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)

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

The board (the "Board") of directors (the "Directors") of L.K. Technology Holdings Limited (the "Company") presents the audited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2007 together with the comparative figures for the previous year.

Consolidated Income Statement
For the year ended 31 March 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Turnover	*4*	**969,375**	851,519
Cost of sales		**(661,995)**	(564,407)
Gross profit		**307,380**	287,112
Other revenue	*4*	**15,690**	26,317
Other gains/(losses)	*4*	**8,616**	6,913
Selling and distribution expenses		**(108,434)**	(79,092)
Administration expenses		**(141,377)**	(109,057)
Profit from operations	*5*	**81,875**	132,193
Finance income	*6*	**4,668**	783
Finance costs	*6*	**(17,245)**	(15,100)
Finance costs – net	*6*	**(12,577)**	(14,317)
Profit before income taxes		**69,298**	117,876
Income taxes	*7*	**(9,023)**	(10,260)
Profit for the year attributable to equity holders of the Company		**60,275**	107,616
Dividends	*8*	**18,000**	–
		HK cents	*HK cents*
Earnings per share	*9*		
– basic		**7.0**	14.3
– diluted		**6.9**	N/A

Consolidated Balance Sheet

As at 31 March 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Intangible assets		**3,187**	3,220
Property, plant and equipment		**356,030**	335,221
Investment properties		**18,700**	17,219
Land use rights		**34,289**	31,722
Available-for-sale financial assets		**950**	1,216
Deferred tax assets		**12,096**	7,364
Bills and accounts receivable – due after one year	*10*	**932**	4,148
Restricted bank balances		**3,943**	1,969
		430,127	402,079
Current assets			
Inventories		**353,546**	205,964
Bills and accounts receivable	*10*	**290,267**	243,567
Other receivables, prepayments and deposits		**26,315**	26,664
Amounts due from related entities		**–**	95,625
Restricted bank balances		**23,243**	18,482
Cash and bank balances		**259,629**	65,435
		953,000	655,737
Current liabilities			
Bills and accounts payable	*11*	**219,759**	142,010
Other payables, deposits and accruals		**100,433**	83,968
Amount due to holding company		**–**	109
Bank borrowings – due within one year		**258,349**	261,282
Tax payable		**2,570**	4,916
		581,111	492,285
Net current assets		**371,889**	163,452
Total assets less current liabilities		**802,016**	565,531
Non-current liabilities			
Bank borrowings – due after one year		**49,402**	91,589
Net assets		**752,614**	473,942
EQUITY			
Share capital		**100,000**	10,000
Reserves		**652,614**	463,942
Equity attributable to the Company's equity holders		**752,614**	473,942

Notes:

1. **General Information**

The Company was incorporated in the Cayman Islands on 18 August 2004 as an exempted company with limited liability under the Companies Law of Cayman Islands. Pursuant to a corporate reorganisation (the "Corporate Reorganisation") in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which was completed on 23 September 2006, the Company acquired all of the equity interests in Best Truth Enterprises Limited, World Force Limited and Cyberbay Pte Ltd.. Details of the Corporate Reorganisation are set out in section 4 headed "Corporate Reorganisation" in Appendix V to the prospectus of the Company dated 29 September 2006 (the "Prospectus").

The Company's shares were listed on the Stock Exchange since 16 October 2006 (the "Listing Date").

The Group is principally engaged in the design, manufacture, and sales of hot chamber and cold chamber die-casting machines, plastic injection moulding machines and related accessories.

2. **Basis of Preparation**

These consolidated financial statements have been prepared on consolidated basis as prescribed by the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The consolidated income statement for the year ended 31 March 2007 include the results of the companies now comprising the Group as if the current group structure had been in existence throughout the year ended 31 March 2007, or since their respective dates of incorporation/establishment, where this is a shorter period. The consolidated balance sheet as at 31 March 2007 have been prepared to present the assets and liabilities of the companies now comprising the Group as the current group structure resulting from the Corporate Reorganisation was completed on 23 September 2006.

The comparative amounts in the consolidated financial statements are presented on the same basis.

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA that are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new standards, amendments or interpretations had no material effect on how the results and financial positions for the current or prior accounting periods are prepared and presented. Accordingly no prior year adjustment has been made.

3. **Significant Accounting Policies**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which includes all applicable Hong Kong Accounting Standards ("HKAS") and Interpretations ("INT")) and have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair values.

The Group has not yet applied the following new or amended HKFRS, HKAS and INT that have been issued but are not yet effective for the year ended 31 March 2007. The directors of the Company are in the process of making assessment of what the impact of these amendments, new standards and new interpretations are expected to be in the period of initial application. So far the directors have concluded that the adoption of them is not expected to have a significant impact on the Group's results of operations and financial position.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC)-INT 8	Scope of HKFRS2	1 May 2006
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC)-INT 12	Service Concession and Arrangements	1 January 2008

4. Turnover, Other Revenue, Other Gains/(Losses) and Segment Information

The turnover, other revenue and other gains/(losses) recognised during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Sales of machines and related accessories, net of returns and discounts	**969,375**	851,519
Other revenue		
Rental income	**1,692**	1,601
Other subsidies from government	**3,209**	4,245
Value added tax refunded	**8,411**	18,063
Sundry income	**2,378**	2,408
	15,690	26,317
Other gains/(losses)		
Exchange gains, net	**7,699**	1,328
(Losses)/gains on disposals of property, plant and equipment	**(375)**	60
Increase in fair value of investment properties	**1,292**	1,830
Gain on disposal of subsidiaries	**–**	915
Gain on resale of plant and equipment to related companies	**–**	2,780
	8,616	6,913
	993,681	884,749

Primary reporting format – Business segments

The Group is principally engaged in the design, manufacture, and sales of hot chamber and cold chamber die-casting machines, plastic injection moulding machines and related accessories.

As the Group has only one business segment, no business segment analysis was presented.

Secondary reporting format – Geographical segments

The Group primarily operates in Hong Kong and the PRC. Sales are made to customers in the PRC and overseas customers. The Group's turnover by geographical location is determined by the final destination of delivery of the products.

The following tables present turnover and other revenue, assets and capital expenditure information for the Group's geographical segments.

	2007	2006
	HK$'000	*HK$'000*
Turnover and other revenue		
The PRC	**881,173**	793,431
Other countries	**103,892**	84,405
	985,065	877,836

	2007	2006
	HK$'000	*HK$'000*
Location of assets		
The PRC	**1,138,385**	973,051
Hong Kong	**199,186**	48,111
Other countries	**33,460**	29,290
Total segment assets	**1,371,031**	1,050,452
Deferred tax assets	**12,096**	7,364
Total assets	**1,383,127**	1,057,816

Carrying amount of segment assets are allocated based on where the assets are located.

	2007	2006
	HK$'000	*HK$'000*
Capital expenditure		
The PRC	**50,781**	112,736
Hong Kong	**4,101**	401
Other countries	**830**	98
	55,712	113,235

Capital expenditure is allocated based on where the assets are located.

5. **Profit from Operations**

	2007	2006
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging/(crediting):		
Amortisation of:		
– Trademark	**49**	48
– Land use rights	**634**	612
Depreciation of property, plant and equipment	**44,832**	32,273
Total amortisation and depreciation	**45,515**	32,933
(Reversal of impairment loss)/impairment loss on accounts receivable	**(7,632)**	6,663
Reversal of impairment loss on amounts due from related companies	**(1,981)**	–
Reversal of write down of inventories	**(3,568)**	(2,458)
Gains on disposal of subsidiaries	**–**	(915)
Losses/(gains) on disposals of property, plant and equipment	**375**	(60)

6. **Finance costs – net**

	2007	2006
	HK$'000	*HK$'000*
Finance income:		
Interests income on short-term bank deposits	**(4,668)**	(783)
Finance costs:		
Interests on bank loans and overdrafts wholly repayable within five years	**17,245**	15,100
	12,577	14,317

7. **Income Taxes**

	2007	2006
	HK$'000	*HK$'000*
Current income tax		
– PRC current income tax	**14,534**	12,392
– Hong Kong Profits Tax	**–**	–
– Overprovision in prior years	**(996)**	(1,168)
Deferred taxation	**(4,515)**	(964)
	9,023	10,260

In accordance with the applicable Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises, certain of the Company's subsidiaries registered in the PRC are exempted from income tax for two years starting from their first profit making year after utilisation of tax loss brought forward and are entitled to 50% relief on the income tax in the following three years. In addition, certain of these subsidiaries are entitled to additional tax concessions granted by local tax bureau. These subsidiaries are subject to income tax at rates ranging from 7.5% to 27% for the year (2006: 7.5% to 13.5%).

No Hong Kong Profits Tax has been provided for the years ended 31 March 2007 and 2006 as there were no assessable profits arose for both years.

No provision for overseas income tax has been made as the Group has no assessable profits subject to overseas income tax for the year ended 31 March 2007 (2006: Nil).

8. Dividends

Dividends recognised as distribution during the year:

	2007	2006
	HK$'000	*HK$'000*
Interim dividends paid – HK1.8 cents per ordinary share (2006: Nil)	**18,000**	–

The Directors proposed a final dividend of HK2.0 cents per share (2006: Nil). The proposed final dividends totaling HK$20,110,000, calculated based on ordinary shares in issue at the date of approval of the financial statements by the Directors, is subject to the approval of shareholders at the forthcoming annual general meeting.

During the year ended 31 March 2007, dividends of HK$43,000,000 were paid by a subsidiary out of its retained profits to its then equity holders prior to the Corporate Reorganisation.

9. Earnings Per Share

(a) Basic

The calculation of the basic earnings per share is based on the consolidated profit attributable to the equity holders of the Company of HK$60,275,000 (2006: HK$107,616,000) and on the weighted average number of approximately 864,384,000 (2006: 750,000,000) ordinary shares in issue during the year. In determining the number of ordinary shares in issue, a total of 650,000,000 shares in issue as of the date of the Company's Prospectus dated 29 September 2006 and 100,000,000 ordinary shares issued pursuant to the capitalisation issue were deemed to have been issued since 1 April 2005.

	2007	2006
Profit attributable to equity holders of the Company (HK$'000)	**60,275**	107,606
Weighted average number of ordinary shares in issue (shares in thousands)	**864,384**	750,000
Basic earnings per share (HK cents)	**7.0**	14.3

(b) Diluted

Diluted earnings per share for the year ended 31 March 2007 is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option schemes of the Company are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's ordinary shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of ordinary shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2007
Profit attributable to equity holders of the Company (HK$'000)	**60,275**
Weighted average number of ordinary shares in issue at 31 March (shares in thousands)	**864,384**
Effect of deemed issue of ordinary shares under the Company's share option scheme for nil consideration (shares in thousands)	**3,355**
Weighted average number of ordinary shares (diluted) at 31 March (shares in thousands)	**867,739**
Diluted earnings per share (HK cents)	**6.9**

10. Bills and Accounts Receivable

	2007	2006
	HK$'000	*HK$'000*
Gross accounts receivable	**286,721**	250,506
Less: Impairment losses	**(24,066)**	(32,475)
Accounts receivable, net	**262,655**	218,031
Bills receivable	**28,544**	29,684
Less: Balance due within one year included in current assets	**(290,267)**	(243,567)
Balance due after one year shown as non-current assets	**932**	4,148

Goods sold to customers are either made on cash on delivery or on credit. Customers in general are required to pay deposits upon purchases orders are placed, the remaining balances will be payable upon goods are delivered to customers. Some customers are granted a credit term with repayment period ranging from 1 month to 6 months. The Group also sells goods to certain customers with sales proceeds payable by instalments which normally range from 6 months to 12 months.

The aging analysis of the gross accounts receivable based on invoice date is as follows:

	2007	2006
	HK$'000	*HK$'000*
0–90 days	**133,794**	161,066
91–180 days	**68,531**	42,310
181–365 days	**41,614**	21,819
Over one year	**42,782**	25,311
	286,721	250,506

The maturity date of the bills receivable is generally between one to six months.

11. Bills and Accounts Payable

	2007	2006
	HK$'000	*HK$'000*
Accounts payable	**202,433**	132,921
Bills payable	**17,326**	9,089
	219,759	142,010

The aging analysis of the accounts payable based on invoice date is as follows:

	2007	2006
	HK$'000	*HK$'000*
0–90 days	**178,681**	112,923
91–180 days	**19,328**	13,102
181–365 days	**1,440**	4,526
Over one year	**2,984**	2,370
	202,433	132,921

The maturity date of the bills payable is generally between one to six months.

12. Comparative Amounts

Certain comparative amounts have been reclassified to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In order to further develop its business, to increase its market share in China and overseas, and to facilitate the launch of new products, the Group has established offices for sales and services in the northeastern and southwestern regions of China and overseas new markets, and a Research & Development centre in Taiwan. This resulted in increase in sales and distribution expenses, administration and R&D expenses and unfavourably affected the Group's results. Moreover, the change of policy in preferential tax treatment in China also unfavourably affected the Group's results. Despite turnover for the year recorded growth, due to the aforementioned factors, coupled with the listing expenses and costs of share options granted to employees accounted for during the year, profits after tax for the year was HK$60,275,000 (previous year was HK$107,616,000, decreased by 44%).

Business Review

During the period under review, prices of steel remained high, together with the rise in labour costs, production costs were put under much pressure. At the same time, crude oil prices were at high level and the prices of zinc alloys continued to rise, thus, customers were prudent in making purchases for equipment. Nevertheless, sales of die-casting machines and plastic injection moulding machines of the Group still recorded a double-digit growth.

End user products such as motor vehicles, 3Cs (computer products, communication products and consumer electronic products) are growing at rapid rates in China. According to the information of the National Bureau of Statistics of China, the production of motor vehicles in China in 2006 reached 7.279 million units, a growth of 27.6% from the previous year, among which passenger vehicles reached 3.869 million units, representing a year-on-year increase of 39.7%. Production of mobile phones amounted to 480 million units, representing a year-on-year increase of 58.2%, while micro electronic computers production amounted to 93.36 million units, a growth of 15.5%. The Management is of the view that given the ongoing boom of the macro economics in China, the continuous rise in the income level of urban and rural residents, and the current motor vehicle ownership per person of China still being far behind that of the world's average standard, the auto industry in China has entered into an era of scale. Die-casting machine, plastic injection moulding machine and CNC machine industries of China are presented with numerous opportunities for growth.

During the period under review, the Group developed and conducted trial production of over 20 new models, including cold chamber die-casting machines with clamping force of 4,000 tonnes and plastic injection moulding machines with clamping force of 2,200 tonnes, so as to complement and diversify its product portfolio and cater for the customised needs of its customers, and provide more choices for the customers to satisfy the requirements of various industries and products. At the same time, direct clamp plastic injection moulding machines have also been launched to the market while trial production for all electric injection moulding machines has commenced, and is expected to launch in the year. Market demand for the Group's magnesium alloy die-casting machines increased, while its CNC machines are increasingly accepted by its customers.

In the meantime, the Group established a new research and development centre in Taiwan for the research and development of CNC machines, direct clamp and all electric injection moulding machines. The Management believes that Taiwan has an adequate supply of experienced research and development talents and that products developed by the new research and development centre will enjoy benefit in export market. It is expected that the CNC machines, direct clamp injection moulding machines and all electric injection moulding machines will generate business growth for the Group in the future.

In order to explore new markets and respond to future growth, the Group established two new companies in Tianjin and Chongqing during the year, and set up sales and service offices in southwestern, eastern and southern regions of China, increasing the number of offices and liaison points in China from 39 during listing to currently 45. In addition to group companies in the United States, Canada and Taiwan which are responsible for the sales of its products, the Group also engaged 22 sales agents in America, Europe and Asia.

The newly established sales offices and agents will enable the Group to provide better product application training, technical consulting, after-sales services and general consulting services to customers in these regions, and is beneficial to the Group in terms of its penetration in these regions. Following years of development and nurture, the Group's products are increasingly accepted by customers in the overseas market, and the return on investment of the Group to the overseas market will gradually materialise. The Group is also actively exploring emerging markets so as to enhance the overall performance of the Group. It is expected that the proportion of overseas sales to the Group's revenue will increase in the coming years.

Prospects

Looking forward, the Management acknowledges that as overseas manufacturers penetrate the domestic markets through establishing assembly plants in China, while domestic manufacturers are upgrading their technologies, competition in the die-casting machine, plastic injection moulding machine and CNC machines industries will intensify. Facing the increasing competition in the industries, the Group will accelerate its product development, expand its production capacity and exercise costs control measures.

The three main categories of the Group, namely die-casting machines, plastic injection moulding machines and CNC machines, will gradually structure a favourable revenue stream. Since these three product categories share the same production facilities, when the production capacity is fully utilised, the Group will be able to benefit from cost efficiency and economy of scale. Leveraging on the Group's promising development in new products and overseas market, as well as the further enhancement of production capacity and the improvement in cost controls, given that the machinery manufacturing industry in China continues to boom, the Management believes the Group's solid foundation in the market will enable the Group to capture the market growth potential favourably.

In the meantime, the Group will take measure to improve cost structure by means of integration of upstream and downstream businesses and enhancement of internal control.

The Group has made incessant effort in enhancing staff training and provide appropriate remuneration packages to its staff, so as to build an efficient team spirit and achieve sustained business growth with the joint efforts of its staff.

Liquidity and financial resources
The working capital of the Group was generally financed by internal cash flows generated from its operation and existing banking facilities. In October 2006, the Group received net proceeds of HK$252.5 million from the initial public offering. As at 31 March 2007, the Group's cash and bank balances amounted to approximately HK$259.6 million (2006: HK$65.4 million).

The gearing ratio (a ratio of total interest bearing liabilities to total equity) was approximately 41% (2006: 74%). Such decrease was mainly a result of the net proceeds received from the initial public offering during the year.

Contingent liabilities
The Group provided guarantees to banks in respect of banking facilities granted to certain customers of the Group to purchase its products. As at 31 March 2007, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to approximately HK$21,233,000 (2006: HK$11,808,000).

Pledge of assets
(i) The Group's banking facilities were secured by certain assets of the Group, including restricted bank balances, buildings, land use rights, investment properties, plant and machinery, furniture, fixtures and office equipment, with aggregate carrying amounts of HK$93,709,000 (2006: HK$123,670,000).

(ii) As at 31 March 2007, the Group also has restricted bank balances to the extent of HK$17,119,000 (2006: HK$10,922,000) pledged to banks for credit facilities granted to customers to purchase the Group's products.

(iii) As at 31 March 2007, the Group's investments in certain subsidiaries with aggregate net asset value of HK$85,386,000 (2006: HK$74,236,000) were pledged to a bank for banking facilities granted to the Group.

Capital commitments
As at 31 March 2007, the Group had made capital expenditure commitments of approximately HK$42,714,000 (2006: HK$13,525,000) in respect of acquisition of land use right, property, plant and equipment.

STAFF AND REMUNERATION POLICIES
As at 31 March 2007, the Group employed approximately 3,700 full time staff. The staff costs for current year amounted to HK$170.7 million (2006: HK$123.3 million). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides to staff other staff benefit such as mandatory provident fund, state-managed social welfare scheme and share option schemes.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK2.0 cents per share in respect of the year ended 31 March 2007 to the shareholders whose names appear on the register of members of the Company on 28 August 2007. The final dividend, payable on or about 12 September 2007, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 28 August 2007.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

Proceeds from the issue of new shares of the Company for listing on the Stock Exchange in October 2006, after deducting related share issuance expenses, amounted to approximately HK$252.5 million. Such proceeds had been partially utilized during the year ended 31 March 2007 in accordance with the proposed use of proceeds allocation set out in the Prospectus as follows:

(i) approximately HK$75.2 million for repayment of loans;

(ii) approximately HK$10.5 million for general working capital for the Group;

(iii) approximately HK$6.3 million for expansion of production capacity;

(iv) approximately HK$2.6 million for the expansion of the Group's sales network in the PRC.

As at 31 March 2007, the remaining balance of the net proceeds had been deposited with licensed banks in Hong Kong and the PRC.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders entitled to receive the final dividend, attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 24 August 2007 to Tuesday, 28 August 2007, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the final dividend, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 August 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2007.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since the Listing Date.

AUDIT COMMITTEE

The Company established the Audit Committee in February 2005. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board. The Audit Committee consists of three independent non-executive Directors, namely Mr. Tsang Yiu Keung, Paul, Dr. Hon. Lui Ming Wah, SBS, JP and Mr. Chan Wah Tip, Michael. Mr. Tsang Yiu Keung, Paul is the chairman of the Audit Committee.

NOMINATION COMMITTEE

The Company established the Nomination Committee in February 2005. The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors and the management of the Board succession. The Nomination Committee has three members comprising Mr. Chan Wah Tip, Michael, Dr. Low Seow Chay and Mr. Liu Chee Ming, all being independent non-executive Directors. Mr. Chan Wah Tip, Michael is the chairman of the Nomination Committee.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in February 2005. The primary duties of the Remuneration Committee include reviewing the terms of remuneration packages of directors and senior management, determining the award of bonuses and considering the grant of options under the Share Option Schemes. The Remuneration Committee has three members comprising Mr. Liu Chee Ming, Dr. Hon. Lui Ming Wah, SBS, JP and Mr. Tsang Yiu Keung, Paul, all being independent non-executive Directors. Mr. Liu Chee Ming is the chairman of the Remuneration Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code since the Listing Date.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2007.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

This results announcement is published on the websites of the Company (www.lktechnology.com) and the Stock Exchange (www.hkex.com.hk). The annual report of the Company for the year ended 31 March 2007 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to express our sincere appreciation of the support from our customers, suppliers, business partners, bankers and shareholders. I would also like to thank my fellow directors for their valuable contribution and the staff of the Group for their commitment and services throughout the year.

By order of the Board
Chong Siw Yin
Chairperson

Hong Kong, 19 July 2007

As at the date of this announcement, the executive Directors are Ms. Chong Siw Yin, Mr. Cao Yang, Mr. Liu Zhao Ming and Mr. Chung Yuk Ming; and the independent non-executive Directors are Dr. Low Seow Chay, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Tsang Yiu Keung, Paul, Mr. Chan Wah Tip, Michael and Mr. Liu Chee Ming.