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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
IN RELATION TO
ENTERING INTO OF THE SUPPLEMENTAL INVESTMENT AGREEMENT**

THE SUPPLEMENTAL INVESTMENT AGREEMENT

The Board is pleased to announce that, on 23 August 2008, Lida, an indirectly wholly-owned subsidiary of the Company, entered into the Supplemental Investment Agreement with Jin Da, an independent third party, pursuant to which Lida agreed to make the Additional Investment to Li Chang to maintain its 35% shareholding interest in Li Chang.

In addition, both parties to the Supplemental Investment Agreement agreed to make Further Investment in proportion to their respective shareholding interest in Li Chang.

GENERAL

The Additional Investment and the Further Investment to be made by Lida to Li Chang pursuant to the Supplemental Investment Agreement when aggregated with the initial investment in Li Chang made by Lida pursuant to the Investment Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

A circular containing further information in relation thereto will be despatched to the Shareholders as soon as practicable pursuant to Rule 14.38 of the Listing Rules.

INTRODUCTION

Li Chang was established on 4 January 2008 and, pursuant to the Investment Agreement, is owned as to 65% by Jin Da and as to 35% by Lida respectively. On 23 August 2008, Lida and Jin Da entered into the Supplemental Investment Agreement in relation to the Additional Investment and the Further Investment in Li Chang.

THE SUPPLEMENTAL INVESTMENT AGREEMENT

Date: 23 August 2008

Parties:

- (1) Lida, an indirectly wholly-owned subsidiary of the Company; and
- (2) Jin Da

To the Directors' best knowledge, information and belief having made all reasonable enquiries, Jin Da is independent of the Company and its connected persons.

Subject matters:

- (1) Lida agreed to make the Additional Investment within 10 days to Li Chang upon the issuance of the capital verification report by authorized verification institution in the PRC.

The Additional Investment amounted to RMB10 million (equivalent to approximately HK\$11.4 million), which was arrived at after arm's length negotiations between the parties to the Supplemental Investment Agreement in consideration of the value of the Transferred Assets as estimated by an independent professional valuer appointed by Jin Da in July 2008 and the contribution made by Jin Da including, among other things, time and efforts devoted in obtaining approvals from local authorities and other relevant preparatory work at the initial stage of the establishment of Li Chang.

- (2) Both parties to the Supplemental Investment Agreement agreed to make the Further Investment in proportion to their respective shareholding interest in Li Chang. Accordingly, each of Lida and Jin Da shall make Further Investment in Li Chang with an amount of RMB17.5 million (equivalent to approximately HK\$19.95 million) and RMB32.5 million (equivalent to approximately HK\$37.05 million) respectively within 20 days following completion of the Additional Investment by Lida.

The Further Investment with an aggregate amount of RMB50 million (equivalent to approximately HK\$57 million) was determined in consideration of the estimated capital requirement for the expansion of Li Chang's production capacity.

The Additional Investment and the Further Investment to be made by Lida shall be paid in cash and be financed by internal resources of the Group.

INFORMATION OF LI CHANG

Li Chang was established to engage in iron ore mining and smelting. Up to the date of this announcement, the production facilities of Li Chang were still under construction and Li Chang did not record any revenue nor, save for the cost incurred for its incorporation, any major expense. As at 25 August 2008, Li Chang had unaudited consolidated net asset value of approximately RMB120 million (equivalent to approximately HK\$136.8 million). Li Chang will be treated as an associate of the Group and will be accounted for using the equity method of accounting.

In May 2008, Li Chang entered into an agreement with the 4th Geological Team of Liaoning Province, an independent third party affiliated to Bureau Geology and Mineral Resources Exploration Liaoning Province, the PRC, in relation to the transfer of the exploration rights of Sheng Bao Ying Zi Mine which is located in the northern part of Sheng Bao Ying Zi Village, Fu Xing Di Town, Fu Meng County, Liaoning Province at the consideration of RMB15 million (equivalent to approximately HK\$17.1 million). Li Chang intends to apply for the relevant mining right and expects to obtain it in 2009, subject to the grant of approvals by relevant PRC authorities.

According to the survey report of Sheng Bao Ying Zi Mine prepared by the 4th Geological Team of Liaoning Province in July 2007, Sheng Bao Ying Zi Mine covers an aggregate exploration area of approximately 10.14 km² and the resources of iron of Sheng Bao Ying Zi Mine are expected to be 754,636 tones, subject to further explorations.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUPPLEMENTAL INVESTMENT AGREEMENT

The Group is principally engaged in the design, manufacture and sale of die-casting machines and plastic injection moulding machines. The Directors consider it important to the Company's profitability to ensure the stability of the supply of iron and steel, the raw material for the Group's cast components manufacturing. To secure a stable source of iron and steel, the Group has endeavored to strengthen its integrated operation both vertically and horizontally, including but not limited to the investment in Li Chang.

Pursuant to the Investment Agreement, the initial total investment in Li Chang amounted to RMB113.69 million (equivalent to approximately HK\$129.61 million), among which, (a) Jin Da shall contribute its 65% investment by transferring the Transferred Assets, including, among other things, 2 blast furnaces, 4 shaft furnaces, several properties and land use rights, to Li Chang, the value of which as at 31 December 2007 was then estimated to be RMB73.69 million (equivalent to approximately HK\$84.01 million) by Lida and Jin Da, which was a preliminary estimation based on the knowledge of both parties after consultation with relevant experts; and (b) Lida shall contribute its 35% investment of RMB40 million (equivalent to approximately HK\$45.6 million) in cash.

However, the value of the Transferred Assets was ultimately valued at RMB85.76 million (equivalent to approximately HK\$97.77 million) according to the valuation conducted by an independent professional valuer in July 2008, which resulted in the difference in the valuation amount of the Transferred Assets. The Additional Investment to be made by Lida serves to maintain the 35% shareholding of its interest in Li Chang.

The Directors also consider that the Further Investment to be made by both Lida and Jin Da helps to expand the operation scale and the production capacity of Li Chang and to provide additional general working capital to Li Chang.

Taking into account the aforesaid, the Directors consider that the terms of the Supplemental Investment Agreement in relation to the Additional Investment and the Further Investment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Additional Investment and the Further Investment to be made by Lida to Li Chang pursuant to the Supplemental Investment Agreement when aggregated with the initial investment in Li Chang made by Lida pursuant to the Investment Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing further information in relation thereto will be despatched to the Shareholders as soon as practicable pursuant to Rule 14.38 of the Listing Rules.

DEFINITIONS

“Additional Investment”	an additional investment in Li Chang with an amount of RMB10 million (equivalent to approximately HK\$11.4 million) to be made by Lida pursuant to the Supplemental Investment Agreement
“Board”	the board of Directors
“Company”	L.K. Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Further Investment”	further investment in Li Chang by Lida and Jin Da respectively with an aggregate amount of RMB50 million (equivalent to approximately HK\$57 million) pursuant to the Supplemental Investment Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the investment agreement dated 1 April 2008 and entered into between Lida and Jin Da which set out the principal terms for the establishment of Li Chang
“Jin Da”	阜新金達鋼鐵鑄造有限公司 (“Fuxin Jin Da Steel Casting Company Limited”), a company incorporated in the PRC and an independent third party. It is principally engaged in iron ore mining and steel casting
“Li Chang”	阜新力昌鋼鐵鑄造有限公司 (“Fuxin Li Chang Steel & Iron Foundry Co., Ltd.”), a company incorporated in the PRC with limited liability pursuant to the Investment Agreement and owned as to 35% by Lida and as to 65% by Jin Da as at the date of this announcement

“Lida”	阜新力達鋼鐵鑄造有限公司 (“Fuxin Lida Steel Casting Co. Ltd.”), a wholly foreign owned enterprise incorporated in the PRC indirectly wholly owned by the Group and principally engaged in the production of cast iron/cast steel components
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Investment Agreement”	the supplemental investment agreement dated 23 August 2008 and entered into between Lida and Jin Da in relation to the Additional Investment and the Further Investment
“Transferred Assets”	assets to be transferred by Jin Da to Li Chang as the consideration of its 65% investment in Li Chang, the value of which was determined by the asset valuation conducted by an independent valuer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“km ² ”	square kilometer
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only, into HK\$ at a rate of RMB1.00 to HK\$1.14.

By Order of the Board
L.K. Technology Holdings Limited
Chong Siw Yin
Chairperson

Hong Kong, 27 August 2008

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