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L.K. Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 558)

DISCLOSEABLE TRANSACTION IN RELATION TO CAPITAL INJECTION IN IDRA SRL.

Financial adviser



CIMB-GK Securities (HK) Limited

The Board is pleased to announce that, on 3 March 2008, Honest Well, an indirect wholly-owned subsidiary of the Company, and ICM entered into the Agreement pursuant to which (i) Honest Well will purchase from ICM a Quota equal to 70% of the share capital of Idra for an amount of €0.70; (ii) Honest Well will subscribe for a Quota representing 70% of the issued capital of Idra as enlarged by the Capital Injection for a cash consideration of €3,500,000 ; and (iii) ICM will subscribe for a Quota representing 30% of the issued capital of Idra as enlarged by the Capital Injection for a cash consideration of €1,500,000. The subscription amount by Honest Well and ICM may be increased by an aggregate amount of not exceeding €2,500,000 provided that Honest Well's Quota in Idra will not exceed 80% and ICM's Quota in Idra will not exceed 30%.

At Completion, Honest Well and ICM will enter into the Call Option Agreement pursuant to which Honest Well shall have the option to (i) purchase 50% of ICM's Quota in Idra within the First Option Period at the First Transfer Price; and (ii) subject to the exercise of the First Option, purchase ICM's remaining 50% Quota in Idra within the Second Option Period at the Second Transfer Price.

At Completion, Honest Well and ICM will also enter into the Put Option Agreement pursuant to which ICM shall have the option to require Honest Well to (i) purchase 50% of ICM's Quota in Idra within the First Option Period at the First Transfer Price; and (ii) subject to the exercise of the First Option, purchase ICM's remaining 50% Quota in Idra within the Second Option Period at the Second Transfer Price.

The Idra Group is principally engaged in the design, manufacture and sale of die-casting machines and equipment, which are marketed under the brand name of IDRA. The Idra Group has a history of over 60 years and is one of the leading die-casting machines manufacturers in the world.

The Capital Injection by Honest Well pursuant to the Agreement together with the possible purchase of ICM's Quota in Idra pursuant to the Put Option Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing further information on the Capital Injection will be despatched to the Shareholders as soon as practicable pursuant to Rule 14.38 of the Listing Rules.

INTRODUCTION

On 3 March 2008, Honest Well, an indirect wholly-owned subsidiary of the Company, and ICM entered into the Agreement pursuant to which Honest Well will invest €3,500,000 in Idra for a 70% interest in Idra. At Completion, Honest Well and ICM will enter into (i) the Call Option Agreement pursuant to which Honest Well shall have the option to purchase the remaining 30% interest in Idra for an amount not exceeding €5,000,000; and (ii) the Put Option Agreement pursuant to which ICM shall have the option to require Honest Well to purchase the remaining 30% interest in Idra for an amount not exceeding €5,000,000.

THE AGREEMENT

Date

3 March 2008

Parties

1. Honest Well, an indirect wholly-owned subsidiary of the Company; and
2. ICM, a company registered in Italy

ICM is an investment holding company registered in Italy with limited liability. As at the date of this announcement, ICM was the owner of the entire Quota of Idra.

To the best of the knowledge, information and belief of the Directors, ICM and its ultimate beneficial owner are third parties independent of and not connected with the Company and its subsidiaries or any of the connected persons (as defined in the Listing Rules).

Scope of the investment transaction

At Completion:

1. Honest Well will purchase from ICM a Quota equal to 70% of the existing share capital of Idra for a consideration of €0.70;
2. Honest Well will subscribe for a Quota representing 70% of the issued capital of Idra as enlarged by the Capital Injection for a cash consideration of €3,500,000; and
3. ICM will subscribe for a Quota representing 30% of the issued capital of Idra as enlarged by the Capital Injection for a cash consideration of €1,500,000.

Post Completion:

In the period between the Completion Date and the 15th day following the date in which the Second Shortfall (as defined below) has been determined, Honest Well may elect to increase the capital of Idra for an amount not exceeding €2,500,000 (“Post Completion Capital Injection”) provided that:

1. such increase is necessary in order to cover losses to the extent required by the Italian Civil Code;
2. ICM shall have the right, but not the obligation, to subscribe also pro quota for such increase of capital;
3. in the event that the subscription is effected entirely by Honest Well, such amount in excess will not result in Honest Well’s Quota in Idra exceeding 80%; and
4. when subscribed also by ICM such amount in excess will not result in ICM’s Quota in Idra exceeding 30%.

The maximum amount of the Post Completion Capital Injection of €2,500,000 was determined with reference to Honest Well’s maximum Quota in Idra of not exceeding 80%.

Call option

At Completion, Honest Well and ICM will enter into the Call Option Agreement pursuant to which Honest Well shall have the option to (i) purchase 50% of ICM’s Quota in Idra within the First Option Period at the First Transfer Price; and (ii) subject to the exercise of the First Option, purchase ICM’s remaining 50% Quota in Idra within the Second Option Period at the Second Transfer Price.

Put option

At Completion, Honest Well and ICM will also enter into the Put Option Agreement pursuant to which ICM shall have the option to require Honest Well to (i) purchase 50% of ICM’s Quota in Idra within the First Option Period at the First Transfer Price; and (ii) subject to the exercise of the First Option, purchase ICM’s remaining 50% Quota in Idra within the Second Option Period at the Second Transfer Price. The First Transfer Price and the Second Transfer Price were determined with reference to the

price-to-earning ratios of other companies listed on the Stock Exchange that engage in the similar business as that of Idra. The maximum aggregate consideration for the purchase of the remaining 30% interest in Idra of €5,000,000 was determined with reference to the aggregate amount of the Capital Injection of €5,000,000.

The Directors are of the view that the terms of the Put Option Agreement were determined after arm's length negotiations between the parties and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Capital injection

The amount to be contributed by Honest Well and ICM respectively pursuant to the Agreement was determined after arm's length negotiations between the parties with reference to the financial position of Idra, the estimated working capital for the turnaround of the Idra Group, the Guaranteed Net Equity, the Debt Write-off in an amount of not lower than €2,000,000, as determined after arm's length negotiations between the parties with reference to the financial position of Idra and ICM's estimation on the write-off amount that the bank creditor of Idra may possibly agree, and the possible synergetic effects as a result of the transaction and was in proportion to their respective Quota in Idra upon Completion.

The amount to be contributed by Honest Well will be settled in cash on Completion and will be financed by the Group's internal resources.

Conditions

Completion of the Agreement is conditional upon:

1. ICM having converted the Shareholder's Loans, which amounted to approximately €4.5 million as at 30 September 2007, into permanent shareholders' paid-in share capital;
2. ICM having injected cash, in the form of equity, into Idra for an amount corresponding to the Shortfall, if any, up to the maximum amount of €1,000,000 i.e. the Cash Injection;
3. the agreement in writing by a bank creditor of Idra to (i) accept the Debt Write-off; (ii) reduce the interest rate and bank fees at average market conditions; and (iii) secure suitable credit lines to Idra provided that neither Honest Well nor ICM will be obliged to provide any corporate guarantee to support such facility;
4. ICM having delivered to Honest Well a list of the outstanding transactions in force between Idra and its direct, intermediate and ultimate parent companies; and
5. the First Survey being completed and the final report thereon duly submitted to the parties.

In the event that the above conditions shall not have been satisfied or waived by Honest Well on or before 31 March 2008, the Agreement shall terminate.

Honest Well may waive in whole or in part any of the above conditions or extend the period for 30 calendar days (or such other period as the parties may agree in writing) in which the said conditions are to be satisfied.

Completion

Completion shall take place on 2 April 2008 (or such other period as the parties may agree in writing) provided that Completion may be postponed upon request of Honest Well in the event that additional time is required to ensure all relevant consents or approvals from governmental or regulatory authorities in connection with the transactions contemplated under the Agreement are obtained.

Upon Completion, Idra will become a subsidiary of the Company.

Post Completion adjustment

In the event that the Actual Net Equity is lower than the Guaranteed Net Equity, ICM shall be obliged to inject into Idra, within 15 days from the date in which the Actual Net Equity has been determined, a cash amount (the “Additional Cash Injection”) corresponding to the difference between (a) the Guaranteed Net Equity and (b) the Actual Net Equity plus the Cash Injection, if any (i.e. the Second Shortfall) provided however that the sum of the Cash Injection and the Additional Cash Injection will not exceed €1,000,000.

Should the Additional Cash Injection, if due, not be sufficient to cover the Second Shortfall, Honest Well may, at its absolute discretion, decide to contribute cash into Idra in order to cover the Second Shortfall provided that such amount shall be part of the Capital Injection by Honest Well. In such event, Honest Well’s Quota in Idra will be increased proportionately up to a maximum of 80% and ICM’s Quota in Idra will be correspondingly adjusted downward but in any event not falling below 20%.

INFORMATION ON THE IDRA GROUP

Idra is a limited liability company registered in Italy. To the best of the knowledge, information and belief of the Directors, the ultimate beneficial owner of Idra is Intek SpA, a company listed on the Milan Stock Exchange of Italy. The Idra Group is principally engaged in the design, manufacture and sale of die-casting machines and equipment, which are marketed under the brand name of IDRA. The Idra Group has a history of over 60 years and is one of the leading die-casting machines manufacturers in the world.

Set out below is the financial information of the Idra Group for the two years ended 31 December 2006 and the nine months ended 30 September 2007, which are prepared in accordance with Italian generally accepted accounting principles (“GAAP”):

	For the year		For the nine
	ended 31 December		months ended
	2005	2006	30 September
	€'000	€'000	€'000
	(unaudited)	(unaudited)	(unaudited)
Revenue	11,140	17,112	21,707
Net profit/(loss) before taxation	278	(1,805)	(3,274)
Net profit/(loss) after taxation	78	(2,006)	(3,311)

	As at 31 December 2005	As at 30 September 2006	As at 30 September 2007
	€'000	€'000	€'000
	(unaudited)	(unaudited)	(unaudited)
Total assets	9,272	31,551	33,501
Net assets	1,330	1,416	2,420

To the best of the knowledge, information and belief of the Directors, there is no material difference between Italian GAAP and International Financial Reporting Standard (“IFRS”).

As advised by ICM, the losses incurred by Idra for the year ended 31 December 2006 and the nine months ended 30 September 2007 were principally attributable to the fact that Idra acquired all die casting machine manufacturing business from ICM in July 2006 and relocated all its production facilities to a new factory facility in late 2006. The merger of the businesses and the relocation resulted in a disruption to the operation of the Idra Group in late 2006 and early 2007.

REASONS FOR AND BENEFITS OF THE INVESTMENT

The Group is principally engaged in the design, manufacture and sale of die-casting machines and plastic injection moulding machines.

The Idra Group is one of the leading die-casting machines and equipment manufacturers in the world and has a history of over 60 years. The products of the Idra Group, which are marketed under the brand name of IDRA, have good reputation and are sold to customers in major countries in the world.

The Directors consider that the Capital Injection, the Shareholder’s Loans capitalization, the Debt Write-off serve to strengthen the financial position of Idra and provide additional working capital for the turnaround of the Idra Group. The Directors are of the view that the Capital Injection will enable the Group to leverage on the engineering capabilities, technical expertise, distribution network and the reputation (including the brand name) of the Idra Group, which in turn is expected to enable the Group to enhance its competitiveness and enlarge its market presence through the possible synergy effects namely production cost advantages, cost savings effect through the merger of certain overlapping overseas business units, and the opportunity to tap into the Europe market under the IDRA brand name.

The Directors are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

GENERAL

The Capital Injection by Honest Well pursuant to the Agreement together with the possible purchase of ICM’s Quota in Idra pursuant to the Put Option Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing further information on the Capital Injection will be despatched to the Shareholders as soon as practicable pursuant to Rule 14.38 of the Listing Rules.

DEFINITIONS

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

“Actual Net Equity”	the consolidated net equity of the Idra Group as of 31 December 2007 after conversion of the Shareholder’s Loans, before any adjustment due to the Debt Write-off
“Agreement”	the investment and quotaholders’ agreement dated 3 March 2008 entered into between Honest Well and ICM in respect of the Capital Injection
“Ascertained Forecast Net Equity”	the forecast net equity of the Idra Group as of 31 December 2007 after conversion of the Shareholder’s Loans agreed between Honest Well and ICM upon signing of the Agreement
“Board”	the board of Directors
“Call Option Agreement”	the call option agreement to be entered into by Honest Well and ICM at Completion pursuant to which Honest Well shall have the option to purchase all of ICM’s Quota in Idra
“Capital Injection”	the amount contributed at Completion by the parties pursuant to the Agreement
“Cash Injection”	the amount not exceeding €1,000,000 covering the Shortfall, if any, which ICM is required to inject into Idra as one of the conditions for Completion
“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
“Completion”	completion of the Agreement
“Completion Date”	the date of Completion, being 2 April 2008 or such other date as the parties to the Agreement may agree
“Debt Write-off”	the write-off of the bank overdraft and other bank facilities due to a bank creditor of Idra, which arose in the ordinary and usual course of business of Idra
“Director(s)”	the director(s) of the Company
“First Option Period”	the period commencing on the day of approval by the Quotaholders of the Idra Group financial statements for the year ending 31 December 2009 and expiring on the 90th day thereafter (both dates inclusive)

“First Survey”	an environmental survey to be carried out in Idra’s facility and on the land over which such facility is located by an environmental surveyor as one of the conditions for Completion
“First Transfer Price”	the higher of (a) 50% of the ICM pro-quota value of 8 times Idra’s net profit after taxes for the year ending 31 December 2009, provided that in no case the above value exceeding the amount of €2,500,000; and (b) 50% of the share of Capital Injection paid in by ICM, as yearly adjusted with the interest rate of 5% per annum
“Group”	the Company together with its subsidiaries
“Guaranteed Net Equity”	the consolidated net equity of the Idra Group as of 31 December 2007 after conversion of the Shareholder’s Loans, before any adjustment due to the Debt Write-off, as guaranteed by ICM in an amount not lower than €1,000,000
“Honest Well”	Honest Well Investments Limited, a limited liability company incorporated in the British Virgin Islands
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“ICM”	Idra Casting Machines Srl, a limited liability company registered in Italy
“Idra”	Idra Srl, a limited liability company registered in Italy
“Idra Group”	Idra and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Put Option Agreement”	the put option agreement to be entered into by Honest Well and ICM at Completion pursuant to which ICM shall have the option to require Honest Well to purchase all of its interest in Idra
“Quota”	the participation interest in the share capital of Idra expressed as a percentage of ownership
“Quotaholders”	all those persons holding quotas in the capital of Idra and who are parties to the Agreement from time to time
“Second Option Period”	the period commencing on the day of approval by the Quotaholders of the Idra Group financial statements for the year ending 31 December 2010 and expiring on the 90th day thereafter
“Second Shortfall”	the sum corresponding to the difference, if any, between the amount of the Actual Net Equity (plus the Cash Injection, if any) and the Guaranteed Net Equity, should the former be lower than the latter

“Second Transfer Price”	the higher of (a) 100% of the ICM pro-quota value of 8 times Idra’s net profit after taxes for the year ending 31 December 2010, provided that in no case the above value exceeding the amount of €2,500,000; and (b) 50% of the share of Capital Injection paid in by ICM, as yearly adjusted with the interest rate of 5% per annum
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder’s Loans”	all the shareholder’s loans granted by ICM to Idra outstanding in the financial statements of Idra at Completion
“Shortfall”	the sum corresponding to the difference between the amount of the Ascertained Forecast Net Equity and the Guaranteed Net Equity
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“€”	Euro dollars, the lawful currency of the European Community
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 7 March 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.