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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 THE DISPOSAL OF 35% INTERESTS IN LI CHANG

The Board announces that on 28 March 2012, the Vendor, an indirectly wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, an independent third party, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares at a Consideration of RMB69,000,000 (equivalent to approximately HK$84,870,000). The Sale Shares represent 35% shareholding interest in the Target Company. Upon completion, the Group will cease to have any interest in the Target Company.

As some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE AGREEMENT

Date

28 March 2012

Parties

1. Lida, an indirect wholly-owned subsidiary of the Company, as the Vendor; and

2. Jin Da, as the Purchaser

The Vendor is a wholly foreign owned enterprise incorporated in the PRC and is indirectly wholly owned by the Company and principally engaged in the production of cast iron and cast steel components.

The Purchaser is a company incorporated in the PRC carrying on the principal business of iron ore mining and steel casting. The Purchaser holds 65% of the shareholding interest in the Target Company as at the date of this announcement.

Save for the fact that the Purchaser currently holds 65% of the shareholding interest in the Target Company, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares. The Sale Shares represent 35% shareholding interest in the Target Company.

Consideration

The Consideration for the Disposal is RMB69,000,000 (equivalent to approximately HK$84,870,000) which shall be payable by the Purchaser in the following manner:

(a) RMB10,000,000 (equivalent to approximately HK$12,300,000) shall be paid by the Purchaser on or before 31 March 2012;

(b) RMB5,000,000 (equivalent to approximately HK$6,150,000) shall be paid by the Purchaser on or before 31 December 2012;

(c) RMB27,000,000 (equivalent to approximately HK$33,210,000) shall be paid by the Purchaser on or before 30 October 2013; and

(d) RMB27,000,000 (equivalent to approximately HK$33,210,000) shall be paid by the Purchaser on or before 30 October 2014.

The Consideration was arrived at after arm's length negotiation between the parties to the Agreement and after taking into consideration various factors, including (i) the Company's total cost of acquisition of the Sale Shares; and (ii) the unaudited net asset value of the Target Company as at 31 December 2011 of RMB74,505,416 (equivalent to approximately HK$91,641,662).

Pursuant to the Agreement, the Vendor shall assist the Purchaser to make the relevant filings for the registration of the change in shareholding with the relevant State Administration for Industry and Commerce office in the PRC (the "Registration") within five working days after the First Tranche Consideration is made. All directors of the Target Company nominated by the Company will resign upon signing of the Agreement. Upon completion of the Registration, the Group will cease to have any interest in the Target Company.

If either party is unable to fulfill its obligations under the Agreement, the party in breach of the Agreement will be required to pay a compensation amount equal to 30% of the Consideration to the other party. If the economic loss is higher than 30% of the Consideration, the party in breach of the Agreement shall compensate the additional amount to the other party.

THE SHARE PLEDGE AGREEMENT

In order to secure the payment of all the amounts due from the Purchaser to the Vendor in relation to the Disposal, the Share Pledge Agreement was entered into between the Vendor and the Purchaser on 28 March 2012. Pursuant to the Share Pledge Agreement, upon signing of the Share Pledge Agreement, the Purchaser shall pledge 30% shareholding interests in the Target Company to the Vendor to secure the payment of all the amounts due from the Purchaser to the Vendor. Such share pledge shall be recorded in the registrar of members of the Target Company and filed with the relevant State Administration for Industry and Commerce office in the PRC. The Share Pledge Agreement will continue to be in force until the Purchaser has fulfilled all its obligations under the Agreement. The Share Pledge Agreement shall be terminated upon (i) fulfillment of the Purchaser's obligation under the Agreement; or (ii) if agreeable by the Vendor, the Purchaser can provide other form of assets as security and complete the relevant registration procedures for the pledge of such assets to the Vendor.

INFORMATION ON THE TARGET COMPANY

The Target Company was established in the PRC on 4 January 2008 to engage in iron ore mining and smelting.

Set out below is a summary of the unaudited financial information of the Target Company for the two years ended 31 December 2011, which is extracted from the management accounts of the Target Company prepared based on Generally Accepted Accounting Principles of the PRC:

	For the year ended 31 December 2011 (unaudited) *RMB*	**For the year ended 31 December 2010 (unaudited)** *RMB*
Loss before and after taxation	48,506,303 (approximately equivalent to HK$ 59,662,753)	40,262,374 (approximately equivalent to HK$ 49,522,720)

As at 31 December 2011, the unaudited net assets value of the Target Company was approximately RMB74,505,416 (approximately equivalent to HK$91,641,662).

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

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.

In 2008, the Company acquired 35% shareholding interest in the Target Company with an aim to secure a stable source of iron and steel as the raw material for the Group's cast components manufacturing. However, the supply of iron and steel by the Target Company does not fit in with the requirements for the Group's cast components manufacturing. In addition, the Target Company has been loss making since the acquisition by the Company. Therefore, the Directors consider that the Disposal represents a good opportunity to divest this non-core and loss-making business and realize its investment in the Target Company.

It is intended that the proceeds from the Disposal will be applied towards the general working capital of the Group.

Taking into consideration the aforesaid, the Directors, (including the independent non-executive Directors of the Company) consider that the terms and conditions of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Group's investments in the Sale Shares are being classified as non-current assets held-for-sale. Based on the unaudited carrying value of the non-current assets held-for-sale as at 31 December 2011, the Group will record a gain before tax of HK$5,160,000 on the Disposal which represents the difference of the Consideration received discounted at its present value and the unaudited carrying value of the non-current assets held-for-sale as at 31 December 2011. Such calculation is only for illustrative purposes and the actual gain or loss derived from the Disposal will depend on the carrying value of the non-current assets held-for-sale on the date of completion.

LISTING RULE IMPLICATIONS

As some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"Agreement"	the conditional sale and purchase agreement dated 28 March 2012 entered into between the Vendor and the Purchaser 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 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
"Consideration"	the consideration for the Disposal of RMB69,000,000 (equivalent to approximately HK$84,870,000) payable by the Purchaser under the Agreement
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Disposal"	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Agreement
"First Tranche Consideration"	the first tranche of Consideration expected to be paid by the Purchaser on or before 31 March 2012, amounting to RMB10,000,000 (equivalent to approximately HK$12,300,000)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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
"Purchaser" or "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
"Sale Shares"	35% shareholding interest in the Target Company owned by the Vendor
"Shareholder(s)"	the holder(s) of the ordinary share(s) of HK$0.10 each in the issued share capital of the Company

"Share Pledge Agreement"	the share pledge agreement entered into between the Purchaser and the Vendor pursuant to which the Purchaser will pledge its 30% shareholding interest in the Target Company to the Vendor to secure the payment of all the amounts due from the Purchaser in relation to the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company" or "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
"Vendor" or "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 and cast steel components
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	Per cent.

For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK$ is calculated at the approximate exchange rate of RMB1.00 to HK$1.23.

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

Hong Kong, 28 March 2012

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.