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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the "Board") of directors (the "Directors") of L.K. Technology Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2017.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

		(Unaudited)	
		Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**1,898,063**	1,631,226
Cost of sales	5	**(1,374,953)**	(1,224,151)
Gross profit		**523,110**	407,075
Other income	3	**31,622**	19,011
Other gains/(losses) – net	4	**18,826**	(3,040)
Gain on disposal of a subsidiary		**–**	45,712
Selling and distribution expenses	5	**(177,798)**	(152,910)
General and administration expenses	5	**(186,297)**	(185,709)
Operating profit		**209,463**	130,139

		(Unaudited)	
		Six months ended 30 September	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Finance income		**2,074**	1,389
Finance costs		**(33,027)**	(31,968)
Finance costs – net	6	**(30,953)**	(30,579)
Share of profit of an associate		**1,127**	878
Profit before income tax		**179,637**	100,438
Income tax expense	7	**(51,004)**	(28,821)
Profit for the period		**128,633**	71,617
Profit attributable to:			
Owners of the Company		**129,304**	71,684
Non-controlling interests		**(671)**	(67)
		128,633	71,617
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the Company during the period (expressed in HK cents per share)			
– Basic	8(a)	**12.1**	6.4
– Diluted	8(b)	**11.5**	6.1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Profit for the period	**128,633**	71,617
Other comprehensive income for the period:		
Items that may be reclassified to profit or loss		
Currency translation difference		
Gains/(losses) arising during the period	**118,770**	(49,886)
Transferred from exchange reserve to the condensed consolidated income statement upon disposal of a subsidiary	**–**	1,339
Change in value of available-for-sale financial assets	**(657)**	113
Total comprehensive income for the period, net of tax	**246,746**	23,183
Attributable to:		
Owners of the Company	**247,417**	23,250
Non-controlling interests	**(671)**	(67)
	246,746	23,183

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	(Unaudited) 30 September 2017 HK$'000	(Audited) 31 March 2017 HK$'000
Non-current assets			
Intangible assets		**9,771**	10,562
Property, plant and equipment		**1,079,821**	1,055,978
Investment properties		**265,950**	242,200
Land use rights		**287,839**	278,202
Interest in an associate		**30,925**	28,434
Other receivables and deposits		**11,367**	20,476
Deferred income tax assets		**84,457**	80,890
Trade and bills receivables	10	**8,287**	10,808
Available-for-sale financial assets		**17,369**	7,665
Restricted bank balances		**18,439**	20,454
Total non-current assets		**1,814,225**	1,755,669
Current assets			
Inventories		**1,133,838**	1,061,871
Trade and bills receivables	10	**1,278,038**	1,080,316
Other receivables, prepayments and deposits		**192,190**	174,217
Restricted bank balances		**123,545**	67,038
Cash and cash equivalents		**550,817**	422,655
Total current assets		**3,278,428**	2,806,097
Total assets		**5,092,653**	4,561,766
Equity			
Share capital		**113,327**	113,327
Shares held for share award scheme		**(37,061)**	(32,446)
Reserves		**928,270**	808,734
Retained earnings		**956,788**	847,039
Equity attributable to owners of the Company		**1,961,324**	1,736,654
Non-controlling interests		**1,321**	1,992
Total equity		**1,962,645**	1,738,646

	Note	(Unaudited) 30 September 2017 *HK$'000*	(Audited) 31 March 2017 *HK$'000*
Non-current liabilities			
Deferred income tax liabilities		**15,461**	17,468
Borrowings		**115,430**	458,561
Other payables		**8,527**	7,740
Total non-current liabilities		**139,418**	483,769
Current liabilities			
Trade and bills payables, other payables, deposits and accruals	11	**1,547,305**	1,333,590
Borrowings		**1,380,466**	959,304
Dividend payable		**18,132**	–
Current income tax liabilities		**44,687**	46,457
Total current liabilities		**2,990,590**	2,339,351
Total liabilities		**3,130,008**	2,823,120
Total equity and liabilities		**5,092,653**	4,561,766

NOTES:

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. In addition, the condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing this condensed consolidated interim financial information.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2017, as described therein.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

a. Effect of adopting amended standards

The Group has adopted the following amended standards that have been issued and are effective for the Group's accounting period beginning on 1 April 2017:

Standards	**Subject of amendment**
Annual improvements project HKFRS 12	Annual improvements 2014–2016 Cycle
Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses

The adoption of the above amended standards did not result in substantial changes to the accounting policies of the Group and had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented.

b. New standards, amendments to existing standards and interpretation that are not effective and have not been early adopted by the Group

Standards	**Subject of amendment**	**Effective for annual periods beginning on or after**
Annual improvements project HKFRS 1 and HKAS 28	Annual improvements 2014–2016 cycle	1 January 2018
Amendments to HKAS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 January 2018
HKFRS 9 *(note (i))*	Financial instruments	1 January 2018

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKFRS 15 *(note (ii))*	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 15 *(note (ii))*	Clarifications to HKFRS 15	1 January 2018
Amendments to HKAS 40	Transfers of investment property	1 January 2018
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16 *(note (iii))*	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management is in the process of assessing the impact of these new standards, amendments to standards and interpretation to existing standards. None of these is expected to have a significant effect on the financial performance and position of the Group, except the following set out below:

(i) *HKFRS 9, "Financial instruments"*

HKFRS 9, "Financial Instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group does not expect to adopt new standard before 1 January 2018.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39, "Financial Instruments: Recognition and Measurement" and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15, "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) *HKFRS 15, "Revenue from contracts with customers"*

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect. The Group does not expect to adopt the new standard before 1 January 2018.

(iii) HKFRS 16, "Leases"

HKFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17, "Leases" and related interpretations. The Group is a lessee of office premises which is currently classified as operating leases. The Group's current accounting policy for such leases is set out in note 2.33 to the consolidated financial statements for the year ended 31 March 2017. The Group had total future minimum lease payments under non-cancellable operating leases of HK$69,872,000, which are not reflected in the condensed consolidated statement of financial position.

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the condensed consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's condensed consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the condensed consolidated statement of financial position. This will affect related ratios, such as increase in debt to capital ratio. In the condensed consolidated income statement, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortisation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The accounting for lessors will not significantly change. The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years. Management expects the impacts on the Group's financial results and position upon the adoption of HKFRS 16 are material.

2 SEGMENT INFORMATION

The Group determines its operating segments based upon the internal reports reviewed by the chief operating decision maker ("CODM") that are used to make strategic decisions. Segment results represent the profit/(loss) for the period in each reportable segment. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

The measure used for reporting segment results is "profit/(loss) from operations", i.e. profit/(loss) before finance income, finance costs and income tax expense. To arrive at the profit/(loss) from operations, the Group's profit/(loss) is further adjusted for items not specifically attributed to individual segments.

The Group is organised into three main reportable segments.

(i) Die-casting machine

(ii) Plastic injection moulding machine

(iii) Computerized numerical controlled ("CNC") machining centre

For the six months ended 30 September 2017, none of the customers of the Group individually accounted for 10% or more (2016: Nil) of the Group's total revenue.

The segment results for the six months ended 30 September 2017 are as follows:

	Unaudited					
	Die-casting machine *HK$'000*	**Plastic injection moulding machine** *HK$'000*	**CNC machining centre** *HK$'000*	**Total segments** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Revenue						
External sales	**1,282,264**	**552,509**	**63,290**	**1,898,063**	**–**	**1,898,063**
Inter-segments sales	**63,935**	**–**	**–**	**63,935**	**(63,935)**	**–**
	1,346,199	**552,509**	**63,290**	**1,961,998**	**(63,935)**	**1,898,063**
Results						
Segment results	**208,182**	**43,411**	**(20,213)**	**231,380**	**–**	**231,380**
Administrative expenses						**(21,917)**
Finance income						**2,074**
Finance costs						**(33,027)**
Share of profit of an associate						**1,127**
Profit before income tax						**179,637**

The segment results for the six months ended 30 September 2016 are as follows:

	Unaudited					
	Die-casting machine *HK$'000*	Plastic injection moulding machine *HK$'000*	CNC machining centre *HK$'000*	Total segments *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue						
External sales	1,152,056	414,307	64,863	1,631,226	–	1,631,226
Inter-segments sales	53,702	–	–	53,702	(53,702)	–
	1,205,758	414,307	64,863	1,684,928	(53,702)	1,631,226
Results						
Segment results	135,342	33,919	(22,165)	147,096	–	147,096
Administrative expenses						(16,957)
Finance income						1,389
Finance costs						(31,968)
Share of profit of an associate						878
Profit before income tax						100,438

Sales between segments are carried out at arm's length basis. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

As at 30 September 2017

	Unaudited			
	Die-casting machine ***HK$'000***	**Plastic injection moulding machine** ***HK$'000***	**CNC machining centre** ***HK$'000***	**Total** ***HK$'000***
Assets				
Segment assets	**3,109,190**	**1,383,619**	**550,925**	**5,043,734**
Unallocated assets				**48,919**
Consolidated total assets				**5,092,653**
Liabilities				
Segment liabilities	**2,221,725**	**753,197**	**102,613**	**3,077,535**
Unallocated liabilities				**52,473**
Consolidated total liabilities				**3,130,008**

As at 31 March 2017

	Audited			
	Die-casting machine *HK$'000*	Plastic injection moulding machine *HK$'000*	CNC machining centre *HK$'000*	Total *HK$'000*
Assets				
Segment assets	2,711,284	1,268,224	548,556	4,528,064
Unallocated assets				33,702
Consolidated total assets				4,561,766
Liabilities				
Segment liabilities	2,071,963	615,328	106,244	2,793,535
Unallocated liabilities				29,585
Consolidated total liabilities				2,823,120

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate assets and available-for-sale financial assets.
- all liabilities are allocated to reportable segments other than corporate liabilities.
- liabilities for which segments are jointly liable are allocated in proportion to segment assets.

3 REVENUE AND OTHER INCOME

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of die-casting machine	**1,282,264**	1,152,056
Sales of plastic injection moulding machine	**552,509**	414,307
Sales of CNC machining centre	**63,290**	64,863
	1,898,063	1,631,226
Other income		
Value added taxes refund	**14,037**	8,565
Other subsidies from government	**7,806**	5,058
Rental income	**6,738**	4,186
Sundry income	**3,041**	1,202
	31,622	19,011
Total revenue and other income	**1,929,685**	1,650,237

4 OTHER GAINS/(LOSSES) – NET

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Net foreign exchange gains/(losses)	**6,160**	(5,617)
Increase in fair value of investment properties	**12,800**	3,442
Gain/(loss) on disposals of property, plant and equipment	**40**	(865)
Others	**(174)**	–
	18,826	(3,040)

5 EXPENSES BY NATURE

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Raw materials and consumables used	**1,167,539**	893,825
Change in inventories of finished goods and work in progress	**(67,252)**	67,061
Staff costs	**273,082**	241,967
Contributions to defined contribution retirement plans	**25,876**	24,389
Amortisation of land use rights	**3,376**	3,454
Amortisation and impairment of intangible assets	**3,389**	2,805
Depreciation of property, plant and equipment	**62,027**	58,999
Research costs	**16,398**	10,268
Transportation expenses	**42,986**	32,357
Auditor's remuneration	**1,937**	1,961
Provision for impairment of trade receivables – net	**8,892**	19,936
Provision for inventories write-down	**10,051**	15,713
(Reversal of loss)/loss on financial guarantee contracts	**(785)**	1,900
Other expenses	**191,532**	188,135
	1,739,048	1,562,770
Represented by:		
Cost of sales	**1,374,953**	1,224,151
Selling and distribution expenses	**177,798**	152,910
General and administration expenses	**186,297**	185,709
	1,739,048	1,562,770

6 FINANCE COSTS – NET

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Finance income:		
Interest income on short-term bank deposits	**2,074**	1,389
Finance costs:		
Interests on bank loans and overdrafts wholly repayable within five years	**(32,608)**	(33,145)
Charges on bills receivables discounted without recourse	**(419)**	(576)
Less: Capitalised in property, plant and equipment *(Note)*	**–**	1,753
	(33,027)	(31,968)
	(30,953)	(30,579)

Note: During the six months ended 30 September 2016, borrowing costs capitalised during the period arose on general borrowing pool and were calculated by applying a capitalisation rate of 4.1% to expenditure on qualifying assets.

7 INCOME TAX EXPENSE

The tax charge comprises:

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Current income tax		
– PRC income tax	**51,828**	20,753
– Overseas tax	**–**	395
– Hong Kong profits tax	**–**	–
	51,828	21,148
Deferred income tax	**(824)**	7,673
Tax charge	**51,004**	28,821

In accordance with the applicable Corporate Income Tax Law of the PRC, the Company's subsidiaries are taxed at statutory rate of 25% (2016: 25%).

Certain subsidiaries in Shenzhen, Zhongshan, Ningbo, Shanghai, Kunshan and Fuxin were certified as High and New Technology Enterprises and are entitled to a concessionary tax rate of 15% for three years. They are entitled to re-apply for the preferential tax treatment when the preferential tax period expires.

Under the Corporate Income Tax Law of the PRC, dividends out of profit earned on or after 1 January 2008 from the subsidiaries in the PRC distributed to the Group will be subject to withholding income tax. The implementation rules of the Corporate Income Tax Law of the PRC provide for the withholding income tax on such dividend to be at 10% unless reduced by tax treaty. Pursuant to a double tax arrangement between the PRC and Hong Kong, Hong Kong tax resident companies could enjoy a lower withholding tax rate of 5% on dividends received from China. Provision for withholding tax is included in deferred taxation.

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. No Hong Kong profits tax has been provided for the period as the subsidiaries established in Hong Kong either have unutilised tax losses available to set off current period's estimated assessable profits or have no estimated assessable profit for the period (2016: Nil).

Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the jurisdiction in which the Group operates.

8 EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the consolidated earnings attributable to owners of the Company of HK$129,304,000 (2016: HK$71,684,000) and on the weighted average number of approximately 1,066,922,000 (2016: 1,125,936,000) ordinary shares in issue excluding own shares held during the period.

	(Unaudited) Six months ended 30 September	
	2017	2016
Profit attributable to owners of the Company *(HK$'000)*	**129,304**	71,684
Weighted average number of ordinary shares in issue *(thousands)*	**1,066,922**	1,125,936
Basic earnings per share *(HK cents)*	**12.1**	6.4

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and excluding own shares held during the period. The Company has one category (2016: two categories) of dilutive potential ordinary shares: perpetual convertible securities (2016: perpetual convertible securities and share options). The perpetual convertible securities are assumed to have been converted into ordinary shares. Shares issuable under the share option schemes of the Company are the 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 the 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.

	(Unaudited) Six months ended 30 September	
	2017	2016
Profit attributable to owners of the Company *(HK$'000)*	**129,304**	71,684
Weighted average number of ordinary shares in issue *(thousands)*	**1,066,922**	1,125,936
Assumed conversion of perpetual convertible securities (thousands)	**58,000**	58,000
Adjustment for share options *(thousands) (Note)*	**–**	–
Weighted average number of ordinary shares of diluted earnings per share *(thousands)*	**1,124,922**	1,183,936
Diluted earnings per share *(HK cents)*	**11.5**	6.1

Note: During the six months ended 30 September 2017, there was no outstanding share options. During the six months ended 30 September 2016, the conversion of outstanding share options would have an anti-dilutive effect.

9 INTERIM DIVIDEND

At a meeting held on 29 November 2017, the board of directors has resolved to declare an interim dividend of HK3.2 cents (2016: HK1.8 cents) per share amounting to HK$36,264,000. This declared dividend is not reflected as dividend payable in this condensed consolidated interim financial information, but will be recognised in shareholders' equity in the year ending 31 March 2018.

10 TRADE AND BILLS RECEIVABLES

	(Unaudited) As at 30 September 2017 *HK$'000*	(Audited) As at 31 March 2017 *HK$'000*
Trade receivables	**1,036,934**	878,603
Less: Provision for impairment	**(107,336)**	(94,694)
	929,598	783,909
Bills receivables	**356,727**	307,215
	1,286,325	1,091,124
Less: Balance due after one year shown as non-current assets	**(8,287)**	(10,808)
Trade and bills receivables, net	**1,278,038**	1,080,316

As at 30 September 2017, the amount of provision for impaired trade receivables was HK$107,336,000 (31 March 2017: HK$94,694,000). The provision for impairment of trade receivables was HK$8,892,000 for the current interim period (30 September 2016: HK$19,936,000). The individually impaired receivables mainly relate to individual customers, the recoverability of which was in doubt.

The ageing analysis of the gross trade receivables based on invoice date at the end of reporting period is as follows:

	(Unaudited) As at 30 September 2017 *HK$'000*	(Audited) As at 31 March 2017 *HK$'000*
Within 90 days	**587,062**	502,619
91–180 days	**158,177**	94,949
181–365 days	**105,469**	105,750
Over one year	**186,226**	175,285
	1,036,934	878,603

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

Goods sold to customers are either made on cash on delivery or on credit basis. Customers in general are required to pay deposits upon placing purchase orders, the remaining balances will be payable upon goods delivery to customers. Majority of customers are granted with credit term ranging from one month to six months. The Group also sells goods to certain customers with sales proceeds payable by installments which normally range from six months to twelve months.

11 TRADE AND BILLS PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUALS

	(Unaudited) As at 30 September 2017 *HK$'000*	(Audited) As at 31 March 2017 *HK$'000*
Trade payables	**678,084**	631,232
Bills payables	**327,141**	223,446
Trade and other deposits and receipts in advance	**218,830**	181,151
Accrued salaries, bonuses and staff benefits	**85,230**	74,688
Accrued sales commission	**40,759**	32,408
Value added tax payable	**48,469**	34,356
Others	**148,792**	156,309
	1,547,305	1,333,590

The following is the ageing analysis of the trade payables based on invoice date:

	(Unaudited) As at 30 September 2017 *HK$'000*	(Audited) As at 31 March 2017 *HK$'000*
Within 90 days	**555,443**	554,723
91–180 days	**101,727**	61,204
181–365 days	**12,260**	7,928
Over one year	**8,654**	7,377
	678,084	631,232

The maturity dates of the bills payables are generally between one to six months.

12 EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 24 October 2017, the Group awarded 66,912,500 shares to employees under the Company's share award scheme, representing approximately 5.9% of the total number of issued shares of the Company as at 30 September 2017. All these awarded shares were vested on 27 October 2017. The Group recorded an expenses of HK$48,177,000 for the corresponding employee share-based compensation benefits.

The vested shares were purchased before 30 September 2017. The total cost of the vested shares was HK$37,061,000. Upon vesting of all these awarded shares, HK$11,116,000 was credited to share premium in respect of vesting of shares whose fair values are higher than the costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2017 (the "Period under Review"), the Group recorded a revenue of HK$1,898,063,000, representing an increase of approximately 16.4% compared with that of the same period last year. During the Period under Review, the profit attributable to owners of the Company was HK$129,304,000, representing an increase of approximately 80.4% compared with that of the same period last year.

The increase in revenue was mainly due to the significant increase in sales income of the Group in the PRC market. During the Period under Review, the Group's revenue in the PRC market was HK$1,549,529,000, representing an increase of 26.1% compared with that of the same period last year.

During the Period under Review, the growth of PRC's national economy remained within a reasonable range and demonstrated a steady upward trend, indicating that enhanced stability and sustainability were achieved for economic development. According to the statistics released by the National Bureau of Statistics, China saw a GDP growth of 6.9% and 6.8% for the second and third quarters of 2017 respectively. The accelerating urbanization and ever-improving infrastructure provided enormous room for boosting domestic demand. Given that the marginal propensity to consume further increased on the back of the higher per capita income, the consumption of automobiles registered persistent growth driven by the stronger demand. The domestic manufacturing industry witnessed a desirable trend of stable growth with improved revenue. The Group strived to strengthen its marketing efforts and optimized the marketing system, with an aim to reinforce its dominant position in the market. In particular, the plastic injection moulding machine business sustained its rapid growth and continuingly outshone its industry peers.

As for overseas markets, the European market underwent notable adjustment with a prolonged slowdown in corporate investment demand. During the Period under Review, the Group's overseas revenue was HK$348,534,000, representing a decrease of 13.5% compared with that of the same period last year.

Die-Casting Machine

During the Period under Review, the revenue of the Group's die-casting machine and peripheral equipment business was HK$1,282,264,000, representing an increase of 11.3% compared with HK$1,152,056,000 of the same period last year.

Specifically, the revenue from the PRC market was HK$964,490,000, representing an increase of 25.3% compared with HK$769,836,000 of the same period last year. The income from operations showed continuous recovery across the board and marked a new high in recent years. The overall business sentiment sharply rebounded from the trough. The revenue of overseas market was HK$317,774,000, representing a decrease of 16.9% compared with HK$382,220,000 of the same period last year. Our subsidiary IDRA recorded a fall in revenue during the Period under Review in the wake of the reduced demand resulting from the on-going adjustment of business strategies in the European market.

Plastic Injection Moulding Machine

During the period under review, the revenue of the plastic injection moulding machine was HK$552,509,000, representing an increase of 33.4% compared with HK$414,307,000 of the same period last year.

The demand for major models of machines continued to witness a remarkable rebound. The Group spared no effort in its marketing campaigns to function as strong growth drivers and pushed forward the optimization of its marketing system in a bid to sharpen its competitive edges.

Computerized Numerical Controlled ("CNC") Machining Centre

During the Period under Review, the revenue of the CNC machining centre business of the Group was HK$63,290,000, generally flat compared with that of the same period last year. The Group endeavored to lower operating costs, enhance its liquidity position and improve management processes. Therefore, the loss was manageable during the Period under Review.

Financial Review

During the Period under Review, the overall gross profit margin of the business of the Group was 27.6%, representing an increase of approximately 2.6% compared with that of the same period last year, which was mainly due to the continuous improvement in the operational efficiency of the Group, with the die-casting machine business in particular accomplishing the relatively satisfactory performance.

Selling and distribution expenses amounted to HK$177,798,000, representing an increase of 16.3% compared with HK$152,910,000 of the same period last year, which was mainly due to the increase in transportation costs and agency costs during the period under review.

General and administration expenses amounted to HK$186,297,000, roughly flat compared with HK$185,709,000 of the same period last year.

Net finance costs amounted to HK$30,953,000, roughly flat compared with HK$30,579,000 of the same period last year.

Prospects

Following years of struggle with the scaling down and rebalancing of supply and demand, 2017 marked a turnaround year for the industry on the back of the recovered demand and optimized industry competitive landscape. However, the rise in upstream costs still weighed on the overall gross profit margins of the PRC market. In addition, the rapid strengthening of Renminbi this year also put certain pressure on the gross profit margins of some export-oriented enterprises. As such, we should be cautiously optimistic about the accelerated growth of the machinery industry.

The overseas market is going through a correction period following the sharp growth in recent years. The Group will strengthen its efforts in marketing new products and exercise stringent cost control.

The Group will continue to allocate more resources for research and development and improve product quality to cater for the ever-increasing needs of customers.

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. As at 30 September 2017, the Group's cash and bank balances amounted to HK$550,817,000 (31 March 2017: HK$422,655,000).

The gearing ratio (a ratio of net debt to total equity) was approximately 48% (31 March 2017: 57%).

Note: Net debt is calculated as total borrowings less cash and cash equivalents.

As at 30 September 2017, the capital structure of the Company was constituted exclusively of 1,133,265,000 ordinary shares of HK$0.1 each. The total amount of outstanding borrowings was HK$1,495,896,000 (31 March 2017: HK$1,417,865,000), approximately 92% of which being short-term loans. Approximately 16% of the total borrowing was subject to interest payable at fixed rates.

Financial Guarantees

The Group provided guarantees to banks in respect of banking facilities granted to certain customers of the Group to purchase its products. As at 30 September 2017, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to HK$333,791,000 (31 March 2017: HK$311,428,000). The Group has also provided guarantees in respect of financial facilities of its customers to leasing finance providers amounting to approximately HK$45,242,000 (31 March 2017: HK$39,658,000).

Pledge of Assets

The Group's banking facilities and financial guarantee contracts were secured by the assets of the Group, including restricted bank balances, land use rights, investment properties, property, plant and equipment, available-for-sale financial assets and bills receivables, with aggregate carrying amounts of HK$935,605,000 (31 March 2017: HK$739,598,000).

Capital Commitments

As at 30 September 2017, the Group had made capital expenditure commitments amounts of HK$6,188,000 (31 March 2017: HK$8,323,000) in respect of acquisition of property, plant and equipment.

Staff and Remuneration Policies

As at 30 September 2017, the Group employed approximately 4,000 full time staff. The staff costs for the Period under Review amounted to HK$298,958,000 (2016: HK$266,356,000). 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 other staff benefits such as mandatory provident fund, state-managed social welfare scheme, share option scheme and share award scheme.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.2 cents per share for the six months ended 30 September 2017 (2016: HK1.8 cents) to the shareholders whose names appear on the register of members of the Company on Friday, 22 December 2017. The interim dividend will be paid on or about Wednesday, 10 January 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 December 2017 to Friday, 22 December 2017, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim 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 Tuesday, 19 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company except that the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased an aggregate of 7,122,500 shares of the Company on the Stock Exchange at a total consideration of approximately HK$4,615,000.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Period under Review.

AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors, namely Mr. Tsang Yiu Keung, Paul and Dr. Lui Ming Wah and a non-executive Director, namely Ms. Han Jie. Mr. Tsang Yiu Keung, Paul is the chairman of the Audit Committee. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to 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 throughout the Period under Review.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2017. PricewaterhouseCoopers, the Group's external auditor, also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 September 2017 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.lktechnology.com) and the Stock Exchange (www.hkexnews.hk). The 2017/18 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

On behalf of the Board
Chong Siw Yin
Chairperson

Hong Kong, 29 November 2017

As at the date of this announcement, the executive Directors are Ms. Chong Siw Yin, Mr. Liu Zhuo Ming, Mr. Tse Siu Sze and Mr. Wang Xinliang; the non-executive Director is Ms. Han Jie; and the independent non-executive Directors are Dr. Low Seow Chay, Dr. Lui Ming Wah, SBS, JP, and Mr. Tsang Yiu Keung, Paul.