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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
DISPOSAL OF A SUBSIDIARY**

On 28 June 2016, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Subsidiary entered into the Acquisition Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share, representing the entire issued share capital of the Subsidiary, at a consideration of RMB76,000,000.

As one of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 28 June 2016, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Subsidiary entered into the Acquisition Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share, representing the entire issued share capital of the Subsidiary, at a consideration of RMB76,000,000.

Major terms of the Acquisition Agreement are set out below.

Date

28 June 2016

Parties

- (i) The Vendor, an indirect wholly-owned subsidiary of the Company;
- (ii) The Purchaser; and

The Purchaser is principally engaged in the research and development, production and sales of high-end intelligent equipment and its key components and the shares of which are listed and traded on the Shenzhen Stock Exchange (Stock Code: 002747).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

- (iii) the Subsidiary.

Subject matter of the Disposal

The Sale Share, which represents 100% of the issued share capital of the Subsidiary.

Consideration and payment manner

The Consideration of the Sale Share being RMB76,000,000 shall be payable by the Purchaser to the Vendor in cash in the following manner (subject to adjustments):

- (i) 20% of the Consideration shall be payable within five business days after the date of the Acquisition Agreement;
- (ii) 40% of the Consideration shall be payable within five business days after the completion of change in industry and commercial registration (工商登記變更) in relation to the Disposal; and
- (iii) The remaining balance of the Consideration, which shall be paid in three installments (20% of the Consideration for first installment, 15% of the Consideration for second installment and 5% of the Consideration for third installment payable within first, second and third anniversary after the Completion Date, respectively), is subject to proportionate adjustments based on the percentage of the actual purchase amount to the Promised Purchase Amount for each of the three years after the Completion Date in accordance with the Acquisition Agreement.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the unaudited net asset value as at 31 December 2015 of approximately RMB19,900,000, the due diligence results by the Purchaser, the prospects of the Subsidiary and strategic development of the Purchaser. The Board (including independent non-executive Directors) considers that the terms and conditions of the Acquisition Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Subsidiary has been supplying the Group with peripheral equipment for die-casting machines. Pursuant to the Acquisition Agreement, the Group promised that the Vendor or its connected persons shall continue to purchase the products from the Subsidiary at market price in the coming three years. The Promised Purchase Amount is RMB36,000,000 per year. The Directors consider that continuing to purchase the products from the Subsidiary is mutually beneficial to the parties and facilitates the establishment and strengthening of the long-term relationship between the parties.

Completion

Completion shall take place upon completion of change in industry and commercial registration in relation to the Disposal at relevant PRC authorities which shall be within fifteen business days after the date of receiving payment of 20% of the Consideration (which shall be paid within five business days after the date of the Acquisition Agreement).

Upon Completion, the Vendor will cease to hold any shares in the Subsidiary and hence the Subsidiary will cease to be a subsidiary of the Company.

INFORMATION ON THE SUBSIDIARY

The Subsidiary is a company incorporated in the PRC with limited liability and is principally engaged in (i) the design, development, manufacturing and sales of peripheral equipment for die-casting machines of automation equipment, robotic equipment and general machinery automation equipment, and (ii) provision of technical advice and after-sales services. As at date of this announcement, the Subsidiary is an indirect wholly-owned subsidiary of the Company.

As at 31 December 2014 and 31 December 2015, the unaudited net assets of the Subsidiary amounted to approximately RMB17,700,000 and RMB19,900,000 respectively.

FINANCIAL IMPACT OF THE DISPOSAL

Based on the unaudited net asset value and goodwill of the Subsidiary as at 31 December 2015, it is estimated that the Group will record a gain of approximately RMB47,844,000 (equivalent to approximately HK\$55,633,000) (before tax and any consideration adjustments) from the Disposal. Shareholders should note that the actual amount of gain on the Disposal to be recognised in the consolidated financial statements of the Group depends on the audited net asset value of the Subsidiary as at the date of Completion and therefore may be different from the amount mentioned above.

Upon Completion, the Subsidiary will cease to be a subsidiary of the Company and the financial results of the Subsidiary will not be consolidated into the Company's financial statements.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in design, manufacture and sales of hot chamber and cold chamber die-casting machines, plastic injection moulding machines, computerized numerical controlled machining centres and related accessories. The Group is also engaged in steel castings. The Disposal is expected to improve the working capital of the Group, enabling the Group to focus on the development of existing businesses and bring positive financial and operational impacts to the Group.

The Directors expect that the net proceeds from the Disposal will be used by the Group as general working capital.

IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition Agreement”	the agreement dated 28 June 2016 entered into between the Vendor, the Purchaser and the Subsidiary in relation to the Disposal
“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
“Completion”	Completion of the Disposal
“Completion Date”	the date of completion of change in industry and commercial registration in relation to the Disposal at relevant PRC authorities
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	The consideration in relation to the sale and purchase of the Sale Share which amounts to the aggregate sum of RMB76,000,000 (subject to adjustments)

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Vendor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	Independent third parties who are not connected persons of the Company and are independent of and not connected with connected persons of the Company
“Listing Rules”	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
“Promised Purchase Amount”	the promised purchase amount of peripheral equipment for die-casting machines by the Vendor or its connected persons from the Subsidiary of RMB36,000,000 for each of the three years after the Completion Date, and the aggregate amount for such three years shall be RMB108,000,000
“Purchaser”	Nanjing Estun Automation Co Ltd, a company incorporated in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002747)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	the entire issued share capital of the Subsidiary
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary”	上海普萊克斯自動設備製造有限公司 (Shanghai Prex Mfg. Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Vendor”	L.K. Machinery Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
L.K. Technology Holdings Limited
Wong Kin Ming
Company Secretary

Hong Kong, 28 June 2016

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

* *for identification purposes only*