

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

Reference is made to the announcement (the “**Announcement**”) made by L.K. Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 14 September 2023 in relation to, among other things, the entering into of the Capital Injection Agreement and other Transaction Documents by the Company, Shenzhen LK, Shenzhen Leadwell, Ningbo LK (all being indirect wholly-owned subsidiaries of the Company), the Existing Shareholders and the Other Related Individuals with FIIF. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

In addition to the information provided in the Announcement, the Board would like to provide the following additional information regarding the disclosure with respect to the transactions contemplated under the Capital Injection Agreement and the other Transaction Documents.

1. BASIS OF DETERMINATION OF THE CONSIDERATION OF THE CAPITAL INJECTION

As disclosed in the Announcement, 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.

2. EMPLOYEE STOCK OWNERSHIP PLATFORM

As disclosed in the Announcement, an Employee Stock Ownership Platform, to be in the form of a limited partnership or other form of entity, was expected to be established prior to the completion of Capital Injection which is 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 or other entities controlled by the Company.

As at the date of the Announcement and this announcement, the terms and structure of the Employee Stock Ownership Platform and/or the incentive scheme (if any), including the percentage of interests in Shenzhen LK to be held by the platform, have not been finalised. The Company will make further announcement(s) as and when necessary in relation to the establishment of the Employee Stock Ownership Platform in compliance with, where applicable, Chapters 14, 14A and/or 17 of the Listing Rules.

3. INTERNAL GROUP RESTRUCTURING

As at the date of this announcement, the Group had 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.

Following the completion of the Internal Group Restructuring, the Group will conduct its Die-casting Machine Business solely through Shenzhen LK.

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.

4. REPURCHASE OPTION

As disclosed in the Announcement, one of the specific repurchase events refers to the failure of Shenzhen LK to complete the Qualified IPO within the specified timeframe (the “**Listing Completion Timeframe**”), or to apply for the Qualified IPO, the relevant stock exchange or other overseas securities issuance review and approval authorities mutually recognised by the Parties and accepted by the corresponding listing authorities within the specified timeframe (the “**Listing Application Timeframe**”). The Listing Completion Timeframe refers to a date not later than 31 December 2027, whereas the Listing Application Timeframe refers to a date not later than 30 June 2027.

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 FIIF in the Capital Injection

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

C = the Deductible Amount during the period from the date on which FIIF received the First Instalment to the date on which FIIF receives the Second Instalment

D = the Deductible Amount during the period from the date on which FIIF received the Second Instalment to the date on which 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 to the date on which 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) 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.

5. INFORMATION OF FIIF

FIIF is a limited partnership established in the PRC in 2019, with a subscribed capital contribution of approximately RMB49.8 billion. FIIF primarily invests in fields including life science, intelligent NEV, smart manufacturing as well as information & communication technology. As at the date of this announcement, limited partners with subscribed capital contribution exceeding 10% of FIIF include the Ministry of Finance of the PRC and the State Development Investment Corporation* (國家開發投資集團有限公司, which is wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)).

The general partner of FIIF is CS Capital Co., Ltd. (國投招商投資管理有限公司) (“**CS Capital**”). CS Capital is a private equity fund manager registered with the Asset Management Association of China (中國證券投資基金業協會). Together with its affiliates, CS Capital

manages assets of over RMB100 billion across various sectors. CS Capital primarily focuses on four investment areas, namely, life science, intelligent NEV, smart manufacturing as well as information & communication technology.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, FIIF, its ultimate beneficial owners and CS Capital are independent third parties as at the date of this announcement.

This announcement is supplemental to and should be read in conjunction with the Announcement. Save as specified herein, the above supplemental information does not affect other information and contents set out in the Announcement.

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

Hong Kong, 29 September 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.