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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)

ANNOUNCEMENT

INVESTMENT AGREEMENT IN RELATION TO
(1) ISSUE OF NEW SUBSCRIPTION SHARES;
(2) ISSUE OF PERPETUAL CONVERTIBLE SECURITIES;
(3) ISSUE OF WARRANTS; AND
(4) GRANT OF OPTIONS

INVESTMENT AGREEMENT

The Board is pleased to announce that, on 26 January 2011, the Company and China Machinery entered into the Investment Agreement, pursuant to which China Machinery has agreed to subscribe for the New Subscription Shares, the Perpetual Convertible Securities and the Warrants, and has been granted options to invest in the Company's subsidiaries.

Under the Investment Agreement, upon Closing, China Machinery will subscribe for, and be issued, the New Subscription Shares and the Perpetual Convertible Securities for a total consideration of HK\$400,000,000 payable by China Machinery at Closing.

In addition, China Machinery will subscribe for Warrants to be issued by the Company entitling China Machinery to subscribe for in aggregate up to a maximum amount of HK\$80,000,000 worth of Shares at an initial exercise price of HK\$3.125 per Share, and China Machinery will be granted an option to invest up to HK\$240,000,000 in any of the Company's subsidiaries through the acquisition of Existing Subsidiary Equity Interests from the Company or its subsidiaries or the subscription for New Subsidiary Equity Interests.

Upon Closing and assuming full conversion of the Perpetual Convertible Securities and full exercise of the Warrants, China Machinery would hold approximately 18.04% of the Company's existing issued share capital and approximately 15.28% of the Company's issued share capital as enlarged by the issue of the new Shares.

Closing of the Investment Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Investment Agreement may be terminated in certain circumstances. Please refer to the paragraph headed "The Investment Agreement" below for further information.

As the Investment Agreement may or may not complete, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE INVESTMENT AGREEMENT

The Board is pleased to announce that, on 26 January 2011, the Company and China Machinery entered into the Investment Agreement pursuant to which China Machinery has agreed to subscribe for the New Subscription Shares, the Perpetual Convertible Securities and the Warrants, and has been granted options to invest in the Company's subsidiaries.

Date of the Investment Agreement

26 January 2011

Parties:

- (1) The Company
- (2) China Machinery

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, China Machinery and its ultimate beneficial owners are independent third parties not connected with the Company or any of its connected persons.

The New Subscription Shares

(a) Issue size

Under the Investment Agreement, the Company has conditionally agreed to allot and issue, and China Machinery has conditionally agreed to subscribe for, the New Subscription Shares at HK\$2.50 per New Subscription Share and a total subscription price of HK\$255,000,000.

(b) *New Subscription Shares*

The New Subscription Shares represent approximately 9.91% of the issued share capital of the Company as at the date of this announcement and approximately 9.02% of the issued share capital of the Company as enlarged by the issue of the New Subscription Shares and assuming no other issue of Shares is made.

The New Subscription Shares will have a nominal value of HK\$10,200,000 and a market value of HK\$281,520,000 based on the closing price of the Share of HK\$2.76 as quoted on the Stock Exchange on the Last Trading Date.

The New Subscription Shares, when issued and fully paid, will rank pari passu in all respects amongst themselves and with the Shares in issue on the date of allotment and issue of the New Subscription Shares.

The Subscription Share Price is payable by China Machinery at Closing. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the New Subscription Shares.

(c) *Comparison of the Subscription Share Price*

The Subscription Share Price (being HK\$2.50 per Share) represents:

- (i) a discount of approximately 9.42% to the closing price of HK\$2.76 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 7.06% to the average of the closing prices of approximately HK\$2.69 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 7.06% to the average of the closing prices of approximately HK\$2.69 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Subscription Share Price was determined after arm's length negotiation between the Company and China Machinery with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Share Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Perpetual Convertible Securities

(a) Issue size

Pursuant to the Investment Agreement, the Company has conditionally agreed to issue, and China Machinery has conditionally agreed to subscribe for, the Perpetual Convertible Securities in an investment amount up to HK\$145,000,000.

(b) Principal terms of the Perpetual Convertible Securities

Issuer : the Company

Principal amount of the
Perpetual Convertible
Securities : HK\$145,000,000

Form and denomination : The Perpetual Convertible Securities will be issued in registered form in the denomination of HK\$1,000,000 each.

Issue price : 100% of the principal amount of the Perpetual Convertible Securities, payable by China Machinery at Closing.

Maturity Date : There is no maturity date.

Distribution : If the Company declares any dividend or distribution, whether of cash, assets or other property, the Holder shall be entitled to an equivalent distribution equal to the aggregate amount of dividends attributable to the relevant financial year of the Company which would have been paid (based on a dividend per Share basis) in respect of the Shares into which the Perpetual Convertible Securities held by the Holder would convert as at the record date for determining the Shareholders eligible to receive such dividend.

Initial Conversion Price : HK\$2.50 per Conversion Share, subject to adjustments including among others an alteration to the nominal amount of the Shares as a result of consolidation, subdivision or reclassification, capitalisation of profits or reserves, capital distributions, rights issues or issue of options, warrants or other rights to subscribe for or purchase of the Shares, rights issues of securities (other than the Shares or options, warrants or other rights to subscribe for or purchase Shares), issues at a price which is less than 95% of the average volume-weighted average price quoted on the Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the date of such issue; modifications of rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities, offers to the Shareholders.

No adjustment will be made to the Conversion Price where Shares or other securities are issued, offered, exercised, allotted or granted to, or for the benefit of, employees or former employees (including directors or former directors) of the Company or any subsidiary of the Company pursuant to any employees' share scheme or plan unless any grant or issue under such employees' share scheme would result in the total number of Shares issued or which may be issued upon exercise of all such employees' share scheme granted, during any 12-month period exceeding 2% of the average number of issued and outstanding Shares during such 12-month period.

Conversion Period : The Holder has the right to convert its Perpetual Convertible Securities into Shares at any time after the date of the Investment Agreement at the Conversion Price. The right of a Holder to convert any Perpetual Convertible Securities into Shares is called the conversion right ("**Conversion Right**"). Subject to and upon compliance with the provisions of the Perpetual Convertible Securities and any applicable laws and regulations (including but not limited to the Listing Rules and the Takeovers Code), the Conversion Right attaching to any Perpetual Convertible Securities may be exercised, at the option of the Holder thereof, at any time or upon the Investment Agreement becoming unconditional, provided that a Holder may only convert such number of Perpetual Convertible Securities as would not cause the Company to not comply with the minimum public float requirement under the Listing Rules following the conversion.

Redemption rights : Non-redeemable

- Status and subordination of the Perpetual Convertible Securities : The Perpetual Convertible Securities constitute direct, unsecured and subordinated obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. In the event of Winding-Up of the Company, the Perpetual Convertible Securities shall become immediately due and payable at their outstanding principal amount, together with any accrued and unpaid Distributions, provided that the rights and claims of the Holders against the Company in respect of or arising under the Perpetual Convertible Securities shall be subordinated in right of payment to the claims of holders of all Senior Obligations of the Company, but shall rank (a) pari passu with the claims of holders of all Parity Obligations (if any) of the Company and (b) in priority to the claims of holders of ordinary share capital of the Company and any other obligations of the Company, incurred directly or indirectly by it, which rank, or expressed to rank, pari passu with such ordinary shares (except as otherwise provided by mandatory provisions of law).
- Conversion Shares : Based on the initial Conversion Price, a maximum of 58,000,000 Conversion Shares will be issued upon the full conversion of the Perpetual Convertible Securities, representing approximately 5.64% of the issued share capital of the Company as at the date of this announcement and approximately 5.34% of the issued share capital of the Company as enlarged by a full conversion of the Perpetual Convertible Securities (assuming no other Shares are issued).
- The Conversion Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares.
- Transferability : The Perpetual Convertible Securities cannot be transferred.
- Voting : The Holder(s) will not be entitled to attend or vote at any meetings of the Company by reason only of it being a Holder.
- Listing : No application will be made for the listing of the Perpetual Convertible Securities on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

(c) Comparison of the initial Conversion Price

The initial Conversion Price (being HK\$2.50 per Share) represents:

- (i) a discount of approximately 9.42% to the closing price of HK\$2.76 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 7.06% to the average of the closing prices of approximately HK\$2.69 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 7.06% to the average of the closing prices of approximately HK\$2.69 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The initial Conversion Price was determined after arm's length negotiation between the Company and China Machinery with reference to the prevailing market price of the Shares. The Directors consider that the initial Conversion Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Warrants

(a) Issue size

Pursuant to the Investment Agreement, the Company has conditionally agreed to issue, and China Machinery has conditionally agreed to subscribe for, the Warrants in an investment amount up to HK\$80,000,000.

(b) Principal terms of the Warrants

Issuer : the Company

Number of Warrants : 25,600,000 Warrants

Issue price and consideration : The Warrants will be issued as nil-paid Warrants and no consideration shall be payable by China Machinery for the Warrants.

- Initial Exercise Price : HK\$3.125 per Share, subject to adjustments including among others an alteration to the nominal amount of the Shares as a result of consolidation or sub-division; capitalisation of profits or reserves; capital distributions (including distribution in cash or specie) or grant of rights to the Shareholders to acquire for cash assets of the Company or its subsidiary; rights issues or issue of options or warrants to the Shareholders to subscribe for the Shares at a price which is less than 95% of the average closing price of the Shares quoted on the Stock Exchange for the 20 consecutive trading days ending on the trading day immediately preceding the date of such issue; issues and/or allotment for cash of Shares or any securities (other than the Shares to be issued upon full conversion of the Perpetual Convertible Securities and the Warrants) convertible into or exchangeable for or carry rights of subscription for Shares.
- Exercise Period : The holder of the Warrants may exercise its Warrants during the period from the date of grant of that Warrant until the 30th month of such grant (both days inclusive).
- Warrant Shares : The Warrants entitle the holder of the Warrants to subscribe for a maximum of 25,600,000 Warrant Shares which represents approximately 2.49% of the issued share capital of the Company as at the date of this announcement and approximately 2.43% of the issued share capital of the Company as enlarged by a full exercise of the Warrants (assuming that no other Shares are issued).
- Transferability : The Warrants are freely transferable. China Machinery will use its reasonable endeavour to avoid transferring to any competitor or potential competitor of the Company.
- Voting : The holder of the Warrants will not be entitled to receive notice of, attend a vote at general meetings of the Company by reason only of it being the holder of a Warrant, and will not be entitled to participate in any distribution and/or offers of further securities made by the Company nor does it have any right to participate in the assets of the Company on its liquidation, by reason only of it being a holder of the Warrant.
- Listing : No application will be made for the listing of the Warrants on the Stock Exchange or any other stock exchange.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares.

(c) Comparison of the initial exercise price

The initial exercise price of the Warrants (being HK\$3.125 per Share) represents:

- (i) a premium of approximately 13.22% over the closing price of HK\$2.76 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 16.17% over the average of the closing prices of approximately HK\$2.69 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a premium of approximately 16.17% over the average of the closing prices of approximately HK\$2.69 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The initial exercise price of the Warrants was determined after arm's length negotiation between the Company and China Machinery with reference to the prevailing market price of the Shares. The Directors consider that the initial exercise price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Call Option and the Subscription Option

(a) Call Option

Under the Investment Agreement, China Machinery has been granted the Call Option to acquire from the Company or any of its subsidiaries any Existing Subsidiary Equity Interests from the Company for up to HK\$240,000,000.

China Machinery may exercise the Call Option at any time after the Closing Date until the fifth anniversary of such Closing Date.

The Existing Subsidiary Equity Interests to be acquired by China Machinery for a certain investment amount pursuant to an exercise of the Call Option shall be determined in accordance with the following formulae:

$$\text{Ownership percentage of relevant subsidiary} = \frac{\text{Amount to be invested by China Machinery for the acquisition of Existing Subsidiary Equity Interests}}{\text{Consolidated net income of the relevant subsidiary in respect of the financial year immediately preceding the date of the exercise of the Call Option}} \times 100$$

(b) Subscription Option

Under the Investment Agreement, China Machinery has been granted the Subscription option to subscribe for New Subsidiary Equity Interests for up to HK\$240,000,000.

China Machinery may exercise the Subscription Option at any time after the Closing Date until the fifth anniversary of such Closing Date.

The New Subsidiary Equity Interests to be subscribed for by China Machinery for a certain investment amount pursuant to an exercise of the Subscription Option shall be determined in accordance with the following formulae:

Registered or issued
(as applicable) equity
interest in the relevant
subsidiary to be
subscribed for

$$= \frac{A}{100\% - A} \times \text{Total existing registered or issued (as applicable) equity interest of subsidiary}$$

where A = $\frac{\text{Investment amount to be invested by China Machinery for the subscription for New Subsidiary Equity Interests}}{\text{Consolidated net income of such subsidiary in respect of the financial year immediately preceding the date of the exercise of the Subscription Option}} \times 100\%$

(c) Maximum option exercise value

The maximum aggregate sum that may be invested by China Machinery (or its affiliates) through the exercise of the Call Option and the Subscription Option shall be HK\$240,000,000.

In addition, the aggregate of the Existing Subsidiary Equity Interests and the New Subsidiary Equity Interests to be held by China Machinery at any one time shall never exceed 30% of the ordinary share capital of the then relevant subsidiary of the Company.

(d) Undertakings by China Machinery

China Machinery has agreed that, if any proposed acquisition or subscription upon an exercise of the Call Option and/or the Subscription Option, would qualify as disposal or deemed disposal on the part of the Company which would qualify as a major transaction as defined in the Listing Rules, it will reduce the Existing Subsidiary Equity Interests and/or the New Subsidiary Equity Interests (as the case may be) to be acquired or subscribed for at that time so that the shareholders' approval requirements that apply to the major transaction as defined in the Listing Rules will not be required for the acquisition and/or subscription to proceed.

(e) Completion of the Call Option or Subscription Option

Completion of the relevant transaction pursuant to the exercise of the Call Option or the Subscription Option (as the case may be) shall take place on the tenth (10th) Business Day following the date on which (a) all legally required approvals by the relevant governmental authorities in connection with effecting the relevant transaction have been obtained; and (b) any other conditions precedent to completion as may be agreed between the parties (if any) have been satisfied or waived by the parties.

(f) Listing Rules Implications

The Company will comply with all applicable requirements under the Listing Rules upon the exercise of the Call Option and/or the Subscription Option by China Machinery.

Consideration for the New Subscription Shares and the Perpetual Convertible Securities and payment

The total consideration payable by China Machinery for (i) the New Subscription Shares of HK\$255,000,000; and (ii) the Perpetual Convertible Securities of HK\$145,000,000 shall be payable in a cash lump sum on the Closing Date.

Conditions Precedent

Closing of the Investment Agreement is conditional upon the fulfillment of the following conditions:

- i. the Company shall have obtained all necessary approvals, consents and waivers from the Stock Exchange for the transactions contemplated under the Investment Agreement and for the listing of, and permission to deal in, the New Subscription Shares and any additional Shares that may be required to be issued to China Machinery on conversion of the Perpetual Convertible Securities or exercise of the Warrants;
- ii. there shall not have occurred any Change of Control in respect of the Company;
- iii. there shall not have occurred any material adverse change in respect of the Company; and
- iv. the warranties represented by the Company to China Machinery are as at the date of the Investment Agreement and will as at the fifteenth (15th) Business Day after the Unconditional Date (as defined below) be true, accurate and not misleading in all material respects.

China Machinery may waive all or any of the conditions precedent (except for the condition precedent as set out in item (i)) at any time by notice in writing to the Company.

The date on which all the conditions precedent set out above have been (and continue to be) satisfied (or waived pursuant to the terms set out in the Investment Agreement) shall be the unconditional date (“**Unconditional Date**”). If the Unconditional Date has not occurred within two months from the date of the Investment Agreement, the Investment Agreement (other than certain surviving provisions in the Investment Agreement) shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties shall be released and discharged from their respective obligations under the Investment Agreement.

Closing

Closing shall occur on the 15th Business Day after the date on which all the conditions precedent as stated in the Investment Agreement have been (and continue to be) satisfied (or waived by China Machinery in accordance with the Investment Agreement), or at such other date and time as the Company and China Machinery may agree.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 3 September 2010, the Company granted a general mandate to the Directors to allot and issue up to 20% of the issued share capital of the Company, being 205,388,000 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate granted.

The New Subscription Shares, the Conversion Shares and the Warrant Shares will be allotted and issued under the General Mandate. As such, the issue of the New Subscription Shares, the Perpetual Convertible Securities and the Warrants are not subject to the approval of the Shareholders.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon issue of the New Subscription Shares; (iii) upon issue of the New Subscription Share and upon full conversion of the Perpetual Convertible Securities; (iv) upon issue of the New Subscription Shares and exercise of the Warrants in full; and (v) upon issue of the New Subscription Shares, full

conversion of the Perpetual Convertible Securities and exercise of the Warrants in full (assuming that there is no other changes in the issued share capital of the Company other than the issue of the New Subscription Shares, the Conversion Shares and/or the Warrant Shares (as the case may be)):

Shareholders	As at the date of this announcement		Upon issue of the New Subscription Shares		Upon issue of the New Subscription Shares and assuming conversion of the Perpetual Convertible Securities in full		Upon issue of the New Subscription Shares and assuming exercise of the Warrants in full		Upon issue of the New Subscription Shares and assuming conversion of the Perpetual Convertible Securities and exercise of the Warrants in full	
	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %	Number of Shares	Approximately %
	Girgio ^{Note 1}	655,097,500	63.66%	655,097,500	57.92%	655,097,500	55.09%	655,097,500	56.64%	655,097,500
Ms. Chong	1,050,000	0.10%	1,050,000	0.09%	1,050,000	0.09%	1,050,000	0.09%	1,050,000	0.09%
China Machinery	—	—	102,000,000	9.02%	160,000,000	13.46%	127,600,000	11.03%	185,600,000	15.28%
The other public	372,917,500	36.24%	372,917,500	32.97%	372,917,500	31.36%	372,917,500	32.24%	372,917,500	30.70%
Total	1,029,065,000	100.00%	1,131,065,000	100.00%	1,189,065,000	100.00%	1,156,665,000	100.00%	1,214,665,000	100.00%

Note: Girgio is owned as to 95% by the trustee of The Liu Family Unit Trust and 5% by Mr. Liu Siong Song, the spouse of Ms. Chong Siw Yin (“Ms. Chong”, a Director and the chairperson of the Board as at the date of this announcement).

UNDERTAKING BY THE CONTROLLING SHAREHOLDER

Under an agreement between the Controlling Shareholder and China Machinery dated 26 January 2011, subject to the completion of the Investment Agreement, the Controlling Shareholder has undertaken to China Machinery, among others, (i) to the fullest extent legally permissible, to take all necessary actions to (a) enable China Machinery to appoint one Director to the Board for so long as China Machinery and its affiliates hold in aggregate no less than 9% of the Shares (assuming full conversion of the Perpetual Convertible Securities and on a fully-diluted basis) and (b) enable such Director to be appointed to and to continue as a member of the audit committee, the nomination committee and the remuneration committee of the Company and the committee to oversee strategic matters of the Group, (ii) to vote its Shares and use its best endeavours to ensure that for a period of 12 months after the Closing Date, the Company shall not issue any new Shares below a subscription price of HK\$2.50 per Share or any interests convertible into Shares below a conversion price of HK\$2.50 per Share without China Machinery’s prior consent, and (iii) not to sell, transfer or dispose of any right or interest in any of its Shares for a period of 12 months starting on the Closing Date without China Machinery’s prior consent.

In addition, if the Controlling Shareholder proposes at any time to transfer Shares such that the aggregate holding of Shares held by it and its controlled persons after such transfer is equal to or less than 50% of the issued share capital of the Company as at the date of such transfer, the Controlling Shareholder shall ensure that the transfer shall not complete unless the Controlling Shareholder ensures that the transferee offers to buy from China Machinery the pro-rata number of Shares held by China Machinery on the same terms and at the same price per Share as apply to the proposed transfer.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT AND USE OF PROCEEDS

The Group is principally engaged in the design, manufacture and sale of die-casting machines, plastic injection moulding machines, CNC machines and related accessories. The Group is also engaged in steel casting business.

The Board has considered various ways of raising funds and considers that the entering into of the Investment Agreement represents an opportunity for the Company to raise immediate capital for the Company and to broaden the Shareholder base and the capital base of the Company. The Board considers that the terms of the Investment Agreement are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

The gross proceeds from the subscriptions of the New Subscription Shares and the Perpetual Convertible Securities will be HK\$400 million, and the estimated net proceeds from the subscriptions, after the deduction of relevant expenses of approximately HK\$2 million, will be approximately HK\$398 million. The net proceeds are intended to be utilized for repayment of bank borrowings and general working capital.

The average net price of the New Subscription Shares and the Conversion Shares to be issued by the Company upon full conversion of the Perpetual Convertible Securities, calculated by dividing the estimated net proceeds from the subscriptions by the aggregate number of the New Subscription Shares and the Conversion Shares to be issued by the Company upon full conversion of the Perpetual Convertible Securities, will be approximately HK\$2.49.

CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not carried out any other capital raising activity during the 12 months immediately before the date of this announcement.

INFORMATION ON CHINA MACHINERY

To the best of the knowledge, information and belief of the Directors after making all reasonable enquiry, China Machinery and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

China Machinery is a special purpose vehicle incorporated in the Cayman Islands, wholly owned by FountainVest China Growth Fund and its affiliates (“**FountainVest**”). FountainVest is one of the largest private equity funds dedicated to the China market. With support from some of the world’s largest and most established institutional investors, FountainVest seeks to back industry leaders and emerging champions in China. It aims to build a longstanding partnership with such companies run by strong management teams.

Completion of the Investment Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Investment Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The Investment Agreement” above for further information. As the Investment Agreement may or may not complete, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of the Directors
“Business Day”	a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for normal banking business in Hong Kong or the PRC
“Call Option”	the option granted by the Company to China Machinery under the Investment Agreement, pursuant to which, China Machinery shall have the right to acquire the Existing Subsidiary Equity Interests, for an investment amount, which together with the amount invested under the Subscription Option, shall be up to HK\$240,000,000
“Change of Control”	occurs when (i) any person or persons acting together acquires 30% or more of the voting rights attaching to the issued share capital of the Company if such person or persons does not or do not have, and would not be deemed to have, 30% or more of the voting rights attaching to the issued share capital of the Company; (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring 30% or more of the voting rights attaching to the issued share capital of the Company or the successor entity; or (iii) one or more persons (other than any person referred to in (i) above) acquires the legal or beneficial ownership of all or substantially all of the Company’s issued share capital
“China Machinery”	China Machinery Investment Holdings Limited, an exempted limited liability company incorporated under the laws of the Cayman Islands
“Closing”	means the completion of the issue and subscription of the New Subscription Shares and the Perpetual Convertible Securities in accordance with the terms set out in the Investment Agreement

“Closing Date”	the date of Closing, which shall be the fifteenth (15th) Business Day after the Unconditional Date, or on such other date as the parties may agree
“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 meaning ascribed thereto in the Listing Rules
“Controlling Shareholder” or “Girgio”	Girgio Industries Limited, which holds beneficially approximately 63.66% equity interest of the Company and is owned as to 95% by the trustee of The Liu Family Unit Trust and 5% by Mr. Liu Siong Song, the spouse of Ms. Chong Siw Yin (being a Director and the chairperson of the Board)
“Conversion Price”	means the price per Share at which Shares will be issued upon exercise of the Conversion Right, such price initially being HK\$2.50 per Share, subject to adjustment in accordance with the terms of the Perpetual Convertible Securities
“Conversion Shares”	58,000,000 new Shares to be allotted and issued by the Company to China Machinery upon full conversion of the Perpetual Convertible Securities
“Director(s)”	the director(s) of the Company
“Existing Subsidiary Equity Interests”	the then existing ordinary shares in the share capital of subsidiary(ies) of the Company, which are engaged in business other than manufacturing and sales of die-casting machines, to be disposed of by the Company to China Machinery upon exercise of the Call Option by China Machinery
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 3 September 2010 to authorise the Directors to allot and issue or deal with up to a maximum of 205,388,000 new Shares
“Group”	the Company together with its subsidiaries
“Holder(s)”	means (in relation to a Perpetual Convertible Security) the person in whose name a Perpetual Convertible Security is registered

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the conditional investment agreement dated 26 January 2011 entered into between the Company and China Machinery in relation to the issue of the New Subscription Shares, the issue of the Perpetual Convertible Securities, the issue of the Warrants and grant of the Call Option and the Subscription Option
“Last Trading Date”	25 January 2011, being the last full trading day immediately before the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Subsidiary Equity Interests”	new ordinary shares in the share capital of subsidiary(ies) of the Company, which are engaged in business other than manufacturing and sales of die-casting machines, to be issued by the Company to China Machinery upon exercise of the Subscription Option by China Machinery
“New Subscription Shares”	102,000,000 new Shares to be issued by the Company subject to the terms and conditions of the Investment Agreement
“Parity Obligations”	means in respect of the Company: (i) any class of preference share capital in the Company and (ii) any other obligations of the Company, issued or incurred directly or indirectly by the Company, which rank, or are expressed to rank, <i>pari passu</i> with the Perpetual Convertible Securities or such preference shares
“Perpetual Convertible Securities”	The HKD denominated perpetual subordinated convertible securities with an aggregate principal amount of HK\$145,000,000, and “Perpetual Convertible Security” means any one of them
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Senior Obligations”	means, in respect of the Company, all present and future obligations issued or incurred directly or indirectly by it, other than any of its Parity Obligations and its ordinary share capital
“Share(s)”	the share(s) of nominal value HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Share Price”	HK\$2.50 per New Subscription Share under the Investment Agreement
“Subscription Option”	the option granted by the Company to China Machinery under the Investment Agreement, pursuant to which, China Machinery shall have the right to acquire the New Subsidiary Equity Interests, the investment amount, which together with the investment amount under the Call Option, shall be up to HK\$240,000,000
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	means the Code on Takeovers and Mergers issued by the Securities and Futures Commission
“Warrants”	25,600,000 unlisted warrants carrying the rights to subscribe for Warrant Shares at the exercise price of HK\$3.125 per Share during the period from the date of the warrant instrument until the expiry of the 30th month thereafter, and “Warrant” means any one of them
“Warrant Shares”	25,600,000 new Shares to be allotted and issued by the Company upon full exercise of the Warrants by China Machinery
“Winding-Up”	means with respect to the Company a final and effective order or resolution for winding up or liquidation in respect of the Company
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong

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

Hong Kong, 26 January 2011

As at the date of this announcement, the executive Directors are Ms. Chong Siw Yin, Mr. Cao Yang, Mr. Chung Yuk Ming and Ms. Wong Pui Chun, 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.