounting to approximately HK$7,678,000, the profit before tax will increase to approximately HK$28,614,000, representing an increase of approximately 25.1% as compared to the previous financial year.

Income tax expense

For the years ended 30 June 2012 and 2013, the income tax expense amounted to HK$3,788,000 and HK$6,131,000 respectively. The increase was mainly attributable to a higher taxable profit earned by the Company's operating subsidiary for the year ended 30 June 2013.

The effective tax rates of the Group for the years ended 30 June 2012 and 2013 were 16.6% and 25.7% respectively. The notable increase was mainly due: (i) deferred tax liability was recognised in respect of the dividends declared by the PRC subsidiary, excluding this impact, the effective income tax rate would be 22.4% (30 June 2012: 16.6%) and (ii) the tax loss incurred by the Company was not deductable for income tax purpose, and no deferred income tax assets was recognised for the tax loss incurred by Huazhang Electric, excluding these impacts, the effective income tax rate would be 15.4% (30 June 2012: 15.7%).

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company decreased by approximately 7.3% from approximately HK$19,083,000 for the year ended 30 June 2012 to approximately HK$17,682,000 for the year ended 30 June 2013. The change was mainly attributed to the increase in income tax expenses of the Group during the year.

Liquidity, financial and capital resources

Cash position

The Group's cash and bank balances as at 30 June 2012 and 2013 amounted to approximately HK$43,817,000 and HK$80,921,000 respectively. The major capital resources of the Group included cash generated from operating activities and the proceeds raised by the Group in Hong Kong.

Bank borrowings and charge on the Group's assets

As at 30 June 2013, the Group had no bank borrowings or charge on its assets.

Gearing ratio

The gearing ratio was not applicable for the year ended 30 June 2013 as we had no borrowings as at 30 June 2013 (30 June 2012: 23.9%).

Gearing ratio is calculated based on the total debt at the end of the year divided by total debt plus total equity at the end of the respective year and multiplied by 100%. Total debt represents bank borrowings.

Foreign exchange risk

The Group has two operating subsidiaries. One is established in the Hong Kong Special Administrative Region, and the other in the People's Republic of China. Both of the subsidiaries generate revenues and incur costs in their respective local currencies. The Directors are of the opinion that the Group's exposures foreign exchange risk is minimal.

Contingent liabilities

As at 30 June 2013, the Group had no material or contingent liabilities.

Significant investments held, material acquisitions or disposals of subsidiaries and joint ventures, and future plans for material investments or capital assets

The Group did not hold any material investments, significant acquisitions or disposals of subsidiaries and joint ventures for the year ended 30 June 2013 apart from the restructuring for the preparation of listing on GEM of the SEHK on 16 May 2013.

Save as disclosed in this annual report, the Group had no plan for material investments or capital assets as at 30 June 2013.

Employee and remuneration policies

As at 30 June 2013, the Group has approximately 202 employees (30 June 2012: 153). The employee benefit expenses (including directors' remuneration) amounted to approximately HK$30,771,000 (30 June 2012: HK$28,003,000).

The remuneration of employees is determined based on job nature and market conditions, combined with increment on performance appraisal and year-end bonus which are designed to stimulate and award employee's individual performance. During the period, the Group continued its commitment to employee's training and development programme.

Future Prospects

Establish a general business division for expanding the market share of industrial automation control systems for non-paper making industries

At present, revenue from the sales of automation systems in the paper-making industry accounts for approximately 96% of revenue from sales of automation systems, while the proportion of automation sales in non-paper making industry is insignificant, thus there is huge room for development. The Group will establish a general business division in 2014 aiming to explore the sale of automation control systems to non-paper making industries, such as metallurgy, electricity, chemicals and other industries, while specialized sales and technical staff will be allocated accordingly. The Group strives to improve sales of automation systems in the non-paper making industry so as to take up around 20% to 30% of sales of automation system within two years.

Establish a motor distribution division that is mainly engaged in sales of inverter motor, fixed speed motors and high voltage motors

At present, it is estimated that there are more than 2.5 million motors in the paper factories across the country. The demand for motors has increased sharply as obsolete capacity is phased out by the state and new projects come on stream. If the demand for motors in other industries is taken into account, the market potential is huge. The Group plans to establish a motor distribution division to expand its efforts in the following aspects: i) principally, the sales of inverter motors, fixed speed motors, high voltage motors and other types of motors; and ii) the seeking of partners and exclusive distribution rights and expansion in breadth. Thus far, the Group has entered into the "Framework Agreement on Industry Distribution" with a major motor manufacturer based in Shanghai, PRC, thus becoming the exclusively authorized distributor of that manufacturer in the paper-making industry. The Group will also cooperate with another major manufacturer based in Germany in motor areas so as to improve the types and production lines of motors. The major marketing strategies adopted at the early stage was to i) take advantage of our project resources to sell along with new projects of automation systems of Huazhang; ii) sell specifically to the existing automation customers of the Group in the paper-making industry; and iii) target at the entire paper-making industry (excluding automation customers of the Group in the paper-making industry). In the future, we will focus on the sales to customers in the non-paper making industry.

Continue to expand the market of household paper and explore the business model of "System + Installation + Testing"

From the year of 2011 to now, the growth rate of household paper has grown significantly to more than 17%. During the results period, the Group conducted projects with several leading manufacturer in paper-making industry. Nonetheless, it is expected the Group's existing toilet paper projects will generate more sales. The Group plans to continue exploring the household paper market in 2014, and increase the share of household paper project in the sales of automation system. To develop household paper project is the long-term strategic direction of the Group in the future. The Group will actively obtain relevant qualifications for installation projects through the implementation of automation system projects and take advantage of the projects to provide one-stop "System + Installation + Testing" services.

Continue to promote environmental protection business steadily

With the completion of several technology sophisticated projects, the technology of all-extended high-pressure automatic membrane filter press (全曲張型高壓隔膜自動壓濾機) has been increasingly advanced with better squeezing results, efficient pie-discharging and obvious competitive advantages. It is expected that this series of filter press will record a more considerable sales volume in 2014. With the completion of certain steel-belt filter press projects, steel-belt filter press in the municipal sector and sludge drying BOT projects will hit recorded-high sales volume. In the meantime, steel-belt filter press has gradually become mature after many improvements. Moreover, having concluded several filter press projects in metallurgy industry, it is expected that sales of filter press in that will improve, especially in the sales of non-ferrous metallurgy. With the delivery of export projects for large chemical groups to the U.S., the membrane filter press serves as a role model of filtering in alcohol trough while several projects are being followed up. The application of a number of new patents and new technology will help improve the competitiveness of products. The Group will continue to maintain the stable development momentum of the environmental protection business and strive to double its revenue in 2014 as compared to 2013.

FINAL DIVIDENDS

The Board recommended to pay the final dividends for 2013 at HK$0.033 cents per share (2012: Nil). The proposed dividends account for approximately 50.8% of the profit attributable to owners of the Company of the year. The proposed distribution of final dividends is subject to the approval of the annual general meeting.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 11 November 2013. Shareholders should refer to details regarding the AGM in the circular of our Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by our Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) from 7 November 2013 (Thursday) to 11 November 2013 (Monday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 6 November 2013 (Wednesday); and

(ii) from 15 November 2013 (Friday) to 19 November 2013 (Tuesday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to the final dividend. In order to establish entitlements to the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 14 November 2013 (Thursday).

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

Neither the Company, nor any of the subsidiaries purchased, sold or redeemed any of the Company's listed securities during the financial year ended 30 June 2013.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 15 of the GEM Listing Rules during the period from the listing date of the Company (i.e. 16 May 2013) to 30 June 2013 except the following deviation (Code Provision A.2.1):

Mr Zhu Gen Rong is the Chairman of the Board. The Company has no such title as the chief executive and the daily operation and management of the Company is monitored by the executive directors as well as the senior management. The Board is of the view that although there is no chief executive, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting the operations of the Company.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the Company's annual report.

AUDIT COMMITTEE

The Group established an audit committee (the "**Audit Committee**") pursuant to a resolution of the Directors passed on 6 May 2013 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C.3.3 and C.3.7 of the CG Code. The primary duties of the Audit Committee, among other things, are to review and supervise the financial reporting process and internal control systems of the Company. As at 30 June 2013, the Audit Committee consists of three independent non-executive Directors, namely Mr Dai Tian Zhu, Ms Chen Jin Mei and Mr Kong Chi Mo. The Audit Committee is chaired by Mr Kong Chi Mo.

The annual results of the Group for the year ended 30 June 2013 have been reviewed by the Audit Committee and is of the opinion that the consolidated financial statements have been prepared in compliance with applicable accounting standards and requirements under the GEM Listing Rules and that adequate disclosures have been made.

AUDITOR

The consolidated financial statements for the year ended 30 June 2013 were audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of our Company will be put forward at the AGM.

By order of the Board
Huazhang Technology Holding Limited
Zhu Gen Rong
Chairman

Hong Kong, 25 September 2013

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

This announcement will remain on the "Latest Listed Company Information" page of the website of the SEHK at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will also be published on the Company's website at www.hzeg.com.