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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)**

**MAJOR TRANSACTIONS**  
**DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

**DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY**

The Board is pleased to announce that on 5 December 2023 (after trading hours), the Company, Shenzhen Leadwell, Ningbo LK, Shenzhen LK, LK Machinery, Power Excel and Other Related Individuals entered into the Capital Injection Agreement and other Transaction Documents with the Investors, pursuant to which the Investors have conditionally agreed to subscribe for, in aggregate, RMB34,752,600 newly increased registered capital of Shenzhen LK, representing approximately 5.91% of the enlarged registered capital of Shenzhen LK (or approximately 5.67%, assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion), by way of Capital Injection in cash for the sum of, in aggregate, RMB730 million into Shenzhen LK to increase its registered capital and capital reserve.

**REPURCHASE OPTIONS**

On 5 December 2023 (after trading hours), the Company, Shenzhen Leadwell, Ningbo LK, Shenzhen LK, LK Machinery, Power Excel, Other Related Individuals and FIIF entered into the Shareholders Agreement with the Investors, pursuant to which the Repurchase Options have been granted by the Repurchase Obligor to each of the Investors separately whereby, if any of the specified repurchase events occurs during the period when the Investor(s) is holding equity interest in Shenzhen LK, such Investor(s) shall be entitled to require the Repurchase Obligor to purchase all or part of its equity interest in Shenzhen LK at the Repurchase Price.

## **LISTING RULES IMPLICATIONS**

Shenzhen LK is a non wholly-owned subsidiary of the Company as at the date of this announcement. It is contemplated that the percentage of the Group's equity interest in Shenzhen LK will reduce from approximately 90.11% to approximately 84.78% following the completion of the Capital Injection by the Investors (or approximately 81.34%, assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion). The Capital Injection, if materialized, will constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules.

Even if the Repurchase Options may not materialize in the future, they are treated as if they had been exercised upon the execution of the Shareholders Agreement as the exercise of the Repurchase Options is not at the Company's discretion. The materialization of the Repurchase Options is subject to the occurrence of circumstances set out in the paragraph headed "Conditions for the exercise of the Repurchase Options". As at the date of this announcement, the Repurchase Options have not been exercised.

Pursuant to Rule 14.22 of the Listing Rules, given that the Capital Injection Agreement is entered into within a 12-month period of the FIIF Capital Injection Agreement, and the Repurchase Options are granted within a 12-month period of the FIIF Repurchase Option, each of (i) the Capital Injection and the FIIF Capital Injection and (ii) the Repurchase Options and the FIIF Repurchase Option shall be aggregated as a series of transactions.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of (i) the Capital Injection, when aggregated with the FIIF Capital Injection, exceeds 25% but is less than 75%, and (ii) the Repurchase Options, when aggregated with the FIIF Repurchase Option, exceeds 25% but is less than 100%, the transactions contemplated under the Capital Injection Agreement and the Repurchase Options contemplated under the Shareholders Agreement each constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

## **WRITTEN SHAREHOLDER'S APPROVAL**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder. Therefore, none of the Shareholders and their associates is required to abstain from voting in the general meeting to be convened by the Company for the approval of the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder, as at the date of this announcement.

As at the date of this announcement (after trading hours), the Company has obtained a written Shareholder's approval from Girgio Industries, a controlling shareholder of the Company, holding in aggregate 849,078,004 Shares, representing approximately 61.69% of the entire issued share capital of the Company as at the date of this announcement, for approving the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder.

### **DESPATCH OF CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder, and other information required to be included therein under the Listing Rules, within 15 business days after the publication of this announcement, that is, on or before 28 December 2023. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules. Therefore, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

**Completion of the Capital Injection is subject to the satisfaction and/or waiver of the Conditions Precedent therein. In addition, the Capital Injection Agreement and the Shareholders Agreement may be terminated in certain circumstances. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

### **THE CAPITAL INJECTION AGREEMENT**

On 5 December 2023 (after trading hours), the Company, Shenzhen Leadwell, Ningbo LK, Shenzhen LK, LK Machinery, Power Excel and Other Related Individuals entered into the Capital Injection Agreement and other Transaction Documents with the Investors, pursuant to which the Investors have conditionally agreed to subscribe for, in aggregate, RMB34,752,600 newly increased registered capital of Shenzhen LK, representing approximately 5.91% of the enlarged registered capital of Shenzhen LK (or approximately 5.67%, assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion), by way of Capital Injection in cash for the sum of, in aggregate, RMB730 million into Shenzhen LK to increase its registered capital and capital reserve.

## **Principal terms of the Capital Injection Agreement**

The principal terms of the Capital Injection Agreement are set out below:

### **Date**

5 December 2023 (after trading hours)

### **Parties**

- (1) the Company;
- (2) Shenzhen LK;
- (3) LK Machinery;
- (4) Power Excel;
- (5) Shenzhen Leadwell and Ningbo LK;
- (6) Other Related Individuals; and
- (7) the Investors.

(collectively referred to as the “**Parties**”, and each, a “**Party**”)

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, each of the Investors and their respective ultimate beneficial owner(s) are independent third parties as at the date of this announcement.

### **Capital Injection**

As at the date of this announcement, the registered capital of Shenzhen LK is RMB553,479,949.

Pursuant to the Capital Injection Agreement, the Investors have conditionally agreed to subscribe for, in aggregate, RMB34,752,600 newly increased registered capital of Shenzhen LK, representing approximately 5.91% of the enlarged registered capital of Shenzhen LK (or approximately 5.67%, assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion), by way of capital contribution in cash for the sum of, in aggregate, RMB730 million, of which RMB34,752,600 will be accounted as paid-in registered capital of Shenzhen LK, while the balance will be accounted as its capital reserve.

Set out below is a breakdown of the Capital Injection by each of the Investors:

Investor	Approximate % of the enlarged registered capital of Shenzhen LK to be subscribed (assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion)	Approximate % of the enlarged registered capital of Shenzhen LK to be subscribed (assuming the capital increase by the Employee Stock Ownership Platforms has not been completed as at Completion)	Amount of capital contribution in cash (RMB million)	Amount of capital contribution accounted as paid-in registered capital of Shenzhen LK (RMB million)	Amount of capital contribution accounted as capital reserve of Shenzhen LK (RMB million)
Industrial Machinery Industry Investment Fund	2.72	2.83	350.00	16.66	333.34
CICC SAIC Emerging Industry Fund	1.16	1.21	150.00	7.14	142.86
Shenzhen Pengyuan	0.78	0.81	100.00	4.76	95.24
Shenzhen Cornerstone SME	0.23	0.24	30.00	1.43	28.57
Yantai Huijia	0.78	0.81	100.00	4.76	95.24

### **Subscription price and basis of determination**

The consideration of the Capital Injection was determined based on arm's length negotiations between the Parties on normal commercial terms with reference to the value of the assets of Shenzhen LK and the Parties' assessment of the future development prospects of Shenzhen LK.

The Parties adopted a market approach and arrived at the estimated value of Shenzhen LK by reference to the unaudited pro forma profit attributable to the assets of the Target Group (after taxation) for the year ended 31 March 2023 (assuming the relevant restructuring involved under the Capital Injection Agreement has been completed as at the end of the period), prepared in accordance

with Hong Kong GAAP, of approximately HK\$563.6 million, which was further multiplied by a price-to-earnings (P/E) ratio determined by benchmarking against a range of P/E ratios for comparable companies in the market.

The P/E ratio selected by the Parties was arrived at through arm's length negotiations and with reference to the range of P/E ratios of approximately 21x to 46x (with an average of 32x) observed for comparable companies during the year ended 31 December 2022. These comparable companies are involved in the die-casting and die-casting machines manufacturing businesses, whose equities are listed in the PRC market. This ratio incorporates the Parties' collective evaluation of Shenzhen LK's future growth prospects within the die-casting machine manufacturing sector. Additionally, a discount was applied to account for the lack of marketability of Shenzhen LK's equity interests.

The Directors are of the view that the basis of determination of the consideration of the Capital Injection is fair and reasonable, and in the interest of the Company and its shareholders as a whole.

### **Payment of the consideration**

The consideration of the Capital Injection amounted to RMB730 million. The Investors shall settle the consideration of the Capital Injection upon Completion in cash, which shall be payable by the Investors within ten (10) days (or any other date agreed by the Covenantors and the Investors) after fulfilment or waiver in writing of all Conditions Precedent to the designated account of Shenzhen LK.

### **Conditions Precedent**

The performance by the Investors of their obligation to pay the capital injection amount into the designated account and Completion is conditional upon fulfilment of, among other things, the following conditions (the "**Conditions Precedent**"), unless otherwise agreed to be waived in writing by the Investors of the respective Conditions Precedent:

- (1) there are no judgments, awards, rulings, or injunctions from applicable laws, courts, arbitration bodies, or relevant government authorities that restrict, prohibit, or cancel the Capital Injection and Internal Group Restructuring, and there are no pending or potential litigations, arbitrations, judgments, awards, rulings, or injunctions that could have a material adverse effect on the Capital Injection;
- (2) (i) the board of directors and the shareholders at the general meeting of Shenzhen LK have approved the execution of the Transaction Documents and the Capital Injection; and (ii) each of the shareholders of Shenzhen LK have waived their applicable pre-emptive rights in writing accordingly;

- (3) the Target Group has obtained all necessary third-party consents, including all applicable approval from the Company and its related parties, if any, to execute and perform the Transaction Documents. In addition, executing and performing the Transaction Documents will not result in a breach of any applicable law or any contract, agreement, or other document applicable to the Target Group;
- (4) the Parties and FIIF have successfully completed the execution of the Transaction Documents, including the Capital Injection Agreement, the Shareholders Agreement, the articles of association or amendments to the articles of association of Shenzhen LK, and other ancillary agreements, resolutions, and documents required to complete the Capital Injection, including all business filings related to the Capital Injection. The Investors have received the original signed Shareholders Agreement and Capital Injection Agreement;
- (5) the representations and warranties made by the Covenantors and the Other Related Individuals, for the avoidance of doubt, representations and warranties made by the Other Related Individuals are applicable only to the explicit references pertaining to themselves, continue to be true, complete, and accurate, that they have fulfilled the undertakings specified in the Transaction Documents that are due to be performed on or before the date of Completion, and that there has been no breach of the agreement in the Transaction Documents;
- (6) there have been no material adverse changes in the Target Group;
- (7) the Investors have completed financial, operational and legal due diligence and are satisfied with the results of the due diligence investigation; and
- (8) the Investors have obtained the approval of their investment decision committee for the Capital Injection.

The Investors may waive the Conditions Precedent at any time before the date of Completion by notice in writing.

### **Completion**

Completion shall take place within ten (10) days after the date on which all of the Conditions Precedent have been fulfilled (or waived by the Investors in writing), or any other date as agreed by the Parties.

### **Termination**

The Capital Injection Agreement shall be effective upon the date of execution and may be terminated under the following circumstances:

- (1) the Capital Injection Agreement may be terminated by unanimous written consent of the Parties thereto;

- (2) prior to the date of registration of changes at the administration of industry and commerce in respect of the Capital Injection upon Completion, the Investors shall have the right to terminate the Capital Injection Agreement by written notice to the Parties, if any of the following circumstances occurs:
- (i) there is any material inaccuracy or material omission in the statements, representations, warranties or undertakings of the other parties;
  - (ii) there is a breach by the Covenantors and/or the Other Related Individuals of the covenants, representations, warranties, undertakings, or any other obligations and a failure to take effective remedial action to the satisfaction of the Investors within ten (10) business days after a written notice is sent by the Investors;
  - (iii) the Parties fail to complete the Capital Injection within sixty (60) business days from the date of the Capital Injection Agreement or any other date as agreed by the Parties; or
  - (iv) the Parties fail to in relation to the Capital Injection, complete the change of registration and obtain a business license from the market supervision and administration department and complete the reporting procedures from the competent commercial department within sixty (60) business days from the date of Completion or any other date as agreed by the Parties.

If the Conditions Precedent have been confirmed by the Investors to be fully satisfied but Completion does not occur within fifteen (15) business days thereafter due to reasons attributable to Investors, the Covenantors shall have the right to notify the other Parties in writing to terminate the Capital Injection Agreement.

Each Party shall return the consideration received from the other Party based on principles of fairness, reasonableness, honesty, and good faith, and endeavour to restore the *status quo* before the Capital Injection Agreement was signed. If the Investors have already paid the Capital Injection amount, Shenzhen LK shall return it within three (3) business days of termination.

Certain provisions relating to compensation undertakings, transaction expenses, confidentiality, governing law and dispute resolution, and other ancillary provisions in the Capital Injection Agreement shall still be legally binding on Parties to the Capital Injection Agreement after its termination.

### **Listing Rules Implications of Capital Injection**

Shenzhen LK is a non wholly-owned subsidiary of the Company as at the date of this announcement. It is contemplated that the percentage of the Group's equity interest in Shenzhen LK will reduce from approximately 90.11% to approximately 84.78% following the completion of the Capital Injection by



the Investors (or approximately 81.34%, assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion). The Capital Injection, if materialized, will constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, given that the Capital Injection Agreement is entered into within a 12-month period of the FIIF Capital Injection Agreement, the Capital Injection and the FIIF Capital Injection shall be aggregated as a series of transactions. Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Injection, when aggregated with the FIIF Capital Injection, exceeds 25% but all are less than 75%, the transactions contemplated under the Capital Injection Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

## **THE SHAREHOLDERS AGREEMENT**

### **Date**

5 December 2023 (after trading hours)

### **Parties to the Shareholders Agreement**

- (1) the Company;
- (2) Shenzhen LK;
- (3) LK Machinery;
- (4) Power Excel;
- (5) Shenzhen Leadwell and Ningbo LK;
- (6) Other Related Individuals;
- (7) FIIF; and
- (8) the Investors.

(collectively referred to as the “**Parties**”, and each, a “**Party**”)

## **Shareholders' rights and obligations**

The Shareholders Agreement sets out the rights and obligations of the Parties thereto in relation to the management and operations of Shenzhen LK and shall take effect upon the Completion. In particular, it contains the following key provisions in relation to FIIF's and the Investors' rights and obligations as shareholders of Shenzhen LK:

### ***Pre-emptive right, right of first refusal and tag-along rights***

FIIF and the Investors shall enjoy the pre-emptive right, right of first refusal and tag-along rights that are customary and not subordinated to other shareholders of Shenzhen LK.

### ***Anti-dilution***

Shenzhen LK shall not issue any equity securities that would result in any form of dilution of FIIF's the Investors' shareholding or equity interest unless approved by FIIF and the Investors. Without the prior written consent of FIIF and the Investors, the unit transfer price at which the Restricted Shareholders transfer their direct or indirect interest in Shenzhen LK shall not be less than the unit subscription price of the FIIF Capital Injection and the Capital Injection (except for the transfer of equity interest, in whole or in part, held directly or indirectly in Shenzhen LK among the Restricted Shareholders with certain restrictions subject to the fulfilment of certain conditions). FIIF and the Investors shall be entitled to demand Shenzhen LK or the Covenantors to adopt anti-dilution measures such as making cash compensation or equity compensation to FIIF and the Investors so far as permitted by applicable laws and regulations.

### ***Repurchase Options***

#### Conditions for the exercise of the Repurchase Options

Each of the Investors and FIIF shall have the right to demand the Repurchase Obligor to repurchase all or part of the equity interest held by the Investors and FIIF in Shenzhen LK upon the occurrence of specified repurchase events (the "**Repurchase Option(s)**"):

Specific repurchase events primarily comprise the following:

- (1) Shenzhen LK fails to complete the Qualified IPO by 31 December 2027, or fails to apply for the Qualified IPO, the relevant stock exchange or other overseas securities issuance review and approval authorities mutually recognized by the Parties and accepted by the corresponding listing authorities by 30 June 2027;
- (2) there is a material change in the existing principal business of the Target Group or if any member of the Target Group loses or is unable to continue to obtain the necessary qualifications to operate, such that the Target Group is unable to continue to operate the existing principal business; and

(3) there is a change in the *de facto* controller of Shenzhen LK.

### Repurchase Price

Under the Repurchase Options, the Repurchase Obligor shall pay the Investor(s) and/or FIIF the repurchase price (the “**Repurchase Price**”) in cash within three years from the date of receipt the notice of the exercise of the Repurchase Option(s) issued by such Investor(s) and/or FIIF, or (in respect of FIIF only) before the expiration of the fund term of FIIF (whichever is earlier) (the “**Repurchase Notice**”).

The Repurchase Price is to be determined in accordance with the following formulae:

*On or before the first anniversary of the Repurchase Notice*

First instalment of Repurchase Price =  $A \times 30\% \times (1 + E \times N) - B$  (the “**First Instalment**”)

*On or before the second anniversary of the Repurchase Notice*

Second instalment of Repurchase Price =  $(A \times 60\% - \text{benchmark amount already paid by the Repurchase Obligor for the First Instalment}) \times (1 + E \times N) - C$  (the “**Second Instalment**”)

Among them, the benchmark amount for the First Instalment =  $A \times 30\%$

*On or before the third anniversary of the Repurchase Notice*

Third instalment of Repurchase Price =  $(A - \text{total benchmark amount already paid by the Repurchase Obligor for the First Instalment and the Second Instalment}) \times (1 + E \times N) - D$  (the “**Third Instalment**”)

Among them, total repurchase benchmark amount for the First Instalment and the Second Instalment =  $A \times 60\%$

Where:

A = consideration paid by such Investor(s) and/or FIIF in the Capital Injection

B = dividends paid to such Investor(s) and/or FIIF attributable to the equity interest acquired or subscribed by such Investor(s) under the Capital Injection and/or by FIIF under its capital increase and any damages or compensation received by such Investor(s) and/or FIIF under the Transaction Documents and applicable laws and regulations before the date on which such Investor(s) and/or FIIF receives the First Instalment (the “**Deductible Amount**”)

C = the Deductible Amount during the period from the date on which such Investor(s) and/or FIIF received the First Instalment to the date on which such Investor(s) and/or FIIF receives the Second Instalment

D = the Deductible Amount during the period from the date on which such Investor(s) and/or FIIF received the Second Instalment to the date on which such Investor(s) and/or FIIF receives the Third Instalment

E = the interest rate of 7% per annum on such portion of the Repurchase Price (the “**Return Rate**”)

N = the number of years from the date of Completion of the Capital Injection, or (in the case of FIIF) the date of completion of the FIIF Capital Injection, to the date on which such Investor(s) and/or FIIF receives the respective instalments of the Repurchase Price

The Return Rate was determined based on arm’s length negotiations of the Parties with reference to: (i) such Investor(s)’ and/or FIIF’s assessment of the expected return of its investments; and (ii) the recent financing cost level in the market.

The Directors are of the view that the basis of determination of the Repurchase Price (including the Return Rate) is fair and reasonable, and in the interest of the Company and its shareholders as a whole.

#### Listing Rules Implications of the Repurchase Options

Even if the Repurchase Options may not materialize in the future, they are treated as if they had been exercised upon the execution of the Shareholders Agreement as the exercise of the Repurchase Options is not at the Company’s discretion. The materialization of the Repurchase Options is subject to the occurrence of circumstances set out in the paragraph headed “Conditions for the exercise of the Repurchase Options” above. As at the date of this announcement, the Repurchase Options have not been exercised.

Pursuant to Rule 14.22 of the Listing Rules, given that Repurchase Options are granted within a 12-month period of the FIIF Repurchase Option, the Repurchase Options and the FIIF Repurchase Option shall be aggregated as a series of transactions. Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of the Repurchase Options, when aggregated with the FIIF Repurchase Option, exceeds 25% but all are less than 100%, the Repurchase Options contemplated under the Shareholders Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders’ approval requirements under the Listing Rules.

### ***Priority liquidation rights***

If Shenzhen LK is liquidated for any reason such as bankruptcy, reorganization, dissolution, merger, demerger or acquisition, the remaining property of Shenzhen LK after payment of various expenses and settlement of debts and taxes in accordance with the law shall be distributed to FIIF and the Investors in cash in preference to the other shareholders of Shenzhen LK (the “**Priority Liquidation Rights**”).

The occurrence of any of the following events (the “**Deemed Liquidation Events**”) shall be deemed to be the occurrence of liquidation of Shenzhen LK:

- (i) the occurrence of a merger, demerger, merger and acquisition, reorganization, transfer of equity, exchange of shares, capital injection, or other similar transaction or series of transactions of a group member that results in Other Related Individuals not being able to continue to be recognized as the *de facto* controller of a member of the Target Group;
- (ii) the sale, transfer, lease, or disposal of all or a substantial part of the business or assets of the members of the Target Group (or a series of transactions leading to the sale, transfer, lease, or disposal of all or a substantial part of the company’s business or assets);
- (iii) exclusive and irrevocable licensing of all or a substantial part of the intellectual property rights of a member of the Target Group to a third party; or
- (iv) other circumstances provided for by law that would result in a change of control of a member of the Target Group.

In the event of any of the Deemed Liquidation Events, the investing party shall have the right to request Shenzhen LK and/or all its shareholders to realise, in a reasonable manner and in compliance with laws and regulations, the Priority Liquidation Rights.

### **FINANCIAL EFFECTS OF THE CAPITAL INJECTION**

Upon the completion of the Capital Injection:

- (i) assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion, the registered capital of Shenzhen LK will be increased to RMB613,169,184, of which approximately 68.91% of the total equity interest of Shenzhen LK will be owned by the Company (through Power Excel), approximately 12.43% of the total equity interest of Shenzhen LK will be owned by the Company (through LK Machinery), approximately 4.07% of the total equity interest of Shenzhen LK will be owned by the Employee Stock Ownership Platforms, approximately 8.93% of the total equity interest of Shenzhen LK will be owned by FIIF and approximately 5.67% of the total equity interest of Shenzhen LK will be owned by the Investors; or

- (ii) assuming the capital increase by the Employee Stock Ownership Platforms has not been completed as at Completion, the registered capital of Shenzhen LK will be increased to RMB588,232,549, of which approximately 71.83% of the total equity interest of Shenzhen LK will be owned by the Company (through Power Excel), approximately 12.95% of the total equity interest of Shenzhen LK will be owned by the Company (through LK Machinery), approximately 9.31% of the total equity interest of Shenzhen LK will be owned by FIIF and approximately 5.91% of the total equity interest of Shenzhen LK will be owned by the Investors.

Hence, the Group's interest in Shenzhen LK will be diluted from 90.11% to approximately 84.78% following the completion of the Capital Injection by the Investors (or approximately 81.34%, assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion).

Upon the completion of the Capital Injection, Shenzhen LK will remain as a subsidiary of the Company and its financial results will continue to be consolidated in the Company's consolidated financial statements.

The Capital Injection is expected to be recorded as an equity transaction in accordance with Hong Kong Financial Reporting Standards and the accounting policies of the Group. The Directors do not expect to recognize any material gain/loss from the transactions contemplated under the Capital Injection Agreement. The actual amount of gain/loss from the Capital Injection to be recorded by the Company (if any) will be subject to review by the auditor of the Company.

## **INFORMATION OF THE GROUP AND SHENZHEN LK**

### **The Group**

The Group is principally engaged in the design, manufacture, and sales of die-casting machines, PIMMs, computerised numerical controlled machining centres and related accessories, and is also engaged in steel casting.

## Shenzhen LK

Shenzhen LK is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company as at the date of this announcement, which is principally engaged in the design, manufacture and sales of die-casting machines globally. Set out below is a summary of the audited consolidated financial information of the Target Group for the years ended 31 March 2022 and 31 March 2023 (assuming the relevant restructuring involved under the Capital Injection Agreement has been completed as at the end of the periods indicated), respectively, prepared in accordance with Hong Kong GAAP:

	<b>For the year ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>HKD'000</i>	<i>HKD'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Profit attributable to the assets of the Target Group (before taxation)	656,598	618,373
Profit attributable to the assets of the Target Group (after taxation)	563,596	528,937

The unaudited pro forma net asset of the Target Group (assuming the relevant restructuring involved under the Capital Injection Agreement has been completed) prepared according to Hong Kong GAAP as at 31 March 2023 was HK\$2,407,338,000.

### ***Internal Group Restructuring***

The Group has three main reportable operating segments, namely, (i) the die-casting machine business (the “**Die-casting Machine Business**”); (ii) the plastic injection moulding machine business; and (iii) the computerised numerical controlled (CNC) machining centre.

For the purpose of clearly delineating its business segments and streamlining its business operations, the Group has resolved to conduct the Internal Group Restructuring, upon the completion of which all assets and related personnel of the Group’s Die-casting Machine Business will be transferred to Shenzhen LK and its subsidiaries.

As at the date of this announcement, the Internal Group Restructuring remains in progress. According to the current plan of the Internal Group Restructuring, it is currently contemplated that the Group will not be subject to any disclosure or approval requirements under Chapters 14 and/or 14A of the Listing Rules in conducting the Internal Group Restructuring. The Group will comply with the Listing Rules in conducting the Internal Group Restructuring and publish further announcement(s) in compliance with the applicable requirements under the Listing Rules as and when appropriate.

## ***Employee Stock Ownership Platforms***

Reference is made to the announcement of the Company dated 9 November 2023 in relation to the proposed adoption of the share incentive scheme of Shenzhen LK. Please refer to the circular of the Company to be dated on or around 6 December 2023 for further details of the terms and structure of the Employee Stock Ownership Platforms and/or the share incentive scheme of Shenzhen LK, including the percentage of interests in Shenzhen LK to be held by the Employee Stock Ownership Platforms.

## **INFORMATION OF INVESTORS**

### **1. Industrial Machinery Industry Investment Fund**

Industrial Machinery Industry Investment Fund was established in the PRC as a limited partnership, the principal business activities of which include equity investment, equity investment management, industrial investment, investment consulting, investment management and asset management with a focus of investment in industrial machinery industry related companies. Its general partner is Guoqi Yuanhe Private Equity Fund Management Co., Ltd.\* (國器元禾私募基金管理有限公司), a PRC state-owned enterprise. Amongst the limited partners, State Manufacturing Transformation and Upgrading Fund Co.,\* (國家製造業轉型升級基金股份有限公司), which is ultimately controlled by the PRC Governmental Body (as defined in the Listing Rules), owns approximately 49.8% partnership interest in Industrial Machinery Industry Investment Fund. Suzhou Industrial Park Yuanhe Industrial Machinery Equity Investment Partnership (Limited Partnership)\* (蘇州工業園區元禾工業母機股權投資合夥企業(有限合夥)) owns approximately 29.2% partnership interest in Industrial Machinery Industry Investment Fund, where it is ultimately controlled by Suzhou Industrial Park Management Committee\* (蘇州工業園區管理委員會), a PRC governmental entity. Jiangsu Provincial Government Investment Fund (Limited Partnership)\* (江蘇省政府投資基金(有限合夥)) owns approximately 10.0% partnership interest in Industrial Machinery Industry Investment Fund, with Jiangsu Jincai Investment Co., Ltd.\* (江蘇金財投資有限公司) being its general partner, both of which are ultimately owned by the Department of Finance of Jiangsu Province. Suzhou Capital Group Co. Ltd.\* (蘇州創新投資集團有限公司) owns approximately 10.0% partnership interest in Industrial Machinery Industry Investment Fund, which is ultimately controlled by the Suzhou Finance Bureau.

### **2. CICC SAIC Emerging Industry Fund**

CICC SAIC Emerging Industry Fund was established in the PRC as a limited partnership, the principal business activities of which include equity investment, equity investment management, industrial investment, investment consulting, investment management and asset management. Its general partner is CICC Capital Management Co., Ltd.\* (中金資本運營有限公司) (which is ultimately owned by China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Shanghai Stock Exchange and the Stock Exchange (Stock Code: 601995.SH and 3908.HK)). CICC SAIC Emerging Industry Fund's ultimate beneficial owner is



the State Council of the PRC. Amongst the limited partners, Qingdao SAIC Innovation and Upgrading Industry Equity Investment Fund Partnership (Limited Partnership)\* (青島上汽創新升級產業股權投資基金合夥企業(有限合夥)) owns approximately 72.0% partnership interest in CICC SAIC Emerging Industry Fund, and its ultimate beneficial owner is the State-owned Assets Management Commission of Shanghai. Changshu Southeast Industrial Investment Co., Ltd.\* (常熟東南股權投資合夥企業(有限合夥)) owns approximately 14.4% partnership interest in CICC SAIC Emerging Industry Fund, which is ultimately owned by Changshu City Finance Bureau (Changshu City Government State-owned Assets Supervision and Administration Office) (常熟市財政局(常熟市政府國有資產監督管理辦公室)). Save for the above, no other limited partner of CICC SAIC Emerging Industry Fund owns 10% or more partnership interest.

### **3. Shenzhen Pengyuan**

Shenzhen Pengyuan is principally engaged in equity investment, investment management, and asset management businesses. Its general partner is Shenzhen Linxin Cornerstone Equity Investment Fund Management Partnership (Limited Partnership)\* (深圳市領信基石股權投資基金管理合夥企業(有限合夥)) (which is ultimately controlled by Zhang Wei (張維)). Amongst the limited partners, Shenzhen Guiding Fund Investment Co., Ltd.\* (深圳市引導基金投資有限公司) owns approximately 23.0% partnership interest in Shenzhen Pengyuan, and its ultimate beneficial owner is Shenzhen Finance Bureau. Wuhu Xinghui Cornerstone Equity Investment Partnership (Limited Partnership)\* (蕪湖星慧基石股權投資合夥企業(有限合夥)) owns approximately 10.8% partnership interest in Shenzhen Pengyuan, which is ultimately controlled by Zhang Wei (張維). Save for the above, no other limited partner of Shenzhen Pengyuan owns 10% or more partnership interest.

### **4. Shenzhen Cornerstone SME**

Shenzhen Cornerstone SME is principally engaged in trust asset management, investment management, equity investment and investment management of private equity funds. Its general partner is Shenzhen Linxin Cornerstone Equity Investment Fund Management Partnership (Limited Partnership)\* (深圳市領信基石股權投資基金管理合夥企業(有限合夥)) (which is ultimately controlled by Zhang Wei (張維)). Amongst the limited partners, Shenzhen City Huitong Jinkong Fund Investment Co., Ltd.\* (深圳市匯通金控基金投資有限公司) owns 30.0% partnership interest in Shenzhen Cornerstone SME, its ultimate beneficial owner is the Shenzhen Nanshan District State-owned Assets Supervision and Administration Bureau. Guojia Small and Mediumsized Enterprises Development Fund\* (國家中小企業發展基金有限公司), which is ultimately controlled by a PRC Governmental Body (as defined in the Listing Rules) owns 30.0% partnership interest in Shenzhen Cornerstone SME. Wuhu Hongsheng Cornerstone Equity Investment Partnership (Limited Partnership)\* (蕪湖鴻晟基石股權投資合夥企業(有限合夥)), which is ultimately controlled by Zhang Wei (張維), owns 15.0% partnership interest in Shenzhen Cornerstone SME. Xinjiang Nanjia Equity Investment Co., Ltd.\* (西藏眾星百匯企業管理有限公司) owns 15.0% partnership interest in Shenzhen Cornerstone SME, which is held

by Wu Jianbin (吳建斌) as to 65.0% and Peng Zhongbing (彭忠兵) as to 35.0%. Save for the above, no other limited partner of Shenzhen Cornerstone SME owns 10% or more partnership interest.

## **5. Yantai Huijia**

Yantai Huijia is principally engaged in equity investment, investment management and asset management. Its general partner is Beijing Dongfang Huijia Fund Management Co., Ltd.\* (北京東方匯嘉基金管理有限公司), which is ultimately owned by Wang Weidong (王衛東) as to 90% and Huang Bei (黃蓓) as to 10%. Amongst the limited partners, Yantai Shangaohongjin Equity Investment Partnership (Limited Partnership)\* (煙台山高宏進股權投資合夥企業(有限合夥)) owns 89.0% partnership interest in Yantai Huijia and its ultimate beneficial owner is Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司). Anyi Huijia Taikang Venture Capital Fund Partnership (Limited Partnership)\* (安義匯嘉泰康創業投資基金合夥企業(有限合夥)), which is owned as to 32.3% partnership interest by each of Wang Weidong (王衛東), He Yurong (何玉榮) and Wang Ziming (王子銘), respectively, owns 10.0% partnership interest in Yantai Huijia.

Save as disclosed above, and to the best knowledge, information and belief of the Directors, having made all reasonable enquires, the Investors and their respective ultimate beneficial owners are independent third parties as at the date of this announcement.

## **USE OF PROCEEDS**

The proceeds from the Capital Injection shall be applied to the working capital of Shenzhen LK for the development of Shenzhen LK's principal business.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

The Directors consider that the Capital Injection can enhance the working capital and expand the capital base of the Target Group, as well as provide capital support for the operations and development of the Target Group to satisfy its business needs and growth.

Taking into account the factors mentioned above, the Board considers that the terms and conditions of the Capital Injection Agreement and the Shareholders Agreement, the Capital Injection, the Repurchase Options and the transactions as contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has any material interest in the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder. Although Mr. Liu ZM and Ms. Chong are signing parties to the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, they are signing parties to

the transaction documents for the purpose of providing undertakings to the Investors and does not have material interest in the Capital Injection. Therefore, none of the Directors is required to abstain from voting on the relevant resolution approving the Capital Injection at the Board meeting.

## **WRITTEN SHAREHOLDER’S APPROVAL**

As at the date of this announcement (after trading hours), the Company has obtained a written Shareholder’s approval from Girgio Industries Limited (“**Girgio Industries**”), a controlling shareholder of the Company, holding in aggregate 849,078,004 Shares, representing approximately 61.69% of the entire issued share capital of the Company as at the date of this announcement, for approving the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder.

## **DESPATCH OF CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Capital Injection Agreement, the Shareholders Agreement and other Transaction Documents, and the transactions contemplated thereunder, and other information required to be included therein under the Listing Rules, within 15 business days after the publication of this announcement, that is, on or before 28 December 2023. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the Listing Rules. Therefore, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and will make a further announcement of the expected despatch date of the circular in due course.

**Completion of the Capital Injection is subject to the satisfaction and/or waiver of the Conditions Precedent therein. In addition, the Capital Injection Agreement and the Shareholders Agreement may be terminated in certain circumstances. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“business day(s)”	day(s) on which banks in China are generally open to the public (excluding Saturdays, Sundays, and statutory holidays)

“Capital Injection”	the proposed subscription for RMB34,752,600 of the newly increased registered capital of Shenzhen LK (representing approximately 5.91% of the enlarged registered capital of Shenzhen LK (or approximately 5.67%, assuming the capital increase by the Employee Stock Ownership Platforms has been completed as at Completion)) by way of capital injection in cash pursuant to the Capital Injection Agreement
“Capital Injection Agreement”	the capital injection agreement dated 5 December 2023 entered into among the Company Side and the Investors in connection with the subscription and injection of capital in Shenzhen LK
“CICC SAIC Emerging Industry Fund”	CICC SAIC Emerging Industry Equity Investment Fund Partnership (Limited Partnership)* (蘇州中金上汽新興產業股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC in 2021
“Company”	L.K. Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“Company Side”	the Company, Shenzhen LK, LK Machinery, Power Excel, Shenzhen Leadwell, Ningbo LK, Miss Liu, Mr. Liu ZM, Mr. Liu SS and Ms. Chong
“Completion”	completion of the Capital Injection pursuant to the Capital Injection Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Covenantors”	the Target Group, LK Machinery, Power Excel and the Company
“Director(s)”	the director(s) of the Company
“Employee Stock Ownership Platform(s)”	limited partnership(s) or other form of entit(ies) established or to be established, which is/are to subscribe for a certain portion of the registered capital of Shenzhen LK for the purpose of granting equity incentives to employees of members of the Target Group. For further details, please refer to the circular of the Company to be dated on or around 6 December 2023

“FIIF”	Future Industry Investment Fund II (先進製造產業投資基金二期 (有限合夥)), a limited partnership established in the PRC in 2019. For further information on FIIF, please refer to the announcement of the Company dated 29 September 2023
“FIIF Capital Injection”	the subscription by FIIF for approximately 9.47% of the registered capital of Shenzhen LK by way of capital injection of RMB1,150.0 million pursuant to the FIIF Capital Injection Agreement
“FIIF Capital Injection Agreement”	the capital injection agreement dated 14 September 2023 (as supplemented, amended or otherwise modified from time to time) entered into among the Company Side and FIIF in connection with the subscription and injection of capital in Shenzhen LK, as further particularized in the announcements of the Company dated 14 September 2023, 29 September 2023 and 24 October 2023
“FIIF Shareholders Agreement”	the shareholders agreement dated 14 September 2023 entered into among the Company Side and FIIF, as further particularized in the announcements of the Company dated 14 September 2023, 29 September 2023 and 24 October 2023
“FIIF Repurchase Option”	FIIF’s option to require the Company and Target Group to purchase all or part of its equity interest in Shenzhen LK pursuant to the FIIF Shareholders Agreement (as supplemented by the Shareholders Agreement)
“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 PRC
“independent third party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company
“Industrial Machinery Industry Investment Fund”	Industrial Machinery Industry Investment Fund (Limited Partnership)* (工業母機產業投資基金(有限合夥)), a limited partnership established in the PRC in 2022
“Internal Group Restructuring”	the internal restructuring of the Target Group and related acquisition(s)

“Investors”	Industrial Machinery Industry Investment Fund, CICC SAIC Emerging Industry Fund, Shenzhen Pengyuan, Shenzhen Cornerstone SME and Yantai Huijia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LK Machinery”	L.K. Machinery (Shenzhen) Co., Ltd. (力勁機械(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Miss Liu”	Miss Liu Ying Ying, a daughter of Ms. Chong and Mr. Liu SS, and a sister of Mr. Liu ZM
“Mr. Liu ZM”	Mr. Liu Zhuo Ming, the chief executive officer and an executive Director, and a son of Ms. Chong and Mr. Liu, and a brother of Miss Liu
“Mr. Liu SS”	Mr. Liu Siong Song, the spouse of Ms. Chong, and the father of Mr. Liu ZM and Miss Liu
“Ms. Chong”	Ms. Chong Siw Yin, the chairperson of the Board and an executive Director, the spouse of Mr. Liu SS, and the mother of Mr. Liu ZM and Miss Liu
“Ningbo LK”	Ningbo L.K. Technology Co., Ltd. (寧波力勁科技有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Other Related Individuals”	Miss Liu, Mr. Liu ZM, Mr. Liu SS and Ms. Chong
“Power Excel”	Power Excel International Limited (力卓國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Qualified IPO”	an initial public offering of the shares of Shenzhen LK on a stock exchange mutually recognized by the parties (excluding a listing on the National Equities Exchange and Quotations System)

“Repurchase Option(s)”	has the meaning ascribed to it under “The Shareholders Agreement — Shareholders’ rights and obligations — Repurchase Options” in this announcement
“Repurchase Obligor”	the Target Group or the Company (with the Target Group prioritised for performance of such repurchase obligation)
“Repurchase Price”	the price to be determined by the formulae under the section headed “The Shareholders Agreement — Shareholders’ rights and obligations — Repurchase Options — Repurchase Price” in this announcement
“related party(ies)”	(i) in respect of any entity (including a legal person, unincorporated entity or natural person), that is, any other legal person, unincorporated entity or natural person directly or indirectly controlled by it or any other legal person, unincorporated entity or natural person directly or indirectly controlling such entity or jointly controlled with such entity by another person; and (ii) in respect of a natural person, the spouse, child, brother, sister, parent, spouse’s parent, trustee of any trust of which such natural person or a member of his/her immediate family is a beneficiary or discretionary trustee, or any entity or company controlled by the foregoing shall also be deemed to be a related party. The foregoing “control” or “controlled” shall mean the possession, directly or indirectly, of the power to give directions or to oblige others to give directions with respect to the management and decision-making of such entity, whether through the holding of voting rights, by contract or otherwise, or such other relationship which in fact constitutes de facto control
“Restricted Shareholders”	LK Machinery, Power Excel and Other Related Individuals
“RMB”	renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders Agreement”	the shareholders agreement dated 5 December 2023 entered into among the Company Side, FIIF and the Investors

“Shenzhen Cornerstone SME”	Shenzhen Cornerstone SME Development Private Equity Fund Partnership (Limited Partnership)* (深圳基石中小企業發展私募股權基金合夥企業(有限合夥)), a limited partnership established in the PRC in 2021
“Shenzhen Leadwell”	Shenzhen Leadwell Technology Co. Ltd.* (深圳領威科技有限公司), a company established in the PRC with limited liability and a indirect non wholly-owned subsidiary of the Company
“Shenzhen LK”	Shenzhen L.K. Technology Co., Ltd.* (深圳力勁科技有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“Shenzhen Pengyuan”	Shenzhen Pengyuan Cornerstone Private Equity Investment Fund Partnership (Limited Partnership)* (深圳市鵬遠基石私募股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC in 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Shenzhen LK and its subsidiaries
“Transaction Documents”	the Capital Injection Agreement, the Shareholders Agreement and the other documents or agreements entered into or delivered in connection with the Capital Injection by and among, where applicable, the Company Side (and their subsidiaries and affiliates, if applicable), FIIF and the Investors (and their subsidiaries and affiliates, if applicable)
“Yantai Huijia”	Yantai Huijia Shenghong Private Equity Investment Partnership (Limited Partnership)* (煙台匯嘉盛弘私募股權投資合夥企業(有限合夥)), a limited partnership established in the PRC in 2023
“%”	per cent

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

Hong Kong, 5 December 2023



*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, Mr. Tsang Yiu Keung, Paul and Mr. Look Andrew.*

*\* for identification purpose only*