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

(Incorporated in the Cayman Islands with limited liability)
(Stock code on the Main Board: 1673)
(Stock code on the GEM: 8276)

TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Financial adviser

Guotai Junan Capital Limited

On 30 October 2014, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from the GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 272,000,000 Shares in issue; and (ii) the 27,200,000 Shares which may fall to be issued pursuant to the exercise of the share options that may be but not yet granted under the Share Option Scheme on the Main Board by way of the Transfer of Listing.

The Board is pleased to announce that the approval-in-principle was granted by the Stock Exchange on 23 December 2014 for the Shares to be listed on the Main Board and de-listed from the GEM. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares. The last day of dealings in the Shares on the GEM (Stock code: 8276) will be 2 January 2015. Dealings in the Shares on the Main Board (Stock code: 1673) will commence at 9:00 a.m. on 5 January 2015.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

INTRODUCTION

Reference is made to the announcement issued by the Company dated 30 October 2014 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to the relevant provisions of the GEM Listing Rules and Main Board Listing Rules.

TRANSFER OF LISTING OF THE SHARES FROM THE GEM TO THE MAIN BOARD

On 30 October 2014, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from the GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 272,000,000 Shares in issue; and (ii) the 27,200,000 Shares which may fall to be issued pursuant to the exercise of the share options that may be but not yet granted under the Share Option Scheme, on the Main Board by way of the Transfer of Listing.

The Board is pleased to announce that the approval-in-principle was granted by the Stock Exchange on 23 December 2014 for the Shares to be listed on the Main Board and de-listed from the GEM. All pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares. The last day of dealings in the Shares on the GEM (Stock code: 8276) will be 2 January 2015. Dealings in the Shares on the Main Board (Stock code: 1673) will commence at 9:00 a.m. on 5 January 2015.

REASONS FOR THE TRANSFER OF LISTING

The Shares have been listed on the GEM since 16 May 2013. The Group is principally engaged in research and development, manufacture and sale of industry automation systems, sludge treatment products and corresponding services. The Group's industrial automation systems and sludge treatment products are custom-built in accordance with the specifications and requirements provided by the Group's customers. Moreover, the Group is also engaged in the provision of after-sales and other services to the Group's existing customers.

The Board believes that the Transfer of Listing will enhance the profile of the Group and improve the trading liquidity of the Shares. The Board also believes that following the Transfer of Listing, the Company could gain a wider recognition among larger institutional and retail investors. The Board considers that the listing of the Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group.

As at the date of this announcement, the Board had no immediate plans to change the nature of the business of the Group following the Transfer of Listing. The Transfer of Listing will not involve any issue of new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from 16 May 2013, the date on which the Shares were first listed on the GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on the GEM (Stock code: 8276) will be 2 January 2015. Dealings in the Shares on the Main Board (Stock code: 1673) will commence at 9:00 a.m. on 5 January 2015.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 4,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Codan Trust Company (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 6 May 2013 for the purpose of providing incentives or rewards to eligible participants for their contributions to the Group. The Share Option Scheme became effective on 16 May 2013, being the date on which it became unconditional, and will be valid and effective for a period of 10 years, i.e., valid until 15 May 2023. The Share Option Scheme will remain effective following the Transfer of Listing and will be implemented in full compliance with the requirements of Chapter 17 of the Main Board Listing Rules.

No share option has been granted under the Share Option Scheme. Hence, pursuant to the provisions of the Share Option Scheme, the Company may grant share options in respect of a total of 27,200,000 Shares during the remaining term of the Share Option Scheme. The listing of the Shares issuable pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Main Board Listing Rules.

PUBLIC FLOAT

The Directors confirm that no less than 25% of the total issued share capital of the Company was held by the public (as defined in the Main Board Listing Rules) as at the Latest Practicable Date. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

The Company did not have any options, warrants or similar rights or convertible equity securities in issue as at the Latest Practicable Date.

COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or Controlling Shareholders or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group pursuant to Rules 8.10(1) and (2) and 9A.09(10) of the Main Board Listing Rules.

Deed of non-competition undertakings by the Controlling Shareholders

As the terms (including the undertaking period) of the deed of non-competition undertaking (the **"Existing Deed"**) entered into by the Controlling Shareholders on 6 May 2013 have made several references to the GEM Listing Rules, the Existing Deed will cease to be effective when the Shares are no longer listed on the GEM. Therefore, a new deed of non-competition undertaking (the **"New Deed"**) was executed by the Controlling Shareholders on 19 December 2014 pursuant to the Transfer of Listing to continue the undertakings pursuant to the Existing Deed. Terms of the New Deed succeed those set out in the Existing Deed and make reference to Main Board Listing Rules.

Pursuant to the New Deed, each of the Controlling Shareholders has given a non-competition undertaking in favour of the Company, pursuant to which each of the Controlling Shareholders undertakes and covenants with the Company (for itself and as trustee of its subsidiaries) that, for so long as he/she/it and/or his/her/its associates, directly or indirectly, whether individually or taken together, remain to be the Controlling Shareholder, he/she/it will not and will procure his/her/its associates (excluding any member of the Group) not to directly or indirectly (whether as an investor, shareholder, partner, agent or otherwise or whether for profit, reward or otherwise) carry on, participate, engage or otherwise be interested in any business which is or may be in competition with the business of any members of the Group (the **"Restricted Business"**) from time to time after the Transfer of Listing.

Each of the Controlling Shareholders has also covenanted to notify the Company shall he/she/it or his/her/its associates be offered or become aware of any business opportunity regarding the Restricted Business and shall provide the Company all necessary information. An independent board committee (the **"Independent Board Committee"**) of the Company comprising all independent non-executive Directors shall decide whether to accept such opportunity by simple majority, taking into account the Company's prevailing business, the financial resources required for the relevant opportunity and the commercial viability of such opportunity.

Such non-competition undertaking does not apply to:

(i) the holding of Shares or other securities issued by the Company or any of its subsidiaries from time to time;

(ii) interests in the shares of a company other than the Group, provided that the total number of shares held by the Controlling Shareholders and their associates in aggregate does not exceed 30% of the issued shares of that class of the company in question and the Controlling Shareholders and their associates are not entitled to appoint a majority of the directors of that company;

(iii) the holding of shares or other securities in any company which has an involvement in the Restricted Business, provided that such shares or securities are listed on a recognised stock exchange and the aggregate interest of the Controlling Shareholder and his/her/its associates (as "interest" is construed in accordance with the provisions contained in Part XV of the SFO) does not amount to more than 5% of the relevant share capital of the company in question;

(iv) the contracts and other agreements entered into between the Group and the Controlling Shareholder and/or his/her/its associates; and

(v) the involvement, participation or engagement of the Controlling Shareholder and/or his/her/its associates in a Restricted Business in relation to which the Company has agreed in writing to such involvement, participation or engagement, following a decision by the Independent Board Committee to allow such involvement, participation or engagement subject to any conditions the Independent Board Committee may require to be imposed.

The New Deed will take effect from the date of which the Transfer of Listing becomes effective and will cease to have any effect upon the earlier of the date on which:

(i) any of the Controlling Shareholders and his/her/its associates and/or successor, individually and/or collectively, cease to own 30% (or such percentage as may from time to time be specified in The Codes on Takeovers and Mergers and Share Repurchases issued by Securities and Futures Commission as being the level for triggering a mandatory general offer) or more of the then issued share capital of the Company directly or indirectly or ceases to be deemed as a controlling shareholder (as defined in the Main Board Listing Rules from time to time); or

(ii) the Shares cease to be listed on the Stock Exchange (except for temporary suspension of the Shares due to any reason).

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders to the Directors at the annual general meeting of the Company held on 10 November 2014 to allot and issue new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its articles of association or any applicable laws to be held; and

(c) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial years, respectively.

BIOGRAPHICAL INFORMATION OF DIRECTORS

The biographical information of each existing Director is disclosed below:

Executive Directors

Mr. ZHU Gen Rong (朱根榮), aged 52, was appointed as the Director on 26 June 2012 and was redesignated as the chairman of the Board and an executive Director on 6 May 2013. He is also a member of the nomination committee and one of the Controlling Shareholders. Mr. Zhu oversees the overall operation and is responsible for the overall strategic planning, development, and management of the Group. Mr. Zhu has approximately 22 years of experience in the mechanical and engineering industry. Mr. Zhu obtained a diploma in industrial electrical automation (工業電氣自動化) from Nanjing Electrical School (南京機電學校) in July 1984. Prior to founding the Group, from 1984 to 1993, Mr. Zhu worked at the Hangzhou Project and Research Institute of Electro-mechanic in Light Industry (輕工業杭州機電設計研究院), a state-owned entity principally engaged in the business of researches in the technology for wood pulp, paper-making and the automation of electric instruments, in which he took up several positions including the deputy head of the product development department. From 1993 to 1996, Mr. Zhu then worked as the general manager at Hangzhou Microelectronics Company Limited (杭州華章微電子公司), a company principally engaged in the business of manufacturing of mixed integrated circuit and electrical ballast, accepting tenders for projects of industrial automation system, and the purchasing of materials and equipment for industrial automation systems. He also founded Hangzhou Yiyi Corporate Management Consultation Limited (then known as Hangzhou Huazhang Electric Engineering Company Limited) in December 1996, Hangzhou Rongtai Electric Company Limited in December 1998 and Shanghai Yunjie Corporate Management Consultation Limited (then known as Shanghai Huazhang Electric Control Engineering Company Limited) in May 1999. The businesses of all three companies were transferred to Zhejiang Huazhang Automation Equipment Company Limited in November 2006. Hangzhou Rongtai Electric Company Limited was subsequently deregistered. Mr. Zhu founded Zhejiang Huazhang, the PRC operating subsidiary of the Company, in July 2001. Mr. Zhu has been the vice president of the China Association of the Federation of Industry and Commerce (中華全國工商業聯合會紙業商會所) since October 2009.

Mr. Zhu entered into a service agreement with the Company for a term of three years which commenced from 16 May 2013, and his appointment is subject to re-election at the general meeting of the Company thereafter. Mr. Zhu's appointment can also be terminated by not less than three calendar months' notice in writing served by either party. Mr. Zhu received a salary in the aggregate sum of HK$1,200,000 per annum and such rate shall be subject to review by the Board in June of each year.

As at the Latest Practicable Date, Florescent was owned as to 77.9% by Lian Shun Limited, which in turn was owned as to 53.79% by Mr. Zhu. Mr. Zhu is therefore deemed to be interested in the 75% issued share capital (that is, 204,000,000 shares) of the Company held by Florescent and is one of the Controlling Shareholders.

Save as disclosed above, Mr. Zhu confirms that: (i) he did not hold any directorships in the last three years in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company; (iii) he does not hold any positions in the Company or other members of the Company; (iv) he has no interest or is not deemed to be interested in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; (v) there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the Shareholders.

Mr. Wang Ai Yan (王愛燕), aged 48, was appointed and became an executive Director on 1 October 2014. Mr. Wang has also been the chief executive officer of the Group since 1 October 2014, who is responsible to oversee the Group's daily operation and accounting and financial matters with the assistance of the chief financial officer of the Group. Mr. Wang obtained a bachelor's degree in automation and an EMBA degree from Zhejiang University (浙江大學) in 1992 and 2014, respectively. Mr. Wang has over 20 years of experience in the mechanical and engineering industry. He worked as an assistant engineer at the Hangzhou Project and Research Institute of Electro-mechanic in Light Industry (輕工業部杭州機電設計研究所) from 1987 to 1993. From 1993 to 1996, Mr. Wang worked as the vice general manager at Hangzhou Huazhang Microelectronics Company Limited (杭州華章微電子公司). He worked as the vice general manager at Hangzhou Yiyi Corporate Management Consultation Limited (杭州意義諮詢有限公司) (then known as Hangzhou Huazhang Electric Engineering Company Limited (杭州華章電氣工程有限公司)) from December 1996 to August 2006. Mr. Wang worked as a director and general manager at Zhejiang Huazhang Automation Equipment Company Limited from September 2006 to September 2014.

Mr. Wang entered into a service agreement with the Company for a term of three years which commenced from 1 October 2014, and his appointment is subject to re-election at the general meeting of the Company thereafter. Mr. Wang's appointment can also be terminated by not less than three calendar months' notice in writing served by either party. Mr. Wang received a salary in the aggregate sum of HK$1,000,000 per annum and such rate shall be subject to review by the Board in June of each year.

As at the Latest Practicable Date, Florescent was owned as to 77.9% by Lian Shun Limited, which in turn was owned as to 20.74% by Mr. Wang. Mr. Wang is regarded as one of the parties acting in concert with Mr. Zhu Gen Rong, Mr. Liu Chuan Jiang and Ms. Zhu Ling Yun and is therefore deemed to be interested in the 75% issued share capital (that is 204,000,000 shares) of the Company held by Florescent, and thus is one of the Controlling Shareholders.

Save as disclosed above, Mr. Wang confirms that: (i) he did not hold any directorships in the last three years in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company; (iii) he does not hold any positions in the Company or other members of the Company; (iv) he has no interest or is not deemed to be interested in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; (v) there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the Shareholders.

Mr. JIN Hao (金皓), aged 43, was appointed as an executive Director on 6 May 2013. Mr. Jin is responsible to oversee the strategic planning, execution and day-to-day management and administration of the Group's industrial automation system department. Mr. Jin obtained a bachelor's degree in electrical engineering from the Zhejiang University (浙江大學) in June 1993. Mr. Jin has approximately 21 years of experience in the electric and engineering industry. Mr. Jin worked at Hangzhou Huazhang Microelectronics Company Limited (杭州華章微電子公司) from July 1993 to December 1995 as project person in charge. Mr. Jin joined Hangzhou Yiyi Corporate Management Consultation Limited (formerly known as Hangzhou Huazhang Electric Engineering Company Limited) in 1996 and worked as the general manager in the engineering department until 2001. Mr. Jin joined the Group in 2001 and served as the engineering general manager at Zhejiang Huazhang from 2001 to 2009 and the general manager of the industrial automation department of Zhejiang Huazhang since 2009.

Mr. Jin entered into a service agreement with the Company for a term of three years which commenced from 16 May 2013, and his appointment is subject to re-election at the general meeting of the Company thereafter. Mr. Jin's appointment can also be terminated by not less than three calendar months' notice in writing served by either party. Mr. Jin received a salary in the aggregate sum of HK$600,000 per annum and such rate shall be subject to review by the Board in June of each year.

Save as disclosed above, Mr. Jin confirms that: (i) he did not hold any directorships in the last three years in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company; (iii) he does not hold any positions in the Company or other members of the Company; (iv) he has no interest or is not deemed to be interested in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; (v) there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the Shareholders.

Mr. ZHONG Xin Gang (鍾新鋼), aged 45, was appointed as an executive Director on 6 May 2013. Mr. Zhong is responsible to oversee the strategic planning, execution and day-to-day management and administration of the Group's sludge treatment products department. Mr. Zhong studied in the Zhejiang University (浙江大學) and specialised in chemical engineering between September 1987 and July 1991. Mr. Zhong has approximately 23 years of experience in the filter and engineering industry. Mr. Zhong joined the Group in July 2011 and is currently the general manager of environmental protection department at Zhejiang Huazhang. Prior to joining the Group, from August 1991 to April 2003, Mr. Zhong worked at Hangzhou Xingyuan Filter Technology Company Limited (杭州興源過濾科技有限公司), a company principally engaged in the manufacture and sale of filter presses and was the chief of the technical department. In 2003, Mr. Zhong worked at Hangzhou Better Filter Press Company Limited (杭州貝特過濾機有限公司), a company principally engaged in the manufacture and sale of filter presses and held the position of a director. Mr. Zhong was a member of the executive council and the experts committee of the forth (from 2003 to 2006), fifth (from 2007 to 2011) and sixth (from 2012 to 2015) of China General Machinery Industry Association-Separation Machinery Sub-Association (the "Sub-Association") (中國通用機械工業協會分離機械分會); and a committee member of the forth (from 2003 to 2006), fifth (2007 to 2011) and sixth (2012 to 2015) of Separation Machinery Standard Committee of the Sub-Association.

Mr. Zhong entered into a service agreement with the Company for a term of three years which commenced from 16 May 2013, and his appointment is subject to re-election at the general meeting of the Company thereafter. Mr. Zhong's appointment can also be terminated by not less than three calendar months' notice in writing served by either party. Mr. Zhong received a salary in the aggregate sum of HK$480,000 per annum and such rate shall be subject to review by the Board in June of each year.

Save as disclosed above, Mr. Zhong confirms that: (i) he did not hold any directorships in the last three years in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company; (iii) he does not hold any positions in the Company or other members of the Company; (iv) he has no interest or is not deemed to be interested in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; (v) there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the Shareholders.

Independent Non-executive Directors

Mr. DAI Tian Zhu (戴天柱), aged 61, was appointed as an independent non-executive Director and the chairman of the Nomination Committee, and a member of the Audit Committee and the Remuneration Committee on 6 May 2013 respectively. Mr. Dai obtained a graduate certificate in pulp from the Zhejiang University of Technology (浙江工業大學) (formerly known as Zhejiang Institute of Technology (浙江工業學院)) in January 1982. He then obtained a master degree in economy planning and management from the Chinese Academy of Social Sciences Graduate School (中國社會科學院研究生院) in January 1989. Mr. Dai obtained a doctorate degree in economics from the Chinese Academy of Social Sciences Graduate School (中國社會科學院研究生院) in July 1997. He was a member of the Eight Chinese People's Political Consultative Conference of Zhejiang Province (中國人民政治協商會議浙江省第八屆委員會), and a member of the Economic Commission of Zhejiang Province (浙江省第八屆省政協經濟委員會委員) in 1998. Mr. Dai was the deputy director of Centre of Scientific Research of Zhejiang University of Finance and Economics (浙江財經學學院科研所) in 1998, a professor of the department of finance and a member of the academic committee of the Shanghai University of International Business and Economics (previously known as Shanghai Institute of Foreign Trade (上海對外貿易學院)) from March 2006. Mr. Dai served as an independent director in Tian He Securities Company Limited (天和證券經紀有限公司) from December 2003 to December 2006. He was the main editor of teaching material "Theory and practice of investment banking operations" (投資銀行運作理論與實務) for high school students.

Mr. Dai has been appointed by the company under a letter of appointment for a term from 6 May 2013 to 30 June 2015. The emolument of Mr. Dai is HK$120,000 per annum and shall be subject to review by the Board in June of each year.

Save as disclosed above, Mr. Dai confirms that: (i) he did not hold any directorships in the last three years in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company; (iii) he does not hold any positions in the Company or other members of the Company; (iv) he has no interest or is not deemed to be interested in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; (v) there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the Shareholders.

Ms. CHEN Jin Mei (陳錦梅), aged 62, was appointed as an independent non-executive Director on 6 May 2013, and is the chairman of the remuneration committee of the Company, and a member of the audit committee and the nomination committee of the Company, respectively. Ms. Chen obtained a bachelor's degree in accounting from the Hangzhou Institute of Electronic Engineering (杭州電子工程學院) in July 1997. She (i) completed all the courses for a post graduate degree in management engineering from the Zhejiang University (浙江大學) in June 1998; (ii) graduated with a post graduate degree in political economics from the Zhejiang Provincial Party School (中共浙江省委黨校) in July 2000; and (iii) obtained master's degree in business administration from the Macau University of Science and Technology (澳門科技大學) in August 2005. She also obtained the qualification of a professor-level senior accountant (教授級高級會計師) in December 2010. Ms. Chen began to work in November 1969, and joined the Hangzhou Municipal Finance Bureau (杭州市財政局) in July 1980. Ms. Chen was the deputy director general of Hangzhou Municipal Finance Bureau from July 1997 to June 2002 and the director general of Hangzhou Local Tax Bureau from June 2002 to April 2011. She then retired from her duties at the Hangzhou Municipal Finance Bureau in in August 2012. Ms. Chen was an independent director of Shenzhen Victor Onward Textile Industrial Co., Ltd, a company listed on Shenzhen Stock Exchange (stock code: 000018).

Ms. Chen has been appointed by the Company under a letter of appointment for a term from 6 May 2013 to 20 June 2015. The emolument of Ms. Chen is HK$120,000 per annum and shall be subject to review by the Board in June of each year. During the year ended 30 June 2014, Ms. Chen received emolument of HK$60,000 as she waived part of her emolument.

Save as disclosed above, Ms. Chen confirms that: (i) she did not hold any directorships in the last three years in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) she does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company; (iii) she does not hold any positions in the Company or other members of the Company; (iv) she has no interest or is not deemed to be interested in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of SFO; (v) there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the Shareholders.

Mr. KONG Chi Mo (江智武) ***FCCA, FCIS, FCS(PE) & MHKIoD,*** aged 39, was appointed as an independent non-executive Director on 6 may 2013. He is the chairman of the audit committee of the Company and a member of the remuneration committee and nomination committee of the Company, respectively. He has over 17 years of experience in accounting, corporate governance and capital market. Mr. Kong obtained a bachelor's degree in business administration from The Chinese University of Hong Kong on 11 December 1997. Mr. Kong has been the executive director and chief financial officer of China Vanadium Titano-Magnetite Mining Company Limited (Stock code: 00893) since October 2013 and May 2008, respectively. Also Mr. Kong has been appointed as an independent non-executive director of CAA Resources Limited (Stock code: 02112) and Hengshi Mining Investments Limited (Stock code: 01370), all are listed on the Stock Exchange, since 2013. Prior to joining China Vanadium Titano-Magnetite Mining Company Limited (Stock code: 00893), Mr. Kong joined KPMG in October 1999 and was a senior manager when he left in December 2007. Prior to joining KPMG, Mr. Kong worked as a finance trainee in Hutchison Telecommunications (Hong Kong) Limited from June 1997 to March 1998 and as a tax associate in PricewaterhouseCoopers from March 1998 to October 1999. Mr. Kong has been a fellow member of the Association of Chartered Certified Accountants since February 2008, a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators since February 2012, and a member of the Hong Kong Institute of Directors since May 2010. Mr. Kong received bronze certificates of merit in continuing professional development both in 2010 and 2011 and silver certificates of merit in continuing professional development both in 2012 and 2013 respectively from the Hong Kong Institute of Directors.

Mr. Kong has been appointed by the Company under a letter of appointment from 6 May 2013 to 30 June 2015. The emolument of Mr. Kong is HK$120,000 per annum and shall be subject to review by the Board in June of each year.

Save as disclosed above, Mr. Kong confirms that: (i) he did not hold any directorships in the last three years in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company; (iii) he does not hold any positions in the Company or other members of the Company; (iv) he has no interest or is not deemed to be interested in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; (v) there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules; and (vi) there are no other matters that need to be brought to the attention of the Shareholders.

Save as disclosed above, there is no other information in relation to the Directors which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules.

Further, save as the directorship in the Company and save as disclosed above, all Directors have not been a director of any other public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date of this announcement.

WAIVER FROM STRICT COMPLIANCE WITH THE MAIN BOARD LISTING RULES

Rule 8.12 of the Main Board Listing Rules provides that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong.

The business and operation of the Group are primarily located, managed and conducted in the PRC. None of the executive Directors are ordinarily resident in Hong Kong, and they have to spend most of their time on the principal businesses of the Group in the PRC. As such, the Company does not and will not, in the foreseeable future, have a management presence in Hong Kong. Accordingly, the Company has applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 8.12 of the Main Board Listing Rules on condition that the Company would adopt the following arrangements to maintain regular communication with the Stock Exchange:

(a) the Company has two authorised representatives pursuant to Rule 3.05 of the Main Board Listing Rules, who will act as the Company's principal channel of communication with the Stock Exchange. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong upon reasonable short notice and will be readily contactable by telephone, facsimile or email. Each of the two authorised representatives is authorised to communicate on behalf of the Company with the Stock Exchange;

(b) all the authorised representatives have the means to promptly contact all members of the Board (including the independent non-executive Directors) and of the senior management team at all times as and when the Stock Exchange wishes to contact them or any of them for any matter. To enhance the communication between the Stock Exchange, the authorised representatives and the Directors, the following policies will be implemented by the Company:

    (i) each Director shall provide his/her mobile phone number, office phone number, fax number (if available) and email address (if available) to the authorised representatives;

    (ii) in the event that a Director expects to travel and be out of office, he/she shall provide the phone number of the place of his/her accommodation to the authorised representatives; and

(iii) and all the Directors and authorised representatives will provide their respective mobile phone number, office phone number, fax number (if available) and email address (if available) to the Stock Exchange;

(c) if the circumstances require, meetings of the Board can be convened and held in such manner as permitted under the articles of association of the Company at short notice to discuss and address any issue with which the Stock Exchange is concerned in a timely manner;

(d) the Company has entered into a compliance adviser agreement to retain Guotai Junan Capital Limited as a compliance adviser for a period commencing on the listing date (i.e. 16 May 2013) and ending on the date on which the Company shall publish its financial results for the third full financial year (being the year ended 30 June 2016) after the listing date to provide the Company with professional advice on continuing obligations under the Listing Rules, and to act at all times, in addition to the two authorised representatives of the Company, as the Company's additional channel of communication with the Stock Exchange;

(e) meetings between the Stock Exchange and the Directors can be arranged through the authorised representatives or directly with the Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly of any change in the authorised representatives; and

(f) all the Directors possess or can apply for valid travel documents to visit Hong Kong and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice.

FINANCIAL INFORMATION

The table below sets forth the selected information of the Group's audited consolidated financial statement for each of the three years ended 30 June 2014:

	For the year ended 30 June		
	2012	2013	2014
	HK$	*HK$*	*HK$*
Revenue			
Industrial Automation Business	200,760,826	174,946,086	203,948,533
Sludge treatment products	14,465,470	54,851,876	65,685,847
Provision of after-sales and other services	14,293,933	21,564,247	39,271,535
	229,520,229	251,362,209	308,905,915
Profit attributable to the owners of the Company	19,083,369	17,682,187	28,495,589

Revenue

Revenue increased by approximately 22.9% from approximately HK$251.4 million for the year ended 30 June 2013 to approximately HK$308.9 million for the year ended 30 June 2014; and increased by approximately 9.5% from approximately HK$229.5 million for the year ended 30 June 2012 to approximately HK$251.4 million for the year ended 30 June 2013.

For the year ended 30 June 2014, the increase in revenue was mainly attributable to (i) the increase in number of the projects completed with amounts over HK$5.0 million in the Industrial Automation Business segment; (ii) the increase in number of the projects completed in the sludge treatment products segment; and

(iii) the increase in demand of as well as the increase the Group's internal resources on the provision of the after-sales and other services.

For the year ended 30 June 2013, the increase in revenue was mainly attributable to increase in number of the projects completed in the sludge treatment products segment which offset the decrease in revenue contributed from the Industrial Automation Business segment. The decrease in revenue of the Industrial Automation Business segment was attributable to delay in completion of construction work for several customers during the year.

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company increased by approximately 61.2% from approximately HK$17.7 million for the year ended 30 June 2013 to approximately HK$28.5 million for the year ended 30 June 2014; and decreased by approximately 7.3% from approximately HK$19.1 million for the year ended 30 June 2012 to approximately HK$17.7 million for the year ended 30 June 2013.

For the year ended 30 June 2014, the increase in profit attributable to the owners of the Company was mainly attributable to enhance its operating efficiencies and no listing expenses were incurred for the year ended 30 June 2014.

For the year ended 30 June 2013, the decrease in profit attributable to the owners of the Company was mainly attributable to non-recurring listing expenses of approximately HK$12.5 million and increase in income tax expenses which was partially offset by increase in government grants for the year.

Trade receivables and the relevant provisions

The trade receivables (excluding bill receivables) increased from approximately HK$24.7 million as at 30 June 2012 to approximately HK$45.9 million as at 30 June 2013, to approximately HK$54.9 million as at 30 June 2014, and to approximately HK$61.2 million as at 30 September 2014, while the relevant trade receivables (excluding bill receivables) turnover days increased from approximately 37 days as at 30 June 2012 to approximately 51 days as at 30 June 2013, approximately 60 days as at 30 June 2014 and approximately 64 days as at 30 September 2014. The bill receivables decreased from approximately HK$8.0 million as at 30 June 2012 to approximately HK$4.7 million as at 30 June 2013, and then increased to approximately HK$44.0 million as at 30 June 2014, and then decreased to approximately HK$4.3 million as at 30 September 2014. The trade and bills receivables turnover days significantly increased from approximately 51 days as at 30 June 2012 to approximately 60 days as at 30 June 2013, to approximately 88 days as at 30 June 2014 and to approximately 90 days as at 30 September 2014.

In general, pursuant to the sale contracts of the Group, customers are required to make (i) a down payment (usually approximately 10% to 30% of the contract value) to the Group either upon signing of the contract or within 30 days from the date of the contract; (ii) further payment such that the total amount settled is up to approximately 90% to 95% of the contract value upon the delivery of the Group's products; and (iii) a final payment in the amount of 5% to 10% of the contract value upon expiry of the warranty period. No credit terms are stipulated in the sale contracts with customers. These down payments are recorded as advances from customers in the accounts of the Group, and therefore significant portion of contract values is secured upon delivery of the Group's product to customers, whereas the trade receivables (excluding bill receivables) of the Group mostly concern the small part of the contract value relating to the sale of products and warranty fee.

The increase in trade receivables (excluding bill receivables) was in line with the increase in the turnover of the Group, as the revenue and trade receivables (excluding bill receivables) increased by approximately 22.9% and 19.7% respectively for the year ended 30 June 2014 as compared with the last year. The slight increase in trade receivables (excluding bill receivables) turnover days as at 30 September 2014 (as compared to that as at 30 June 2014) was mainly caused by delay in settlement of trade receivables by the customers. The Group has closely communicated with the relevant customers to assess the potential credit risk.

The increase in both the amount of bill receivables and the trade and bill receivables turnover days was mainly attributable to the increase in the use of bank bills for settlement by the Group's customers. During the years ended 30 June 2012, 2013 and 2014, approximately 59.0%, 53.4% and 72.9% of the sales of the Group were settled by bank bills respectively. In general, the bank bills received by the Group can be cleared within three to six months. The Directors believe that such increasing trend was in part in response to the tightening credit environment in the PRC with the purpose to conserve cash, as it is generally more difficult for customers to obtain their required bank loan financing as opposed to bank bills.

As at 30 November 2014, trade and bills receivables of approximately HK$57.8 million had been settled, representing approximately 58.4% of such balance as at 30 June 2014, whereas trade receivables (excluding bill receivables) of approximately HK$13.8 million had been settled, representing approximately 25.1% of the balance of trade receivables (excluding bill receivables) as at 30 June 2014. These receivables (before impairment) comprise warranty receivables and other trade receivables amounting to approximately HK$24.3 million and HK$37.3 million as at 30 June 2014.

Warranty receivables represented 5% to 10% of the contract value which are collectable upon the expiry of the warranty period (usually for a period of 18 months from the date of delivery or 12 months after on-site testing, whichever is earlier). Warranty receivables remained unsettled for over one year amounted to approximately HK$5.4 million, HK$12.1 million and HK$13.2 million as at 30 June 2012, 2013 and 2014 respectively, and they have been maintained at a relatively low level at approximately 2.3%, 4.8% and 4.3% of the Group's revenue respectively for the corresponding financial year. These overdue warranty receivables were mainly resulted after the Company's consideration of the financial situation of some customers and decision to maintain such customer relationship. As at 30 November 2014, the unexpired warranty receivables amounted to approximately HK$8.2 million, representing approximately 21.0% of the trade receivables (excluding bill receivables).

Other trade receivables are mainly related to the billed but unsettled amounts arising from the sale of the Group's products. Other trade receivables (before impairment) due from third parties amounted to approximately HK$8.2 million, HK$24.3 million and HK$37.3 million as at 30 June 2012, 2013 and 2014 respectively and they represented approximately 3.6%, 9.7% and 12.1% of revenue for the corresponding financial year respectively.

The subsequent settlement of the year-end (i.e. 30 June) balance of trade receivables (excluding bill receivables) as at 30 November 2013 and 2014 were approximately HK$11.5 million and approximately HK$13.8 million respectively. Such subsequent settlement as at 30 November as a percentage of year-end balance has been maintained at approximately 25.1% for aforesaid years.

The Directors therefore confirm that the Group has not encountered any material difficulties in collection of the trade receivables of the Group. Although the slow settlement of the trade receivables has persisted during the Track Record Period, the Group has been able to request its customers to make down payment to replenish its cash for sourcing raw materials and irrespectively the business of the Group has been expanding, the Group believes that such slow settlement pattern would not materially affect the Group's liquidity.

As at 30 June 2013 and 2014 and 30 September 2014, the Group had made provisions for receivables impairment as to approximately HK$0.04 million, HK$3.09 million and HK$0.6 million respectively. Such provisions were made pursuant to the procedures adopted by the Company, where there was objective evidence of impairment discovered including indications that the customer is experiencing significant financial difficulty or has defaulted in principle payments. After making the provision, the Group continues to regularly review and liaise with its customers for collecting the trade receivables. In the event that the customers have already settled the receivables by bank bills, the Group will realise such bank bills at their earliest availability. Upon making various management assessments, including ageing status of the trade receivables, payment history, subsequent settlement, on-going business relationship and financial condition of the Group's customer, the Directors considered that adequate provisions on trade receivables had been made against such balance of receivables as at 30 June 2014 after considering the amounts recoverable, and no additional provision was required.

The Directors have further confirmed that, to the best of their knowledge and belief upon making all reasonable enquiries, that there was no significant change in the credit quality of the Group's customers despite the prevailing use of bank bills, and as at the Latest Practicable Date, there had been no material dispute between the Group and its customers regarding the settlement of the Group's bills, and there was no materials default in payments by any of the Group's customers.

Provisions for write-down of inventories

The inventories turnover days decreased from approximately 239 days as at 30 June 2012 to 209 days as at 30 June 2013, 167 days as at 30 June 2014 and 164 days as at 30 September 2014. As at 31 October 2014, inventories of approximately HK$52.6 million had been subsequently utilised, representing approximately 48.4% of such balance as at 30 June 2014.

The provision for raw materials increased from approximately HK$2.7 million as at 30 June 2013 to approximately HK$4.1 million as at 30 June 2014. Such provisions were mainly related to the spare parts and components for producing industrial automation systems. As the number of projects increased during the two years ended 30 June 2013 and 2014, the Group had also reserved more spare parts and components of industrial automation systems for the provision of after-sale services. These raw materials were kept for replacement purpose or as back-up supplies incidental to the need from the Group's existing customers and were slow-moving. The Group considers raw materials as obsolete when they aged over one year and there was no utilisation plan regarding such raw materials for the relevant year/period end, and the Group makes provision for these raw materials so as to reflect the net realisable value of the same, in accordance with the literature under Hong Kong Accounting Standard 2 "Inventories". The provisions for write-down of inventories as at 30 June 2014 and 30 September 2014 were made in accordance with the said procedures adopted by the Group, and therefore the Directors consider that adequate provisions had been made, and no additional provision was required.

RECENT BUSINESS DEVELOPMENTS

During the year ended 30 June 2014 and the three months ended 30 September 2014, the Group entered into contracts in respect of its industrial automation systems, sludge treatment product and after-sales service in the amount of approximately HK$400.1 million and HK$111.5 million respectively, as compared with corresponding periods in the last year, representing an increase of approximately 69.1% and approximately 109.6% respectively. For the year ended 30 June 2014 and the three months ended 30 September 2014, the Group's revenue were approximately HK$308.9 million and approximately HK$83.1 million respectively, representing an increase of approximately 22.9% and approximately 34.3% as compared to that for the previous year/period respectively. With the management team's efforts and customer recognition of the Group's products, despite the sluggish economic condition of the PRC, the competitive advantage of the Group's products and services in the industry prompted an increase in the revenue.

Throughout all these years, the Group has focused on research and development activities with the aim to improve the technologies of the existing products. During the year ended 30 June 2014, the Group had 13 new patents and two new software copyrights. To date, the Group has registered 117 patents (including 37 invention patents, 75 utility model patents and five software copyrights). On 31 December 2013, the enforced belt filter press manufactured by the Group, in the 2013 fourth revision of the industry standard prepared by the General Office of Ministry of Industry and Information Technology of the PRC, was recognised as an industry standard. The continuous research and development results of the Group will enhance the economic efficiencies.

Plan on motor distribution and arrangements for finance leasing

In August 2013, the Group entered a distribution agreement with a Shanghai-based motor manufacturer (the **"SH Manufacturer"**). The SH Manufacturer, which is an independent third party to the Group as confirmed by the Directors to their best knowledge, information and belief having made all reasonable enquiries, is a subsidiary of a company listed on the Taiwan Stock Exchange which, according to its website, has over 45 years experiences in manufacture of industrial motors and has business coverage over Asia, Europe, America and Australia. The registered capital of SH Manufacturer is US$0.8 million (equivalent to approximately to HK$6.2 million). Pursuant to the said agreement, the parties would cooperate to promote the products of the SH Manufacturer such that the Group can achieve the agreed sale target during the term of the distribution agreement, i.e. initially from 15 August 2013 to 30 June 2014. There is no minimum purchase amount under the said distribution agreement, and no monetary penalty in relation to the shortfall to the sale target is imposed. Such agreement with the SH Manufacturer was subsequently renewed for a term up to 30 June 2015.

Subsequent to the entering into of the agreement with the SH Manufacturer, the motor distribution division of the Group was established in January 2014. The Group purchased various types of motors, electrical products and other parts to be used as raw materials from the SH Manufacturer as well as other manufacturers for the Group's production of industrial automation systems requested by the Group's customers on as-needed basis. The Company believes that via the cooperation with the SH Manufacturer, the Group can expand its channel for the sourcing of raw materials from manufacturers/suppliers and is able to provide its customers with wider variety in specification of its existing products such as industrial automation systems. The Company considers that the entering into these arrangements would not change its existing business model. Unlike usual distribution business where products are generally brought in bulk-order or stocked up for onward sale at the prices normally determined based on purchase cost and a mark-up for handling fee, the Group purchased raw materials from the SH Manufacturer for production and assembly use upon the request of the Group's customers. As raw materials sourced from the SH Manufacturer form part of the end-products of the Group, prices or charges are not only referred to the cost of raw materials. Instead, the Group normally considers the margin on project basis. The total contract price is determined with reference to the overall costs of the project (such as, the cost of all raw materials, labour and utilities etc.) plus certain profit. In general, the profit margins of the Group's projects are above 20%.

During the financial year ended 30 June 2014 and the three months ended 30 September 2014, the raw materials purchased by the Group from the SH Manufacturer under the motor distribution arrangement amounted to approximately HK$6.0 million and HK$2.6 million respectively, representing approximately 2.6% and 4.3% of the Group's total purchase of the corresponding periods; whereas the relevant purchases of raw materials from other suppliers not under the motor distribution arrangement amounted to approximately HK$211.0 million and HK$59.5 million respectively in the same period, representing approximately 97.4% and 95.7% of the Group's total purchase of the corresponding periods. The motor distribution division of the Group is still under development stage and the revenue contributed to the Group from the projects involving the use of the raw materials was less than 10% of the total revenue of the Group for the year ended 30 June 2014.

The Group has also established a project division in relation to the arrangements for the cooperation with a finance leasing company in January 2014, which is responsible for the project management and assisting the Group's customers to obtain financing in relation to its purchase of the Group's products. The Group refers the customers, whose contract amounts are relatively high or those who are not able to settle the whole contract amounts, particularly during the process of the establishment of a new production line in the paper industry, to such finance leasing company for financing the establishment project. Such finance leasing company, which is an independent third party to the Group as confirmed by the Directors to their best knowledge, information and belief having made all reasonable enquiries, is a sino-foreign joint venture principally engaged in the provision of finance lease, operating lease and related consultation for various industry, such as environmental protection and general aviation. As set out in the business licence of that finance leasing company issued by relevant Administration for Industry and Commerce, the scope of business includes, but not limited to, the provision of "finance leasing (融資租賃)". The nature of "finance leasing (融資租賃)" differs from "financial leasing (金融租賃)" which is regulated by China Banking Regulatory Commission (中國銀行業監督管理委員會) pursuant to "Regulations on administration of finance leasing companies (金融租賃公司管理辦法)". The business of "finance leasing (融資租賃)" is regulated by Ministry of Commerce of the PRC (中華人民共和國商務部) and its relevant local branch offices pursuant to "Regulations of administration and supervision of finance leasing companies (融資租賃企業監督管理辦法)", under which the finance leasing company is only allowed to provide finance lease or loans in relation to a specified leasing properties (租賃物), and is not allowed to receive deposits or to provide loans without linkage with specified leasing properties. No specific licence is required for the finance leasing company to conduct the business of "finance leasing (融資租賃)". The registered capital of the finance leasing company is US$39.0 million (equivalent to approximately HK$303.8 million). Customers of the Group who consider obtaining financing for the Group's products will negotiate with the finance leasing company in respect of the relevant finance lease separately. After entering into a finance lease agreement between the Group's customers and the finance leasing company, the Group will enter into sales agreement with the finance leasing company and the customer in relation to the sale of the relevant equipment. Under separate services agreements between the Group and the finance leasing company, the Group will then provide design services, project management service and installation service for the establishment of new production line, and at different stage of the projects, the Group will charge for its services fees, which will be settled by the finance leasing company within 10 days upon the receipt of the relevant notice of payment. Save to the aforesaid tri-parte sale agreement and service agreements, the Group and the finance leasing company have not entered into any other agreement. The Group does not provide any guarantee to the finance leasing company for the loan obtained by the customers from the finance leasing company and is not imposed of any obligation shall the Group's customers default in repayment, and the Group does not receive any commission for referral under such arrangements, and there is no buyback arrangements. Under such arrangements, the Group is able to improve its operating cash flow and fully transfer the risk of default of payment of the customers to the finance leasing company.

As at the Latest Practicable Date, the Group was in the process of negotiating with another finance leasing company for establishing similar finance leasing arrangements. The terms of the relevant cooperation agreement and the conditions of the arrangements were yet to be finalised as at the Latest Practicable Date. The Directors believe that the promotion of finance leasing arrangement would improve the Group's competitive edge in the market. The Company will comply with the applicable Main Board Listing Rules/GEM Listing Rules (as applicable) and update its Shareholders and other investors regarding this new finance leasing arrangements as and when necessary.

For the year ended 30 June 2014 and three months ended 30 September 2014, the amounts of contracts signed during the year/period and financed by the relevant finance leasing company designated by the Group were approximately HK$115.5 million and nil respectively. Meanwhile, the Group recognised approximately HK$3.2 million and HK$25.2 million of such revenue for the year ended 30 June 2014 and three months ended 30 September 2014 respectively, representing approximately 1.0% and 30.4% of the total revenue for the corresponding periods respectively.

In order to further tap into the market and develop the motor distribution and the project financing plans, the Group has enhanced cooperation with industry giants thereby enabling it to provide more comprehensive services to its customers. In November 2013, through a co-operation agreement made between the Group and a Germany-based manufacturer, which is a multinational conglomerate and engineering company, the Group became an "Industrial Solutions Partner" of the said German manufacturer, and the Group can request the said German manufacturer for marketing services as well as regional sales support in the PRC region. The Group may order various types of the products from such German manufacturer in advance of the purchase of the raw materials for the use in the Group's production process for industrial automation systems requested by the Group's customers and such German manufacturer may provide financing to the Group's customers for specified projects. Through the aforesaid arrangements, the Group is able to provide its customers with more complicated technical solutions and high quality products in industrial control; while at the same time, the Group's customers can also upgrade themselves by making use of the finance lease available to them.

New production plant

The construction of the fourth phase of the Group's production plant was completed in September 2014. Currently, decoration and installation of the production facilities are taking place in the plant. It is expected that production at the new plant will commence before the end of this year. Upon completion of the construction of this new plant, the production capacities of the Industrial Automation Business Segment and Sludge Treatment Products Segment will increase by 2,500 units to 5,000 units and by 50 units to 92 units respectively.

Prospects

The Directors believes the paper industry has reached its bottom and will recover gradually. The elimination of the outdated production capacity in the industry will be accelerated and will bring opportunities to the Group. The Group will use its design experience in the industrial automation systems and sludge treatment products to further expand the Group's products to different markets and industries. There are four main objectives in the year ahead, (i) effort to expand the market share of the Industrial Automation Systems Segment in non-paper market; (ii) promotion of "design" "production" "service" business model; (iii) investments in new capacity and cost-effectiveness; and (iv) use of existing customer resources to explore the after-sales service business.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the respective websites of the Company at http://www.hzeg.com and of the Stock Exchange at http://www.hkexnews.hk:

(a) the published Directors' report and annual report of the Company for the year ended 30 June 2014;

(b) the quarterly report of the Company for the three months ended 30 September 2014 ;

(c) the interim report of the Company for the six months ended 31 December 2013;

(d) the memorandum and articles of association of the Company;

(e) the circular of the Company dated 30 September 2014 in relation to the refreshment of general mandates to issue and repurchase shares, re-election of directors, re-appointment of auditor and notice of annual general meeting; and

(f) a copy of each of the announcements and other corporate communications made by the Company prior to the Latest Practicable Date as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it under the Main Board Listing Rules
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Main Board Listing Rules and unless the context requires otherwise, refer to Florescent, Lian Shun Limited, Mr. Zhu Gen Rong, Mr. Wang Ai Yan, Mr. Liu Chuan Jiang and Ms. Zhu Ling Yun
"Company"	Huazhang Technology Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
"Director(s)"	director(s) of the Company
"Florescent"	Florescent Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and held 75% of the issued Shares of the Company as at the Latest Practicable Date
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Industrial Automation Business"	the Group's industrial automation systems and related projects
"Latest Practicable Date"	19 December 2014, being the latest practicable date for ascertaining certain information in this announcement
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM; for the avoidance of doubt, the Main Board excludes GEM

"Main Board Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 6 May 2013
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Track Record Period"	the three financial years ended 30 June 2014
"Transfer of Listing"	the transfer of listing of the Shares from GEM to the Main Board
"US$"	The United States dollar, the legal tender of the United States of America
"Zhejiang Huazhang"	Zhejiang Huazhang Technology Limited (浙江華章科技有限公司), a company incorporated in the PRC and an indirectly wholly-owned operating subsidiary of the Company
"%"	per cent

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

Hong Kong, 23 December 2014

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Main Board Listing Rules and 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

As at the date of this announcement, the executive Directors are Mr. Zhu Gen Rong, Mr. Wang Ai Yan, 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 Company Announcement" page of the GEM website at http://www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the "Listed Company Information" page of the Stock Exchange website at http://www.hkexnews.hk and on the Company's website at http://www.hzeg.com.