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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)

**MAJOR TRANSACTIONS IN RELATION TO
THE URBAN RENEWAL PROJECT
(1) DISPOSAL OF PROPERTIES; AND
(2) ACQUISITION OF RESETTLEMENT PROPERTIES**

THE URBAN RENEWAL PROJECT

The Board is pleased to announce that on 12 January 2021, the Vendor, an indirectly wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Properties located in Shenzhen, Guangdong, the PRC, for a consideration comprising (i) the Monetary Consideration of RMB350 million (equivalent to approximately HK\$419.1 million); and (ii) the Resettlement Properties, which are estimated by the Property Valuer to have a gross development value of approximately RMB1,249 million (equivalent to approximately HK\$1,495.6 million) as at 5 January 2021.

THE POSSIBLE RELOCATION OF THE MANUFACTURING PLANT

As at the date of this announcement, the Properties are currently occupied by Shenzhen Leadwell as its manufacturing plant for the production of the Group's products, namely, die-casting machines. Shall the Cooperation Agreement materialise and the Group shall vacate from the Properties pursuant to its terms, the Company currently plans to relocate the existing production lines on the Properties to the New Manufacturing Plant prior to the vacation and the cessation of its existing production.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal calculated in accordance with the Listing Rules exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios for the Acquisition calculated in accordance with the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to reporting, announcement circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Cooperation Agreement and the Transactions contemplated thereunder, thus, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Cooperation Agreement and the Transactions. The Company intends to seek a written shareholders' approval from Girgio Industries, a controlling shareholder of the Company, holding in aggregate 770,980,000 Shares, representing approximately 64.7% of the entire issued share capital of the Company as at the date of this announcement, for the Cooperation Agreement and the Transactions contemplated thereunder. Accordingly, the written approval from Girgio Industries, if obtained, will be accepted in lieu of holding a general meeting of the Company for the approval of the Cooperation Agreement and the Transactions pursuant to Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) further information in relation to the Cooperation Agreement and the Transactions contemplated thereunder; (ii) a property valuation report prepared by the Property Valuer in relation to the Properties; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before Tuesday, 2 February 2021 in accordance with the Listing Rules.

Since the completion of the Transactions is subject to the satisfaction of the condition set out below, and may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE URBAN RENEWAL PROJECT

Reference is made to the announcement of the Company dated 28 December 2020 in relation to, amongst others, the entering into of the MOU by the Vendor and the Purchaser in relation to the Disposal.

The Board is pleased to announce that on 12 January 2021, the Vendor, an indirectly wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Properties located in Shenzhen, Guangdong, the PRC, for a consideration comprising (i) the Monetary Consideration of RMB350 million (equivalent to approximately HK\$419.1 million); and (ii) the Resettlement Properties, which are estimated by the Property Valuer to have a gross development value of approximately RMB1,249 million (equivalent to approximately HK\$1,495.6 million) as at 5 January 2021.

THE COOPERATION AGREEMENT

A summary of the salient terms of the Cooperation Agreement in relation to the Urban Renewal Project is set out below.

Date

12 January 2021

Parties

- (i) The Vendor; and
- (ii) The Purchaser

The Cooperation

The parties have designated the Purchaser as the execution principal (實施主體) of the Urban Renewal Project.

The Purchaser is responsible for obtaining approval from the PRC government for the redevelopment and reconstruction works contemplated under the Urban Renewal Project, including but not limited to the demolition of the existing properties, the design, construction, renovation, completion, and paying all costs in connection with it (including but not limited to the expenses incurred in connection with demolition, reconstruction, renovation, land premium and relevant tax and expenses) and handover the certificates of title of the redeveloped Resettlement Properties to the Vendor.

The Vendor is responsible for the provision of the Properties, which are currently occupied by Shenzhen Leadwell as its manufacturing plant for the production of the Group's products, namely, die-casting machines as at the date of this announcement, and will receive the Monetary Consideration and the Resettlement Properties as consideration under the Cooperation Agreement.

The Properties to be disposed of

The Properties, located at the South of Jihe Expressway, Longhua Street, Longhua District, Shenzhen, Guangdong, the PRC* (中國廣東省深圳市龍華區龍華街道機荷高速公路南側):

- (i) comprise the following:
 - (a) the land use rights to certain lands being industrial land (工業用地), with an aggregate land area (土地面積) of approximately 10,104.60 sq. m. ("**Land A**");
 - (b) certain buildings erected on Land A, with an aggregate gross floor area (建築面積) of approximately 9,901.51 sq. m. ("**Buildings A**");
 - (c) the land use rights to certain lands being industrial land (工業用地), with an aggregate land area (土地面積) of approximately 46,239.11 sq. m. ("**Land B**"); and
 - (d) certain buildings erected on Land B, with an aggregate gross floor area (建築面積) of approximately 43,302.26 sq. m. ("**Buildings B**");
- (ii) but exclude:
 - (a) a portion of land of Land B, with an aggregate land area (土地面積) of approximately 8,238.00 sq. m. (the "**Excluded Land**"); and
 - (b) certain buildings erected on the Excluded Land, with an aggregate gross floor area (建築面積) of approximately 14,779.18 sq. m. (the "**Excluded Buildings**"),

together with any attachments, roads, green areas, water and electricity facilities, etc. located thereon.

According to the unaudited condensed consolidated interim results of the Group as at 30 September 2020, the net book value of the Properties is approximately HK\$19.0 million.

Consideration

The aggregate consideration for the Disposal (the “**Disposal Consideration**”) comprises of:

- (i) a monetary consideration (the “**Monetary Consideration**”) of RMB350 million (equivalent to approximately HK\$419.1 million) payable by the Purchaser; and
- (ii) the title to the redeveloped properties (the “**Resettlement Properties**”), which shall consist of, subject to adjustments, (a) redeveloped properties dominantly for industrial use (including new research centres, ancillary dormitories and ancillary commercial property) with a plot ratio-based gross floor area (計容積率建築面積) of 38,000 sq.m. (the “**Industrial Resettlement Properties**”); and (b) redeveloped properties for residential use with a gross floor area (建築面積) of 2,500 sq. m. (the “**Residential Resettlement Properties**”), to be transferred from the Purchaser to the Vendor. The gross development value of the Resettlement Properties is estimated to be approximately RMB1,249 million (equivalent to approximately HK\$1,495.6 million) as at 5 January 2021 based on the preliminary valuation prepared by the Property Valuer.

The Disposal Consideration has been determined after arm’s length negotiations between the parties with reference to (i) the abovementioned carrying value of the Properties as at 30 September 2020; (ii) the appraised value of the Properties as at 5 January 2021 of approximately RMB195.9 million (equivalent to approximately HK\$234.6 million) according to the preliminary valuation by the Property Valuer (the report of the same in compliance with the requirements under Chapter 5 of the Listing Rules will be set out in the circular to be despatched by the Company); and (iii) the abovementioned gross development value of the Resettlement Properties.

The Monetary Consideration

The Monetary Consideration is payable by the Purchaser to the Vendor in the following manner:

- (1) 10% of the Monetary Consideration, amounting to RMB35 million (equivalent to approximately HK\$41.9 million), shall be paid within 10 working days upon entering into of the Cooperation Agreement;
- (2) 10% of the Monetary Consideration, amounting to RMB35 million (equivalent to approximately HK\$41.9 million), shall be paid within 10 working days upon (a) the years of construction completion (建築竣工年限) of the Properties reaching 15 years (i.e., 24 July 2021); and (b) the Cooperation Agreement and the Transactions having been approved by the Shareholders (the “**Shareholders’ Approval**”);

(the instalments stated in (1) and (2) above shall collectively be referred to as the “**Performance Deposit**”)

- (3) 30% of the Monetary Consideration, amounting to RMB105 million (equivalent to approximately HK\$125.7 million), shall be paid within 10 working days upon the urban renewal planning (城市更新單元計劃) being approved by the competent authority (主管部門);
- (4) 20% of the Monetary Consideration, amounting to RMB70 million (equivalent to approximately HK\$83.8 million), shall be paid (a) within 10 working days upon the urban renewal specialised planning (城市更新單元專項規劃) being approved by the competent authority (主管部門); or (b) within 450 calendar days upon the urban renewal planning (城市更新單元計劃) being approved by the competent authority (主管部門), whichever is the earlier;
- (5) 20% of the Monetary Consideration, amounting to RMB70 million (equivalent to approximately HK\$83.8 million), shall be paid within 10 working days upon (a) the confirmation of the execution principal (實施主體確認); and (b) the Vendor vacating and handing over the Properties pursuant to the terms of the Cooperation Agreement; and
- (6) 10% of the Monetary Consideration, amounting to RMB35 million (equivalent to approximately HK\$41.9 million), shall be paid (a) within 10 working days upon the competent authority (主管部門) entering into of land use rights transfer agreement (土地使用權出讓合同) in relation to the Urban Renewal Project with the execution principal (實施主體); or (b) within 150 calendar days upon the confirmation of the execution principal (實施主體確認) and the Vendor having vacated and handed over the Properties, whichever is the earlier.

The Resettlement Properties

The title to the Resettlement Properties shall be registered (the “**Title Registration**”) in the Vendor’s name (or, if allowed by applicable laws and regulations, its nominee’s name) within 12 months upon (i) the redeveloped Resettlement Properties having passed the acceptance inspection (竣工驗收合格) and completed delivery; and (ii) the Vendor having provided requisite information or documents for the Title Registration.

In case where the requisite certificates and documents of the Resettlement Properties and/or the quality of the Resettlement Properties does not meet the standard stipulated under the Cooperation Agreement, the Vendor may refuse to receive the Resettlement Properties (the “**Refusal of Delivery**”).

Adjustments to the gross floor area of the Resettlement Properties

The gross floor area of the Resettlement Properties is subject to the following adjustments:

- (i) for the Industrial Resettlement Properties, in case where the plot ratio-based gross floor area (計容積率建築面積) approved pursuant to the urban renewal specialised planning (城市更新單元專項規劃) exceeds 38,000 sq. m., the Vendor may accept all or part of the excess or decline to accept the excess at all. If the Vendor chooses to accept the excess, the Vendor may opt to pay for the excess at a rate of RMB15,000 per sq. m. of the excess or to exchange for every 3 sq. m. of the excess with 1 sq. m. of Residential Resettlement Properties;
- (ii) for the Industrial Resettlement Properties, in case where the plot ratio-based gross floor area (計容積率建築面積) approved pursuant to the urban renewal specialised planning (城市更新單元專項規劃) falls short of 38,000 sq. m., the Purchaser shall compensate the Vendor for the shortfall. The Vendor may opt to have compensation at a rate of RMB25,000 per sq. m. of the shortfall or to exchange for 1 sq. m. of Residential Resettlement Properties with every 1 sq. m. of the shortfall; and
- (iii) for the Residential Resettlement Properties, in case where the approved gross floor area (建築面積) falls short of 2,500 sq. m., the Purchaser shall compensate the shortfall with shops (商舖) of equivalent size. If the gross floor area (建築面積) of Residential Resettlement Properties plus the shops (商舖) still falls short of 2,500 sq. m., the Purchaser shall further compensate the shortfall with office property (寫字樓辦公物業) of equivalent size.

In the event the actual gross floor area of the Resettlement Properties exceeds or falls short of the agreed and adjusted (if any) gross floor area due to construction planning (建築規劃設計), (i) the Vendor shall pay for the excess of the Industrial Resettlement Properties at a rate of RMB15,000 per sq. m.; (ii) the Purchaser shall compensate for the shortfall of the Industrial Resettlement Properties at a rate of RMB25,000 per sq. m.; and/or (iii) the excess of or the shortfall of the Residential Resettlement Properties shall be paid for by the Vendor or compensated for by the Purchaser (as the case may be) at a rate based on the sale filing average price (銷售備案均價) of the property of the same type under the Urban Renewal Project.

Vacation and handover of the Properties

Subject to the terms and conditions of the Cooperation Agreement, the Purchaser shall notify the Vendor in advance in relation to the vacation and handover of the Properties (the “**Vacation Notification**”) upon the urban renewal planning (城市更新單元計劃) being approved. The Vendor shall vacate the Properties within five months of the Vacation Notification or within 15 days of the Purchaser being confirmed as the execution principal (實施主體), whichever is the later. The Vendor shall also handover the certificates of title of the Properties and the requisite information or documents for the deregistration of such certificates to the Purchaser.

Timeframe of the Urban Renewal Project

The proposed timeframe of the Urban Renewal Project is agreed as follows:

- (1) Urban Renewal Approval (立項完成) shall be obtained by the Purchaser within two years after the Shareholders' Approval.

In case where Urban Renewal Approval (立項完成) is not obtained within the abovementioned timeframe, (a) the Vendor may unilaterally terminate the Cooperation Agreement, and upon which the Vendor shall return 50% of the paid Performance Deposit; or (b) if concrete progress of the Urban Renewal Project has been made by the Purchaser, the timeframe for Urban Renewal Approval (立項完成) may further extend for a year with the consent of the Vendor. If Urban Renewal Approval (立項完成) is still not obtained within the extended timeframe, the Vendor may unilaterally terminate the Cooperation Agreement in the manner stated in (a) above.

- (2) "Construction permit for construction works" (《建築工程施工許可證》) shall be obtained and construction shall commence within four years after the Shareholders' Approval (shall be extended to five years in case where the timeframe in (1) is so extended), unless the delay is due to the Vendor's fault (the "**Construction Timeframe**").
- (3) Delivery of the Resettlement Properties shall be completed within four years after the Purchaser having obtained the "Construction permit for construction works" (《建築工程施工許可證》) (the "**Delivery Timeframe**").

Condition precedent

Completion of the Transactions shall be conditional upon the Shareholders' Approval having been obtained. In the event that the condition precedent could not be satisfied, the Cooperation Agreement will be terminated.

Termination and defaulting liabilities

The parties are entitled to terminate the Cooperation Agreement and/or entitled to liquidated damages in, amongst others, the following events.

- (i) In the event where any amount payable by the Purchaser under the Cooperation Agreement becomes overdue, the Vendor shall be entitled to a liquidated damages of 0.05% of the overdue amount per day payable by the Purchaser. If the relevant amount remains overdue for more than 60 days, the Vendor may unilaterally terminate the Cooperation Agreement, and upon which (a) the Performance Deposit shall be forfeited by the Vendor; (b) the Vendor shall be entitled to a liquidated damages of RMB20 million payable by the Purchaser for the termination of the Cooperation Agreement; and (c) other amount received by the Vendor under the Cooperation Agreement shall be returned to the Purchaser without interest within 30 days of the Cooperation Agreement being terminated.

- (ii) In the event where the Construction Timeframe is not met, the Vendor shall be entitled to a liquidated damages of RMB40,000 per day payable by the Purchaser until conditions under the Construction Timeframe are met. If the conditions under the Construction Timeframe are not fulfilled within 24 months after the Construction Timeframe, and:
- (a) if the Purchaser has yet to be confirmed as the execution principal (實施主體), the parties shall re-negotiate the terms of the Urban Renewal Project; and if no agreement has been reached upon the re-negotiation within six months, either party is entitled to terminate the Cooperation Agreement; or
 - (b) if the Purchaser has been confirmed as the execution principal (實施主體), the parties shall re-negotiate the Construction Timeframe,

provided, however, that, any liquidated damages payable under this event shall not exceed the Monetary Consideration already paid by the Purchaser to the Vendor, upon which the parties shall re-negotiate the terms of the Urban Renewal Project.

- (iii) In the event where the Delivery Timeframe is not met, the Vendor shall be entitled to a liquidated damages of the higher of (a) RMB100 per sq. m. of the gross floor area (建築面積) per month of the undelivered Resettlement Properties; or (b) market rent standard (市場租金標準) of properties of the same type payable by the Purchaser based on the gross floor area (建築面積) of the undelivered Resettlement Properties. Delay of the Delivery Timeframe for every year shall entitle the Vendor to receive from the Purchaser liquidated damages of 150% of the annualised liquidated damages received under this event in the previous year. Refusal of Delivery will be counted as non-delivery of the Resettlement Properties.
- (iv) In the event where the Title Registration is not made within the requisite timeframe, the Vendor shall be entitled to a liquidated damages of 0.03% of the higher of the value of the unregistered Resettlement Properties calculated based on (a) the pre-sale filing average price (預售備案均價) of the saleable property (可售物業) of the same type and same phase under the Urban Renewal Project at the time of obtaining the pre-sale permit (預售許可證); or (b) average market price (市場銷售均價) of same type of properties.
- (v) In the event where the Purchaser is directly owned less than 51% by Shenzhen Vanke prior to the pre-sale permit (預售許可證) for the Urban Renewal Project being obtained and without prior written consent of the Vendor, the Vendor shall be entitled to a liquidated damages of 0.05% of the aggregate Monetary Consideration per day payable by the Purchaser.

- (vi) In the event where the vacation and handover of the Properties does not meet the agreed timeframe, or where the Vendor fails to procure necessary assistance in relation to the Urban Renewal Project (including but not limited to the administrative procedures related to the Urban Renewal Project and the handing over of the certificates of title of the Properties) within the reasonable timeframe requested by the Purchaser, and that such failure is attributable to the Vendor and has not be rectified within three working days of written follow-up by the Purchaser, the Purchaser shall be entitled to a liquidated damages of 0.05% of the Monetary Consideration actually received by the Vendor per day payable by the Vendor. In such event of delay, the timeframe of the Urban Renewal Project shall be extended accordingly.

THE POSSIBLE RELOCATION OF THE MANUFACTURING PLANT

Pursuant to the terms of the Cooperation Agreement, the Vendor shall vacate the Properties within five months of the Vacation Notification or within 15 days of the Purchaser being confirmed as the execution principal (實施主體), whichever is the latter, which the Company expects the vacation to take place by about June 2024.

As at the date of this announcement, the Properties are currently occupied by Shenzhen Leadwell as its manufacturing plant for the production of the Group's products, namely, die-casting machines. Shall the Cooperation Agreement materialise and the Group shall vacate from the Properties pursuant to its terms, the Company currently plans to relocate the existing production lines on the Properties to its new manufacturing plant (the “**New Manufacturing Plant**”) prior to the vacation and the cessation of its existing production (the “**Possible Relocation**”).

The New Manufacturing Plant is located in the Shen-Shan Special Cooperation Zone (深汕特別合作區) in Shenzhen, Guangdong, the PRC and is currently under construction. According to the latest construction plan, it is expected that the construction of the New Manufacturing Plant will be completed by the end of 2022. The New Manufacturing Plant will have a production capacity similar to that of the existing production lines on the Properties.

As at the date of this announcement, and assuming that the Group will purchase brand new machineries for the production facilities at the New Manufacturing Plant, the estimated cost and expenses for the Possible Relocation are as follows:

	<i>HK\$'000</i>
Construction of the New Manufacturing Plant	320,000
Machinery, fixtures and equipment	160,000
	<hr/>
	480,000
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The Board expects that the Possible Relocation will take about nine months to complete, and that the Group will maintain the requisite level of production scale during the transitional period of the Possible Relocation to satisfy the demands from the customers.

Albeit it is expected that customer orders will gradually and seamlessly be taken up by the New Manufacturing Plant of the Group several months upon the completion of the Possible Relocation, the management of the Group will minimise the impact, if any, of Possible Relocation on the employees, production activities and customers' orders of the Group. Accordingly, the Directors are of the view that the Cooperation Arrangement will not have material adverse effect to the Group's operation and principal business activities as there will be sufficient time for the Group to plan for the Possible Relocation and minimise the impact of the Possible Relocation during the transitional period before the cessation of its existing production at the Properties.

Taking into account the Possible Relocation gives rise to an opportunity for the Group to upgrade the machineries, automate and intelligentise production lines to level up production and operation efficiency, and optimise the production capacity of die-casting machines required for emerging industries and new-energy vehicles, the Board considers the Possible Relocation will bring long-term benefit to the Group and Shareholders as a whole.

The Company will make further announcement(s) in respect of the Possible Relocation as and when appropriate to update the Shareholders and potential investors of the Company in accordance with the Listing Rules.

FINANCIAL EFFECT OF THE TRANSACTIONS AND INTENDED USE OF PROCEEDS

The unaudited net book value of the Properties as at 30 September 2020 was approximately HK\$19.0 million. Based on the preliminary valuation prepared by the Property Valuer, the appraised value of the Properties as at 5 January 2021 was estimated to be approximately RMB195.9 million (equivalent to approximately HK\$234.6 million). There is no identifiable income stream originated from the Properties.

The Properties will be de-recognised from the books of the Group when the Group deregisters its legal title to the Properties. The relevant machineries and equipment will be de-recognised from the books of the Group or impaired if it cannot be relocated to the New Manufacturing Plant or is damaged. Upon completion of the Cooperation Agreement, it is estimated that the total assets of the Group would be increased by approximately HK\$1,871.4 million (i.e., the Monetary Consideration plus the gross development value of the Resettlement Properties, less the abovementioned unaudited net book value of the Properties and other related costs and expenses directly attributable to the Transactions, but without taking into account any PRC taxes to be or may be charged).

Based on the preliminary valuation prepared by the Property Valuer, as at 5 January 2021, the gross development value of the Resettlement Properties was approximately RMB1,249 million (equivalent to approximately HK\$1,495.6 million). As the Resettlement Properties will be received after around eight years' time, the Group will depend on the market conditions when receiving Resettlement Properties to formulate a concrete strategy.

Upon completion of the Cooperation Agreement, it is estimated that the Group will record an unaudited net gain of approximately HK\$1,871.4 million. Such estimated gain has not taken into account any PRC taxes to be or may be charged. Such an unaudited net gain is estimated based on the Monetary Consideration and the abovementioned gross development value of the Resettlement Properties, less the unaudited net book value of the Properties as at 30 September 2020 and other related costs and expenses (such as consulting fees for surveyors, legal advisers and other professional fees and spending) (i.e., approximately HK\$24.3 million). The actual gain to be recorded by the Group will depend on (i) the net book value of the Properties as at the date of deregistration of the title to the Properties; (ii) the actual costs and expenses to be incurred by the Group in connection with the Urban Renewal Project; (iii) the actual value of the Resettlement properties; and (iv) the associated PRC taxes in connection with the Urban Renewal Project, and therefore, the actual gain before tax is subject to changes and may be different from the amount as presented above.

The net proceeds (i.e., the Monetary Consideration deducting the other related costs and expenses, but without taking into account any PRC taxes to be or may be charged) arising from the Transactions will be approximately HK\$394.8 million.

The Company intends to apply the net proceeds in the following manner:

- (i) approximately 50% of the net proceeds in the New Manufacturing Plant; and
- (ii) approximately 50% of the net proceeds for the Group's general working capital.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Urban Renewal Project provides an opportunity to obtain funds to finance the construction of the New Manufacturing Plant, relocation expenses, purchase of machineries and equipment and working capital, and thereby increasing the revenue and enabling the sustainable development of the Group's business in the long run.

Upon completion of the Urban Renewal Project, the Company intends to hold the Resettlement Properties as long term investment, depending on the then market conditions and policies in the PRC.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Cooperation Agreement and Transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. It is principally engaged in industry investment and provision of investment consultancy.

The Company understood from publicly available information that, as at the date of this announcement, the Purchaser is owned as to 51% by Shenzhen Vanke Development Co., Ltd.* (深圳市萬科發展有限公司) (“**Shenzhen Vanke**”) and 49% by Shenzhen Wanke Investment Development Co., Ltd.* (深圳市萬可投資發展有限公司) (“**Shenzhen Wanke**”). Shenzhen Vanke is owned as to 95% by China Vanke Co., Ltd.* (萬科企業股份有限公司) (“**China Vanke**”), whose shares are listed on the Stock Exchange (stock code: 2202) and on the Shenzhen Stock Exchange (stock code: 000002), and 5% by Shenzhen Vanke Financial Consulting Co., Ltd.* (深圳市萬科財務顧問有限公司) (“**Vanke Financial**”). Vanke Financial is owned as to 95% by China Vanke and 5% by Shenzhen Vanke. Shenzhen Wanke is wholly-owned by Huang Fuji (黃浮基).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and the abovementioned entities and person is an Independent Third Party.

The Company has been informed that Shenzhen Vanke has been focusing on urban redevelopment in the Shenzhen area, and has accumulated rich experience in urban renewal projects in the PRC.

INFORMATION ON THE VENDOR AND THE GROUP

The Vendor is a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company. The Vendor principally engages in the manufacture and sale of die-casting machines.

The Group is principally engaged in the design, manufacture and sales of hot chamber and cold chamber die-casting machines, plastic injection moulding machines, computerised numerical controlled machining centres and related accessories. The Group is also engaged in steel casting.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal calculated in accordance with the Listing Rules exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company and is subject to reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios for the Acquisition calculated in accordance with the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to reporting, announcement circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Cooperation Agreement and the Transactions contemplated thereunder, thus, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Cooperation Agreement and the Transactions. The Company intends to seek a written shareholders' approval from Girgio Industries Limited ("**Girgio Industries**"), a controlling shareholder of the Company, holding in aggregate 770,980,000 Shares, representing approximately 64.7% of the entire issued share capital of the Company as at the date of this announcement, for the Cooperation Agreement and the Transactions contemplated thereunder. Accordingly, the written approval from Girgio Industries, if obtained, will be accepted in lieu of holding a general meeting of the Company for the approval of the Cooperation Agreement and the Transactions pursuant to Rule 14.44 of the Listing Rules.

The Company intends to obtain a written shareholders' approval from Girgio Industries to approve the Cooperation Agreement and the Transactions contemplated thereunder. As such, no general meeting will be convened for the purpose of approving the Cooperation Agreement and the Transactions. Further announcement will be made if and when such written approval has been obtained.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, (i) further information in relation to the Cooperation Agreement and the Transactions contemplated thereunder; (ii) a property valuation report prepared by the Property Valuer in relation to the Properties; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before Tuesday, 2 February 2021 in accordance with the Listing Rules.

Since the completion of the Transactions is subject to the satisfaction of the condition set out above, and may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expression shall have the following meanings:

“Acquisition”	the proposed acquisition of the Resettlement Properties by the Vendor pursuant to the Cooperation Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	L.K. Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement in relation to the Urban Renewal Project entered into by the Vendor and the Purchaser on 12 January 2021
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Properties by the Vendor to the Purchaser pursuant to the terms of the Cooperation Agreement
“Disposal Consideration”	the aggregate consideration for the Disposal, comprising the Monetary Consideration and title to the Resettlement Properties
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, not a connected person of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Monetary Consideration”	the monetary consideration of RMB350 million (equivalent to approximately HK\$419.1 million), being part of the Disposal Consideration
“MOU”	the memorandum of understanding in relation to, amongst others, the Disposal by the Vendor in relation to the Urban Renewal Project
“Performance Deposit”	has the meaning ascribed to it under the paragraph headed “The Cooperation Agreement – Consideration – The Monetary Consideration” in this announcement
“Possible Relocation”	has the meaning ascribed to it under the paragraph headed “The Possible Relocation of the manufacturing plant” in this announcement
“PRC”	the People’s Republic of China
“Properties”	comprising Land A, Buildings A, Land B (but excluding the Excluded Land) and Buildings B (but excluding the Excluded Buildings), as further particularised in the paragraph headed “The Properties to be disposed of” in this announcement
“Property Valuer”	Vigers Appraisal and Consulting Limited, an independent valuer appointed by the Company in respect of the valuation of the Properties
“Purchaser”	Shenzhen Wanjin Investment Co., Ltd.* (深圳市萬勁投資有限公司), a company established in the PRC with limited liability
“Resettlement Properties”	has the meaning ascribed to it under the paragraph headed “The Cooperation Agreement – Consideration” in this announcement
“RMB”	Renminbi, the lawful currency in the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Leadwell”	Shenzhen Leadwell Technology Co., Ltd.* (深圳領威科技有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“sq. m.”	square metre(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction(s)”	the transaction(s) contemplated under the Cooperation Agreement, comprising, amongst others, the Disposal and the Acquisition
“Urban Renewal Approval (立項完成)”	completion of urban renewal approval (立項完成) occurs when (i) the urban renewal planning (城市更新單元計劃) has been reviewed and approved by the competent authority (主管部門) and there is (a) no objection received during the publication period; or (b) objection has been received during the publication period but the objection is not established; or (c) objection has been received during the publication period and the objection has been properly resolved; and (ii) the filing of the urban renewal planning (城市更新單元計劃) has been completed at the Planning and Natural Resources Administration Department* (規劃和自然資源部門)
“Urban Renewal Project”	the urban renewal project titled “力勁高新科技工業園城市更新項目” (L.K. High-tech Industrial Park Urban Renewal Project*) comprising the Properties with an aggregate land area (土地面積) of approximately 48,105.71 sq. m. and an aggregate gross floor area (建築面積) of approximately 38,424.59 sq. m.
“Vendor”	L.K. Machinery (Shenzhen) Co., Ltd.* (力勁機械(深圳)有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
L.K. Technology Holdings Limited
Chung Wing Man
Company Secretary

Hong Kong, 12 January 2021

As at the date of this announcement, the executive Directors are Ms. Chong Siw Yin, Mr. Liu Zhuo Ming and Mr. Tse Siu Sze; and the independent non-executive Directors are Dr. Low Seow Chay, Dr. Lui Ming Wah, SBS, JP, and Mr. Tsang Yiu Keung, Paul.

For the purposes of this announcement, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1.00 to RMB0.83514 for the purpose of illustration only.

* *The English translation is provided for identification purpose only.*