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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)

**PLACING OF EXISTING SHARES
AND
TOP-UP SUBSCRIPTION FOR NEW SHARES
UNDER GENERAL MANDATE**

Placing Agent



On 26 April 2021 (after trading hours), the Vendor and the Company entered into the Agreement with the Placing Agent, pursuant to which, the Placing Agent has agreed to act as agent for the Vendor (to the exclusion of all others) to place, on best efforts, a total of 60,000,000 Placing Shares at a price of HK\$9.50 per Share owned by the Vendor to no less than six independent placees. The Shares to be placed by the Placing Agent represent approximately 5.04% of the issued share capital of the Company as at the date of this announcement and approximately 4.79% of the Company's issued share capital as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares). Pursuant to the Agreement, the Vendor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue to the Vendor 60,000,000 Subscription Shares equivalent to the number of the Placing Shares, at the Subscription Price.

The net proceeds from the Subscription are estimated to be approximately HK\$562.23 million, net of professional fees and out-of-pocket expenses. The Company intends to use the net proceeds from the Subscription for increasing production efficiency and capacity of the Group's business, and as general working capital of the Group.

THE AGREEMENT

Date

26 April 2021 (entered into after trading hours)

Parties

- (i) the Company;
- (ii) Girgio Industries Limited, as the Vendor; and
- (iii) CLSA Limited, as the sole Placing Agent.

Pursuant to the Agreement and subject to its terms and conditions, (i) the Vendor has agreed to place, and the Placing Agent has agreed to place on behalf of the Vendor on best efforts, the Placing Shares to independent placees; and (ii) the Vendor has also agreed to subscribe, and the Company has agreed to allot and issue to the Vendor, the Subscription Shares. Details of the Placing and the Subscription are set out in further details below.

PLACING UNDER THE AGREEMENT

Vendor

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is owned as to 95% by Fullwit Profits Limited (“**Fullwit**”) as trustee of The Liu Family Unit Trust and 5% by Mr. Liu Siong Song (“**Mr. Liu**”), the spouse of Ms. Chong Siw Yin (“**Ms. Chong**”, the chairperson of the Board and an executive Director). Fullwit is wholly-owned by Ms. Chong. The Liu Family Trust was established by Mr. Liu on 22 February 2002 as an irrevocable discretionary trust for the benefit of Ms. Chong and the children of Mr. Liu and Ms. Chong. As at the date of the Agreement, the Vendor beneficially owns 770,980,000 Shares, representing approximately 64.72% of the existing issued share capital of the Company.

Placing Agent

CLSA Limited has agreed to act as the Placing Agent for the Vendor (to the exclusion of all others) to place, on best efforts, a total of 60,000,000 Placing Shares at a price of HK\$9.50 per Share owned by the Vendor to no less than six independent places.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of, and not connected with, the Company and its connected persons.

Total Number of Placing Shares

The total number of Placing Shares is 60,000,000 Shares, representing approximately 5.04% of the issued share capital of the Company as at the date of this announcement and approximately 4.79% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Placing Price

The Placing Price of HK\$9.50 represents:

- (i) a discount of approximately 9.00% to the closing price of HK\$10.44 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 10.31% to the average closing price of approximately HK\$10.59 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Date; and

- (iii) a discount of approximately 8.65% to the average closing price of approximately HK\$10.40 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Date.

The Placing Price of HK\$9.50 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agent by reference to the market condition and the recent closing prices per Share. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

The Vendor and the placees will each bear their own share of the stamp duty, Stock Exchange trading fee, SFC transaction levy in connection with the Placing.

The net Placing Price, after deducting all professional fees and other out-of-pocket expenses incurred by the Vendor, which are ultimately to be borne by the Company, is estimated at approximately HK\$9.37 per Placing Share.

Rights of the Placing Shares

The Placing Shares will be sold free from any liens, charges and encumbrances or third party rights or claims, and together with all rights attaching to them as at the relevant transaction date, and the Placing Shares rank *pari passu* in all respects with existing Shares. The placees will receive all dividends and distributions declared, made or paid on and after the relevant transaction date.

Placees

The Placing Agent shall use best efforts to place the Placing Shares to placees which are professional, institutional or other investors. It is expected that the placees and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and will not become substantial shareholders of the Company immediately after completion of the Placing. It is also expected that there will be no less than six placees.

Completion of the Placing

Completion of the Placing is expected to take place on 29 April 2021, or such other time or date as may be agreed by the Vendor and the Placing Agent.

Condition of the Placing

The Placing shall be subject to the following conditions:

- (a) before the completion of the Placing, there shall not have occurred:
 - (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
 - (ii) any suspension or limitation of trading (A) in any of the Company's securities by the Stock Exchange (save and except for any trading halt in relation to the Placing and Subscription), or (B) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange or the Nasdaq Global Market; or
 - (iii) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA of a national emergency or war or other calamity or crisis; or
 - (iv) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA; or
 - (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (b) the representations and warranties made by any of the Company and the Vendor pursuant to the Agreement being true and accurate and not misleading as of the date of the Agreement and the date of completion of the Placing;
- (c) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Agreement on or before the date of completion of the Placing; and

- (d) the Placing Agent having received on the date of completion of the Placing relevant legal opinions to the Placing Agent, such opinions to be in form and substance reasonably satisfactory to the Placing Agent.

The Company and the Vendor shall use their respective reasonable endeavours to procure the fulfilment of the foregoing sale conditions on or before the date of completion of the Placing.

Lock-up Arrangements

Pursuant to the Agreement:

- (a) the Vendor shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agent, (i) offer, sell, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Vendor or any affiliate of the Vendor or any person in privity with the Vendor or any affiliate of the Vendor), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the date of completion of the Placing. The foregoing shall not apply to the sale of the Shares under the Agreement; and
- (b) the Company shall not, and the Vendor shall procure that the Company will not, without the prior written consent of the Placing Agent, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the date of completion of the Placing. The foregoing shall not apply to the issue of the Subscription Shares under the Agreement.

SUBSCRIPTION UNDER THE AGREEMENT

Subscriber

The Vendor

Issuer

The Company

Number of Subscription Shares

The number of Subscription Shares is 60,000,000 Shares in aggregate, representing approximately 5.04% of the issued share capital of the Company as at the date of this announcement and approximately 4.79% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares). The number of Subscription Shares is equivalent to the number of the Placing Shares. The aggregate nominal value of the Subscription Shares is HK\$6,000,000.

Subscription Price

The Subscription Price is equivalent to the Placing Price. The Company will bear the expenses incurred by the Vendor in relation to the Placing and the Subscription. The net share price for the Subscription after deduction of such expenses is estimated to be approximately HK\$9.37 per Subscription Share.

General Mandate to Issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate. Up to the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. Based on the above, no separate Shareholders' approval is required for the Subscription.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the Shares in issue as at the date of issue of the Subscription Shares. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Conditions of the Subscription

The Subscription by the Vendor of the Subscription Shares is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares; and
- (b) completion of the Placing having occurred pursuant to the terms of the Agreement.

Completion of the Subscription

Completion of the Subscription shall take place on the second Business Day after the date upon which the last of the conditions to be satisfied shall have been so satisfied provided that it shall take place on a date no later than a date falling on or before 10 May 2021, being 14 days after the date of the Agreement, or such other time and/or date as the Vendor and the Company may agree in writing. In the event that the conditions are not fulfilled within 14 days following the date of the Agreement (or such later date as may be agreed between the Vendor and the Company), the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise provided that the Company shall reimburse the Vendor any legal fees and out-of-pocket expenses which the Vendor shall be obliged to pay in connection with the Placing and the Subscription.

If the Subscription is not completed within 14 days after the date of the Agreement, pursuant to Chapter 14A of the Listing Rules, it will constitute a non-exempt connected transaction of the Company and the Company has to comply with the requirements of the Listing Rules, including obtaining approval from the independent Shareholders. An appropriate announcement will be made by the Company in compliance with the Listing Rules, if required and necessary.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The table^(Note) set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing but before completion of the Subscription; and (iii) immediately after completion of the Placing and the Subscription, on the assumption that (a) there will be no other change to the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares; and (b) the placees do not and will not hold any Shares other than the Placing Shares:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before Subscription		Immediately after completion of the Placing and Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
	Vendor	770,980,000	64.72	710,980,000	59.68	770,980,000
Ms. Chong	2,550,000	0.21	2,550,000	0.21	2,550,000	0.20
Mr. Liu	5,202,500	0.44	5,202,500	0.44	5,202,500	0.42
The placees	–	–	60,000,000	5.04	60,000,000	4.79
Other Shareholders	412,532,500	34.63	412,532,500	34.63	412,532,500	32.97
Total	1,191,265,000	100.00	1,191,265,000	100.00	1,251,265,000	100.00

Note: This table does not take into account any Shares that may be issued pursuant to the exercise of any options granted under any existing share option schemes of the Company, during the relevant period.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is a limited liability company incorporated in the Cayman Islands and the Shares have been listed and traded on the Stock Exchange since 16 October 2006. 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, and is also engaged in steel casting.

The Directors (including the independent non-executive Directors) consider that the Placing and the Subscription will strengthen the capital base of the Company. The Company estimates that the net proceeds of the Subscription will amount to approximately HK\$562.23 million. The Company intends to use the net proceeds from the Subscription for increasing production efficiency and capacity of the Group's business, and as general working capital of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and believe that the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not undertaken any equity fund raising exercise over the period of twelve months prior to the date of this announcement.

Completion of the transactions contemplated under the Agreement is subject to such Agreement not being terminated in accordance with the terms thereof, and is subject to the satisfaction of conditions precedent under the Agreement. As the Placing and/or the Subscription may or may not proceed to completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Agreement”	the placing and subscription agreement dated 26 April 2021 and entered into between the Company, the Vendor and the Placing Agent
“Board”	the board of Directors of the Company
“Business Day(s)”	any day(s) (excluding a Saturday) on which banks are generally open for business in Hong Kong
“Company”	L.K. Technology Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 558)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EEA”	the European Economic Area, which includes EU countries and also Iceland, Liechtenstein and Norway
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 10 September 2020, pursuant to which, the Board has been authorised to allot, issue and deal with up to 238,253,000 new Shares, being 20% of the then issued share capital of the Company as at the date of passing such resolution

“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
“Last Trading Day”	26 April 2021, being the last trading day prior to the signing of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 60,000,000 existing Shares by the Vendor to professional, institutional and/or individual investors to be procured by the Placing Agent under the Agreement
“Placing Agent”	CLSA Limited
“Placing Price”	HK\$9.50 per Share
“Placing Shares”	60,000,000 Shares currently owned by the Vendor and to be placed pursuant to the Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement
“Subscription Price”	an amount equal to the Placing Price
“Subscription Shares”	an aggregate of 60,000,000 new Shares to be issued by the Company and subscribed by the Vendor under the Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Vendor”

Girgio Industries Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, holding approximately 64.72% of the issued share capital of the Company as at the date of the Agreement

“%”

per cent.

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

Hong Kong, 26 April 2021

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