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力勁科技集團有限公司
L.K. Technology Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 558)

DISCLOSEABLE TRANSACTION
ACQUISITION OF LAND USE RIGHT

THE ACQUISITION

The Board announces that on 10 July 2013, the Purchaser received electronic confirmation via the Internet from the Zhongshan Land and Mining Rights Public Transactions Management Office confirming the results of the bid made by the Purchaser in the amount of approximately RMB55.4 million (equivalent to HK\$69.8 million) for the land use right in respect of Plot C through an online public auction process organised and held by the Zhongshan Land and Mining Rights Public Transactions Management Office. The Purchaser is required to enter into a written Confirmation Letter within five days of the electronic confirmation and thereafter enter into the Proposed Land Transfer Contract with Zhongshan Land Resources Bureau by 17 July 2013.

With the acquisition of Plot C, the Group will have acquired 88,800 m² (being the combined site areas of Plot A, Plot B and Plot C) of industrial use land located in Yilong Village, Dongsheng Town, Zhongshan, PRC. Plot A and Plot B are parcels of land immediately adjacent to Plot C and which the Group acquired under the Existing Land Transfer Contracts dated 21 May 2013 for an aggregate consideration of approximately RMB36.5 million (equivalent to HK\$46.0 million) subsequent to successful bidding in public listing and auction processes.

The Group intends in due course to relocate its manufacturing facilities in Zhongshan from the Old Site, which has a site area of approximately 21,180 m², to the Land. Once relocated to the Land which has an aggregate site area of approximately 88,800 m², the Group's manufacturing site in Zhongshan is expected to become the Group's production headquarters in Southern China for the manufacture of plastic injection moulding machines.

The Group is currently in negotiations with potential buyers in relation to disposal of the Old Site, which has been re-zoned by the local government from industrial use to commercial and residential use, to realize its value, including possible sale and leaseback arrangements. However, no agreement has been reached in respect of the disposal or the leaseback arrangements as of the date of this announcement.

LISTING RULES IMPLICATION

The acquisition of Plot C, when aggregated with the acquisitions under the Existing Land Transfer Contracts, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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With the acquisition of Plot C, the Group will have acquired approximately 88,800 m² (being the combined site areas of Plot A, Plot B and Plot C) of industrial use land located in Yilong Village, Dongsheng Town, Zhongshan, PRC. Plot A and Plot B are parcels of land immediately adjacent to Plot C and which the Group acquired under the Existing Land Transfer Contracts dated 21 May 2013 for an aggregate consideration of approximately RMB36.5 million (equivalent to HK\$46.0 million) subsequent to successful bidding in public listing and auction processes.

The counterparties under the Existing Land Transfer Contracts for Plot A and Plot B are, respectively, Zhongshan City Dongsheng Town Yilong Village Yilong III Economic Cooperative and Zhongshan City Dongsheng Town Yilong Village Committee.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) Zhongshan Land and Mining Rights Public Transactions Management Office, (ii) Zhongshan City Dongsheng Town Yilong Village Yilong III Economic Cooperative, (iii) Zhongshan City Dongsheng Town Yilong Village Committee and (iv) Zhongshan Land Resources Bureau, and their respective beneficial owner (as applicable), are third parties independent of the Company and its connected persons.

Term

The term of the land use right in respect of Plot C to be acquired by the Group is 50 years from the date of transfer of the land use right in accordance with the terms and conditions of the Proposed Land Transfer Contract. The land use rights in respect of Plot A and Plot B acquired by the Group expire in 2057.

Consideration

The consideration for acquisition of land use right of Plot C is approximately RMB55.4 million (equivalent to HK\$69.8 million). A security deposit paid by the Group in the amount of RMB25 million (equivalent to HK\$31.5 million) will be applied in and towards the consideration payable following its successful bidding for the acquisition of Plot C. The balance of the consideration is payable by the Purchaser in one lump sum within 30 days of signing of the Proposed Land Transfer Contract and will be funded by the Group's internal resources.

The Purchaser has fully settled consideration for acquiring the land use rights of Plot A and Plot B under the Existing Land Transfer Contracts of approximately RMB36.5 million (equivalent to HK\$46.0 million) by utilizing the Group's internal resources.

The consideration for acquisition of each of Plot A, Plot B and Plot C was arrived at as a result of successful bid by the Group through public auctions. In deciding to bid at that price, the Group had taken into account the minimum bid price set by the Zhongshan Land and Mining Rights Public Transactions Management Office, current market conditions and land price in the surrounding areas.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is a company incorporated in the Cayman Islands and its principal activity is investment holding. The Group is principally engaged in the design, manufacture, and sales of hot chamber and cold chamber die-casting machines, plastics injection moulding machines, computerized numerical controlled machining centre and related accessories. The Group is also engaged in steel casting.

The Group's manufacturing facilities for plastic injection moulding machines in Zhongshan are located at the Old Site, which has a site area of approximately 21,180 m². The Company management plans to relocate the facilities to an alternative larger site with a view to increasing the production capacity to accommodate any future growth in the business, and in view of the re-zoning of the permitted use of Old Site mentioned below. Once relocated to the Land which has an aggregate site area of approximately 88,800 m², the Group's manufacturing site in Zhongshan is expected to become the Group's production headquarters in Southern China for the manufacture of plastic injection moulding machines. The Company intends to commence, after completion of the acquisition of the Land, substantive work for the design and planning of the new facilities and operations transition arrangement. The Company estimates that this process will take at least a year before actual development work can commence.

The Old Site has been re-zoned by the local government from industrial use to commercial and residential use. The Group is currently in negotiations with potential buyers in relation to disposal of the Old Site to realize its value following the re-zoning, including possible sale and leaseback arrangements to minimize disruption to current operations and release cash flow for the development of the new facilities. However, no agreement has been reached in respect of the disposal or the leaseback arrangement as of the date of this announcement.

The Acquisition can make possible both the relocation of the Group's facilities to larger site and the release of the Old Site for sale. Taking into account the above and the favourable price by which the Company has secured for the Land, the Directors believe that the terms of the Acquisition under the Existing Land Transfer Contracts and the Proposed Land Transfer Contract are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The acquisition of Plot C, when aggregated with the acquisitions under the Existing Land Transfer Contracts, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below:-

“Acquisition”	acquisition of the Land
“Board”	the board of Directors
“Company”	L.K. Technology Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Confirmation Letter”	confirmation letter entered into between the Purchaser and Zhongshan City Land Resources Bureau in respect of, among other things, confirmation of the results of the bid made by the Purchaser for the land use right in respect of Plot C
“Directors”	the directors of the Company
“Existing Land Transfer Contracts”	two 中山市建設用地使用權轉讓合同 (Contract for the transfer of the land use right of construction land in Zhongshan City) both dated 21 May 2013 entered into between the Purchaser and, respectively, Zhongshan City Dongsheng Town Yilong Village Yilong III Economic Cooperative and Zhongshan City Dongsheng Town Yilong Village Committee in respect of the transfer of the land use right of Plot A and Plot B, respectively, for an aggregate consideration of approximately RMB36.5 million (equivalent to HK\$46.0 million)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC. In this announcement, amounts expressed in RMB are stated also in HK\$ following a conversion rate of RMB1 = HK\$1.26
“Land”	Plot A, Plot B and Plot C

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“m ² ”	square metre
“Old Site”	two plots of land with an aggregate site area of approximately 21,180 m ² situated at Zhongshan City, Guangdong Province, PRC on which the Group’s existing manufacturing facilities in Zhongshan are located
“Plot A”	a plot of land with a site area of approximately 10,163.1 m ² situated at Yilong Village, Dongsheng Town, Zhongshan City, Guangdong Province, PRC
“Plot B”	a plot of land with a site area of approximately 25,069.1 m ² situated at Yilong Village, Dongsheng Town, Zhongshan City, Guangdong Province, PRC
“Plot C”	a plot of land with a site area of approximately 53,567.7 m ² situated at Yilong Village, Dongsheng Town, Zhongshan City, Guangdong Province, PRC
“PRC”	the People’s Republic of China
“Proposed Land Transfer Contract”	國有建設用地使用權出讓合同 (Contract for the transfer of land use right of state-owned construction land) in respect of Plot C to be entered into between the Purchaser as transferee and Zhongshan City Land Resources Bureau as transferor for a consideration of approximately RMB55.4 million (equivalent to HK\$69.8 million)
“Purchaser”	中山力勁機械有限公司 (Zhongshan L.K. Machinery Co. Ltd.), wholly owned foreign enterprise established in the PRC and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhongshan City Dongsheng Town Yilong Village Committee”	中山市東升鎮益隆村民委員會
“Zhongshan City Dongsheng Town Yilong Village Yilong III Economic Cooperative”	中山市東升鎮益隆村益隆三經濟合作社
“Zhongshan Land and Mining Rights Public Transactions Management Office”	中山市土地與礦業權公開交易管理辦公室
“Zhongshan Land Resources Bureau”	中山市國土資源局

By order of the Board
Wong Kin Ming
Company Secretary

Hong Kong, 10 July 2013

As at the date of this announcement, the executive Directors are Ms. Chong Siw Yin, Mr. Cao Yang and Mr. Chung Yuk Ming; the non-executive Director is Mr. Hu Yongmin and the independent non-executive Directors are Dr. Low Seow Chay, Dr. Lui Ming Wah, SBS, JP, Mr. Tsang Yiu Keung, Paul and Mr. Chan Wah Tip, Michael.

The English translation of Chinese names or words in this announcement are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.