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 2015

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 2015 together with the comparative figures for the previous year.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
Revenue	3	**3,145,258**	2,653,436
Cost of sales	4	**(2,326,613)**	(1,963,867)
Gross profit		**818,645**	689,569
Other income		**38,274**	41,246
Other gains – net	5	**215**	53,663
Gain on disposal of properties	6	**33,320**	32,141
Provision for impairment of other receivable		**–**	(59,869)
Selling and distribution expenses	4	**(335,128)**	(295,240)
General and administration expenses	4	**(369,674)**	(324,476)
Operating profit		**185,652**	137,034
Finance income	7	**4,209**	4,457
Finance costs	7	**(62,655)**	(61,470)
Finance costs – net	7	**(58,446)**	(57,013)
Share of profit of joint ventures		**–**	2,030
Share of profit of an associate		**2,927**	2,915
Profit before income tax		**130,133**	84,966
Income tax expense	8	**(25,049)**	(14,964)
Profit for the year		**105,084**	70,002
Profit attributable to:			
Owners of the parent		**105,159**	70,624
Non-controlling interests		**(75)**	(622)
		105,084	70,002
Earnings per share for profit attributable to owners of the parent during the year (expressed in HK cents per share)			
– Basic	10	**9.3**	6.2
– Diluted	10	**8.8**	5.9
		HK$'000	*HK$'000*
Dividends	9	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**105,084**	70,002
Other comprehensive income for the year:		
Items that may be reclassified to profit or loss		
Currency translation difference	**(15,465)**	(27,031)
Realisation of currency translation difference arising from de-registration of a subsidiary	**–**	(6,540)
Realisation of currency translation difference upon de-recognition of interest in a joint venture	**–**	(2,802)
Change in value of available-for-sale financial assets	**224**	(1,215)
Realisation of available-for-sale financial assets reserve upon disposal	**(397)**	–
Item that will not be reclassified subsequently to profit or loss		
Change in value of property, plant and equipment	**–**	2,547
Total comprehensive income for the year, net of tax	**89,446**	34,961
Attributable to:		
– Owners of the parent	**89,521**	35,583
– Non-controlling interests	**(75)**	(622)
	89,446	34,961

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Intangible assets		**21,639**	25,314
Property, plant and equipment		**1,122,042**	1,049,055
Investment properties		**69,950**	66,360
Land use rights		**340,448**	348,173
Interests in joint ventures		**–**	–
Interest in an associate		**31,294**	28,367
Deposits paid		**30,416**	20,307
Deferred income tax assets		**71,496**	46,811
Trade and bills receivables	*11*	**21,813**	8,889
Other receivables		**–**	2,695
Available-for-sale financial assets		**7,169**	7,801
Restricted bank balances		**2,976**	18,279
Total non-current assets		**1,719,243**	1,622,051
Current assets			
Inventories		**1,335,575**	1,126,902
Trade and bills receivables	*11*	**1,016,767**	949,775
Other receivables, prepayments and deposits		**192,921**	195,442
Restricted bank balances		**65,876**	79,902
Cash and cash equivalents		**306,992**	353,853
		2,918,131	2,705,874
Non-current assets held-for-sale	*6*	**–**	6,358
Total current assets		**2,918,131**	2,712,232
Total assets		**4,637,374**	4,334,283
Equity			
Share capital		**113,177**	113,177
Reserves		**982,660**	979,093
Retained earnings		**747,564**	661,610
Equity attributable to owners of the parent		**1,843,401**	1,753,880
Non-controlling interests		**204**	279
Total equity		**1,843,605**	1,754,159

	Note	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred income tax liabilities		**5,497**	5,183
Borrowings		**413,987**	202,807
Other payables		**9,882**	11,075
Total non-current liabilities		**429,366**	219,065
Current liabilities			
Trade and bills payables, other payables, deposits and accruals	*12*	**1,179,297**	1,126,509
Derivative financial instruments		**–**	–
Borrowings		**1,139,158**	1,201,485
Current income tax liabilities		**45,948**	33,065
Total current liabilities		**2,364,403**	2,361,059
Total liabilities		**2,793,769**	2,580,124
Total equity and liabilities		**4,637,374**	4,334,283
Net current assets		**553,728**	351,173
Total assets less current liabilities		**2,272,971**	1,973,224

NOTES:

1 BASIS OF PREPARATION

The consolidated financial statements of L.K. Technology Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the predecessor Hong Kong Companies Ordinance (Cap 32).

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

2 NEW/REVISED STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND NEW HONG KONG COMPANIES ORDINANCE

(a) Effect of adopting amendments and interpretation to existing standards

The following amendments and interpretation to existing standards are mandatory for the Group's accounting periods beginning on or after 1 April 2014. The adoption of these amendments and interpretation to existing standards does not have any significant impact on the results and financial position of the Group.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), "Investment Entities";
- Amendments to HKAS 32, "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities";
- Amendments to HKAS 36, "Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets";
- Amendments to HKAS 39, "Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting"; and
- HK(IFRIC) – Int 21, "Levies".

(b) New standards and amendments to existing standards that are not yet effective for the financial year beginning on or after 1 April 2014 and have not been early adopted by the Group

- HKFRS 9, "Financial Instruments"[4];
- HKFRS 14, "Regulatory Deferral Accounts"[2];
- HKFRS 15, "Revenue from Contracts with Customers"[3];
- Amendments to HKFRS 10, "Consolidated Financial Statements" and HKAS 28 (2011), "Investments in Associates and Joint Ventures" on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2];
- Amendments to HKFRS 10, "Consolidated Financial Statements", HKFRS 12, "Disclosure of Interests in Other Entities" and HKAS 28 (2011), "Investments in Associates and Joint Ventures" on Investment Entities: Applying the Consolidation Exception[2];
- Amendments to HKFRS 11, "Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations"[2];
- Amendments to HKAS 1, "Presentation of Financial Statements – Disclosure Initiative"[2];
- Amendments to HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets" on Clarification of Acceptable Methods of Depreciation and Amortisation[2];
- Amendments to HKAS 16, "Property, Plant and Equipment" and HKAS 41, "Agriculture" on Agriculture: Bearer Plants[2];
- Amendments to HKAS 19 (2011), "Employee Benefits – Defined Benefit Plans: Employee Contributions"[1];
- Amendments to HKAS 27 (2011), "Separate Financial Statements – Equity Method in Separate Financial Statements"[2];
- Annual Improvements to HKFRSs 2010 – 2012 Cycle[1];
- Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]; and
- Annual Improvements to HKFRSs 2012 – 2014 Cycle[2].

[1] Effective for financial periods beginning on or after 1 July 2014
[2] Effective for financial periods beginning on or after 1 January 2016
[3] Effective for financial periods beginning on or after 1 January 2017
[4] Effective for financial periods beginning on or after 1 January 2018

The Group will apply these new standards and amendments to existing standards in the period of initial application. The Group is currently assessing the impact of the adoption of the above new standards and amendments to existing standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into effect as from the Company's financial year ending 31 March 2016. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3 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 from operations", i.e. profit before finance income, finance costs and income taxes. To arrive at the profit from operations, the Group's profit 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) Computerised numerical controlled ("CNC") machining centre

The segment results for the year ended 31 March 2015 are as follows:

	Die-casting machine	Plastic injection moulding machine	CNC machining centre	Total segments	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
External sales	**2,142,300**	**565,376**	**437,582**	**3,145,258**	**–**	**3,145,258**
Inter-segments sales	**131,946**	**–**	**–**	**131,946**	**(131,946)**	**–**
	2,274,246	**565,376**	**437,582**	**3,277,204**	**(131,946)**	**3,145,258**
Results						
Segment results	**119,371**	**70,027**	**35,885**	**225,283**	**–**	**225,283**
Administrative expenses						**(39,631)**
Finance income						**4,209**
Finance costs						**(62,655)**
Share of profit of an associate						**2,927**
Profit before income tax						**130,133**

The segment results for the year ended 31 March 2014 are as follows:

	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	1,795,023	589,284	269,129	2,653,436	–	2,653,436
Inter-segments sales	91,217	–	–	91,217	(91,217)	–
	1,886,240	589,284	269,129	2,744,653	(91,217)	2,653,436
Results						
Segment results	166,528	77,316	(12,241)	231,603	–	231,603
Administrative expenses						(35,593)
Unallocated other gain						893
Provision for impairment of other receivables						(59,869)
Finance income						4,457
Finance costs						(61,470)
Share of profit of joint ventures						2,030
Share of profit of an associate						2,915
Profit before income tax						84,966

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 consolidated income statement.

Segment assets and liabilities

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

	As at 31 March 2015			
	Die-casting machine	Plastic injection moulding machine	CNC machining centre	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	**2,968,010**	**953,870**	**682,751**	**4,604,631**
Unallocated assets				**32,743**
Consolidated total assets				**4,637,374**
Liabilities				
Segment liabilities	**2,157,448**	**272,229**	**302,953**	**2,732,630**
Unallocated liabilities				**61,139**
Consolidated total liabilities				**2,793,769**

	As at 31 March 2014			
	Die-casting machine	Plastic injection moulding machine	CNC machining centre	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	2,869,259	882,674	549,504	4,301,437
Unallocated assets				32,846
Consolidated total assets				4,334,283
Liabilities				
Segment liabilities	2,108,091	257,400	192,801	2,558,292
Unallocated liabilities				21,832
Consolidated total liabilities				2,580,124

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 and derivative financial instruments.
- liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

The following amounts are included in the measure of segment results or assets:

	For the year ended 31 March 2015				
	Die-casting machine	**Plastic injection moulding machine**	**CNC machining centre**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Additions to non-current assets[1]	**61,754**	**94,237**	**42,860**	**1,170**	**200,021**
Depreciation and amortisation	**99,345**	**14,684**	**14,039**	**2,818**	**130,886**
Provision/(reversal of provision) for inventories write-down	**10,574**	**3,894**	**(3,290)**	**–**	**11,178**
Provision for impairment of trade receivables – net	**7,651**	**1,993**	**380**	**–**	**10,024**

	For the year ended 31 March 2014				
	Die-casting machine	Plastic injection moulding machine	CNC machining centre	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Additions to non-current assets[1]	90,786	177,395	49,457	305	317,943
Depreciation and amortisation	100,866	9,356	11,921	2,745	124,888
(Reversal of provision)/provision for inventories write-down	(20,659)	3,272	2,883	–	(14,504)
Provision for impairment of trade receivables – net	11,759	(342)	763	–	12,180

[1] Non-current assets exclude interests in joint ventures, interest in an associate, deferred income tax assets, available-for-sale financial assets and deposits and receivables.

None of the customers of the Group individually accounted for 10% or more of the Group's revenue for both of the years ended 31 March 2015 and 31 March 2014.

	2015	2014
	HK$'000	*HK$'000*
Analysis of revenue by category		
Sales of die-casting machine	**2,142,300**	1,795,023
Sales of plastic injection moulding machine	**565,376**	589,284
Sales of CNC machining centre	**437,582**	269,129
	3,145,258	2,653,436
Other income	**38,274**	41,246
	3,183,532	2,694,682

Geographical information

The Group's revenue by geographical location is determined by the final destination of delivery of the products and the geographical location of non-current assets is determined by where the assets are located and are detailed below:

	Revenue from external customers		**Non-current assets[1]**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**2,321,899**	2,168,348	**1,474,518**	1,391,692
Hong Kong	**–**	–	**21,079**	20,762
Europe	**288,543**	217,830	**11,766**	17,563
Central America and South America	**65,656**	96,862	**–**	–
North America	**258,172**	95,723	**14,040**	10,881
Other countries	**210,988**	74,673	**63,092**	68,311
	3,145,258	2,653,436	**1,584,495**	1,509,209

1 Non-current assets exclude interests in joint ventures, interest in an associate, available-for-sale financial assets, non-current portion of trade and bills receivables, other receivables, restricted bank balances and deferred income tax assets.

4 EXPENSES BY NATURE

	2015	2014
	HK$'000	*HK$'000*
Amortisation of land use rights	**7,725**	6,568
Amortisation of trademarks	**182**	1,259
Amortisation of patents	**214**	214
Amortisation of development costs and others	**5,073**	4,707
Depreciation of property, plant and equipment	**117,692**	112,140
Provision for impairment of trade receivables – net	**10,024**	12,180
Provision/(reversal of provision) for inventories write-down	**11,178**	(14,504)
Reversal of provision for impairment of amount due from a joint venture	**–**	(2,000)

5 OTHER GAINS – NET

	2015	2014
	HK$'000	*HK$'000*
Net foreign exchange (loss)/gain	**(4,787)**	24,037
Increase in fair values of investment properties	**3,590**	7,616
Net fair value gain on derivative financial instruments	**–**	893
(Loss)/gain on disposals of property, plant and equipment, other than those disclosed in Note 6	**(262)**	1,048
Gain on de-registration of a subsidiary	**–**	6,540
Gain on disposal of an available-for-sale financial asset	**397**	–
Remeasurement gains upon business combination	**–**	13,443
Others	**1,277**	86
	215	53,663

6 GAIN ON DISPOSAL OF PROPERTIES AND NON-CURRENT ASSETS HELD-FOR-SALE

On 25 March 2014, Zhongshan L.K., Co. Limited ("Zhongshan L.K."), a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with Zhongshan Huifeng Property Development Company Limited (the "Buyer") in respect of the disposal of its interests in the following properties at an aggregate consideration of RMB70,000,000 (equivalent to HK$87,500,000).

Two plots of land situated at Zhongshan City, Guangdong Province, PRC with an aggregate site area of approximately 21,182.9m^2, and all the permanent and temporary buildings erected on those plots of land, together with utility and fire service and other ancillary facilities (collectively, the "Zhongshan Properties").

The said consideration was agreed after arm's length negotiations between Zhongshan L.K. and the Buyer with reference to the assets valuation report issued by an independent and qualified PRC valuer, Guoxin Real Estate Appraisal & Consultant Co., Limited.

As at 31 March 2014, the disposal of the first plot of land with site area of approximately 9,804.6 m^2 and all the permanent and temporary buildings erected on this plot of land, together with utility and fire service and other ancillary facilities, with total net book value of HK$6,292,000, has been completed. A gain of HK$32,141,000 has been recognised in the consolidated income statement.

As at 31 March 2015, the disposal of the second plot of land with site area of approximately 11,378m^2 and all the permanent and temporary buildings erected on this plot of land, together with utility and fire service and other ancillary facilities, with total net book value of HK$6,358,000, has been completed. A gain of HK$33,320,000 has been recognised in the consolidated income statement.

In order to facilitate the Group's relocation of its manufacturing facilities following the disposal, the Zhongshan Properties will be leased back to Zhongshan L.K. for an initial term of 12 months subject to extension to a maximum term of 21 months from the date of signing of the sale and purchase agreement. The leaseback transaction is accounted for as operating leases as the Group does not retain any risks and rewards incidental to the ownership of the Zhongshan Properties.

7 FINANCE COSTS – NET

	2015	2014
	HK$'000	*HK$'000*
Finance income:		
Interest income on short-term bank deposits	**(4,209)**	(4,457)
Finance costs:		
Interests on bank loans and overdrafts wholly repayable within five years	**67,757**	63,837
Charges on bills receivables discounted without recourse	**2,625**	6,357
Less: Capitalised in property, plant and equipment *(Note i)*	**(7,727)**	(8,724)
	62,655	61,470
	58,446	57,013

(i) Borrowing costs capitalised during the year arose from general borrowing pool and were calculated by applying a capitalisation rate of 4.00% (2014: 3.90%) to expenditure on qualifying assets.

8 INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
The tax charge for the year comprises:		
Current income tax		
– PRC income tax	**48,258**	24,489
– Overseas tax	**928**	–
– Hong Kong profits tax	**–**	–
– Under-provision in prior years	**600**	887
	49,786	25,376
Deferred income tax	**(24,737)**	(10,412)
Tax charge	**25,049**	14,964

In accordance with the applicable Corporate Income Tax Law of the PRC, the Company's subsidiaries are taxed at the statutory rate of 25% (2014: 25%).

Certain subsidiaries in Shenzhen, Zhongshan, Ningbo and Shanghai 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 profits 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% (2014: 16.5%) on the estimated assessable profits for the year. No Hong Kong profits tax has been provided for the year ended 31 March 2015 as the subsidiaries in Hong Kong either have unutilised tax losses available to set off current year's estimated assessable profits or have no assessable profits for the current year.

For the year ended 31 March 2015, taxation on overseas profits had been calculated on the estimated assessable profits for the year at the rate of taxation prevailing in the jurisdiction in which the Group operates.

9 DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Proposed final dividend	**–**	–

At a meeting held on 26 June 2015, the directors do not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

10 EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the consolidated profit attributable to owners of the parent of HK$105,159,000 (2014: HK$70,624,000) and on the weighted average number of approximately 1,131,765,000 (2014: 1,131,765,000) ordinary shares in issue during the year.

	2015	2014
Profit attributable to owners of the parent *(HK$'000)*	**105,159**	70,624
Weighted average number of ordinary shares in issue *(thousands)*	**1,131,765**	1,131,765
Basic earnings per share *(HK cents)*	**9.3**	6.2

(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. The Company has two categories of dilutive potential ordinary shares: 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.

	2015	2014
Profit attributable to owners of the parent *(HK$'000)*	**105,159**	70,624
Weighted average number of ordinary shares in issue *(thousands)*	**1,131,765**	1,131,765
Assumed conversion of perpetual convertible securities *(thousands)*	**58,000**	58,000
Adjustment for share options *(thousands)*	**170**	801
Weighted average number of ordinary shares of diluted earnings per share *(thousands)*	**1,189,935**	1,190,566
Weighted average number of ordinary shares for diluted earnings per share *(HK cents)*	**8.8**	5.9

11 TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**991,246**	887,876
Less: Provision for impairment	**(79,043)**	(70,914)
	912,203	816,962
Bills receivables	**126,377**	141,702
	1,038,580	958,664
Less: Balance due after one year shown as non-current assets	**(21,813)**	(8,889)
Trade and bills receivables, net	**1,016,767**	949,775

The amount of provision for impaired trade receivables was HK$79,043,000 (2014: HK$70,914,000). The individually impaired receivables mainly relate to individual customers, the recoverability of which was in doubt.

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

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**478,375**	459,353
91-180 days	**187,388**	142,942
181-365 days	**129,532**	96,884
Over one year	**195,951**	188,697
	991,246	887,876

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.

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

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**578,974**	589,499
Bills payables	**56,782**	75,766
Trade and other deposits and receipts in advance	**230,926**	227,425
Accrued salaries, bonuses and staff benefits	**75,694**	66,420
Accrued sales commission	**27,695**	32,057
Value added tax payable	**45,013**	40,117
Provision for loss on financial guarantee contracts	**6,193**	–
Amount due to a related party	**41,405**	–
Others	**116,615**	95,225
	1,179,297	1,126,509

The following is the aging analysis of the trade payables:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**456,869**	479,373
91-180 days	**96,732**	93,331
181-365 days	**16,708**	7,610
Over one year	**8,665**	9,185
	578,974	589,499

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

	2015	2014
	HK$'000	*HK$'000*
US$	**3,011**	3,899
HK$	**9,155**	11,694
RMB	**397,834**	453,045
EUR	**201,196**	173,008
Taiwan dollars	**24,560**	23,619
	635,756	665,265

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 March 2015 (the "Year"), the Group recorded revenue of HK$3,145,258,000, representing an increase of 19% as compared to the revenue of HK$2,653,436,000 in the same period last year.

During the Year, the overall gross profit margin of the business of the Group was 26%, which was the same as the same period last year.

Profit attributable to the owners of the Company amounted to HK$105,159,000, representing an increase of 49% as compared to the profit of HK$70,624,000 in the same period last year.

During the Year, the Group completed the disposal of the second plot of land (with an area of 11,378 square meters) of its old factory located in Dongsheng Town, Zhongshan City, Guangdong Province, resulting in a gain of HK$33,320,000.

Selling and distribution expenses amounted to HK$335,128,000, representing an increase of 14% compared with HK$295,240,000 for the same period last year, which is mainly due to the increase in the overall human resources expenses (including sales and customer service employees) and sales commission as a result of the increase in revenue during the Year (especially the increase from the overseas market). Meanwhile, export transportation costs also increased correspondingly.

General and administration expenses amounted to HK$369,674,000, representing an increase of 14% compared with HK$324,476,000 for the same period last year, which is mainly due to the loss on financial guarantee contracts in relation to the Group's provision of guarantee relating to equipment mortgage loans for individual customers. During the Year, one of these customers entered into bankruptcy proceedings, and the Group has to settle the outstanding mortgage loan balance with bank on its behalf and a corresponding provision has therefore been made. The Group has, together with that bank, engaged lawyers to recover the mortgaged equipment. Meanwhile, human resources expenses also increased.

Research and development related expenses amounted to HK$69,838,000, representing an increase of 10% as compared to HK$63,625,000 recorded in the same period last year.

Business Review

During the Year, facing continued slowdown of China's economy, together with the weakened exports and evident excessive production capacity, the real estate market remained under pressure. In addition, the business environment in China was also challenging due to the rising wage cost and the tight liquidity. During the Year, the Group's revenue from the China market amounted to HK$2,321,899,000, representing an increase of 7% compared with HK$2,168,348,000 for the same period last year.

In terms of overseas market, the US market continued to recover while the European market gradually stabilized after experiencing a round of austerity policies. However, the emerging markets such as Brazil and India were prudent in investing production equipment quoted in US dollars due to the substantial depreciation of their currencies. During the Year, the revenue of the Group from overseas market amounted to HK$823,359,000, representing a substantial increase of 70% compared with HK$485,088,000 for the same period last year. The increase was mainly due to the significant increase in the revenue for the Year of IDRA, our Italy-based wholly owned subsidiary, which recorded an increase of 89% from HK$400,371,000 for the same period last year to HK$756,884,000 for the Year, and this was mainly driven by the growth in the US market and the European market.

Die-casting Machines

During the Year, the Group's revenue from the die-casting machine and peripheral equipment business amounted to HK$2,142,300,000, representing an increase of 19% compared with HK$1,795,023,000 for the same period last year, of which the revenue generated from the Mainland China market amounted to HK$1,399,654,000, which remained basically unchanged as compared with HK$1,387,450,000 for the same period last year. However, there was a substantial increase in the revenue from overseas market (including IDRA), which represented an increase of 82% from HK$407,573,000 for the same period last year to HK$742,646,000 for the Year, benefited mainly by the splendid performance of IDRA in the US market and the European market.

Plastic Injection Moulding Machines

During the Year, the Group's revenue from the plastic injection moulding machine business amounted to HK$565,376,000, representing a slight decrease of 4% compared with HK$589,284,000 for the same period last year. The decrease in the revenue was mainly attributable to the slowdown in the Mainland China market.

The Group acquired 3 plots of land with a total site area of 88,000 square meters in Dongsheng Town, Zhongshan City, Guangdong Province in 2013 for the construction of a new factory of the plastic injection moulding machines. The construction work for the foundation and the infrastructure of this new factory was commenced in October 2014 and the construction of the factory is expected to be completed by the end of 2015. Upon completion, the new factory will become the Group's plastic injection moulding machine production headquarters in Southern China. The Group will continue to produce plastic injection moulding machines in the old factory under a sale and leaseback arrangement, until moving to the new factory.

Computerised Numerical Controlled (CNC) Machining Centres

During the Year, the Group's revenue from machining centre business amounted to HK$437,582,000, representing an increase of 63% as compared to HK$269,129,000 recorded in the same period last year, mainly due to an increase in the demand for related production equipment as a result of an increase in the demand for smart phones.

Research and Development ("R&D")

R&D of Die-Casting Machines

During the Year, the Group continued to optimize the third-generation high-end mid-tonnage diecasting machines "IMPRESS III PLUS+" series and large-tonnage two-platen die-casting machines "FORTECH" series, both of which have been well received by the market due to their energy conservation, environmental friendliness and high efficiency.

IDRA has also developed a new series of mid-tonnage diecasting machines "X PRESS" where Italian technologies are mingled with the edges of intelligence, high efficiency, simplicity, high speed and energy conservation, which is specifically designed for the emerging markets.

To accommodate the increasing market demand for industrial automation, the Group has also invested recourses in projects of innovative automation, and has successfully developed products including automatic cooling devices and the automatic vacuum devices for molds, and the automatic devices for extracting, spraying and deburring. These innovative R&D projects centered on the concept of energy conservation and raw materials saving and aimed at facilitating the elevation of the technology standard of die-casting industry. Die-casting technology does not only play a leading role in casting of non-ferrous alloy but also forms an important constituent of modern industry.

R&D of Plastic Injection Moulding Machines

During the Year, the Group's two-platen "FORZA" large-tonnage plastic injection moulding machines series has been expanded to 4,500-ton super-large-tonnage plastic injection moulding machines. The Group will continue to develop even larger tonnage two-platen plastic injection moulding machines to meet the market demand for high precision super-large-tonnage plastic injection moulding machines, in particular the automobile component market. The "FORZA" plastic injection moulding machines possess the edges of high precision, high efficiency and energy conservation, and have become a major leading brand among two-platen large-tonnage plastic injection moulding machines in the PRC.

In order to meet the market demand for multi-color plastic injection moulding machines, the Group, in addition to the development of the 3-colour plastic injection moulding machines specialized for automobile lighting covers, has developed small and medium tonnage 2-colour plastic injection moulding machines, and has committed to the promotion and application of these products in consumer goods, electrical appliances and automobile market. The Group has also developed jointly with Beijing University of Chemical Technology microstructure plastic injection moulding machines with the features of high precision and high injection speed which are primarily applied in the production of sophisticated electronic components, biomedical, optics, micro-optics and genetic engineering fields.

With the continuous growth of the economy in the PRC, the market demand for thin wall and high quality plastic products has increased, which has given rise to full electric plastic injection moulding machines. The Group has successfully developed "PT-V" series of small and medium tonnage full electric plastic injection moulding machines featured with compact structures, attractive appearance, consistent operation, high precision, high speed and fast response. After launching this series, the Group's market share in quality electronics market and medical care market will increase drastically.

R&D of Computerised Numerical Controlled (CNC) Machining Centres

During the Year, the Group has strengthened the product lines for the high-speed vertical bridge type CNC under review machining centre. The Group has also developed the high-speed small-sized "BTC" series machining centre, with the advantages of high production capacity, 3-axis high-speed machining, pallet changer and full 5-axis application, which would meet the different requirements of customers. At the same time, the Group has upgraded "TC" series specialized for 3C products processing, and developed the vertical "MV-PLUS" series specialized for heavy processing industry. The Group's CNC machining centres series are widely used for the post-processing of 3C products, processing of automobile components, manufacturing of dies, and processing of other sophisticated components.

Prospects

Looking forward to the coming year, the economy of the PRC shows sign of stabilisation, however, the domestic and overseas demand are still weak and the growth rate for fixed assets investment for the first five months of this year declined to 11.4% or RMB17.12 trillion, representing a decrease of 0.6% as compared to the first four months. The base for the continuous industrial growth rate is not secured and the downward pressure is still strong. The "three driving forces" (export, investment and consumption) which promotes the growth of the PRC economy has been slowed down.

The economy of the US has recovered moderately with a rise in retail data, in which automobile, clothing and construction materials showed a greater increase, which reflects an improvement in economy. Meanwhile, the US labor market sees continuous improvement. The economy in Europe has gradually stabilized after experiencing a round of austerity policies and the overall purchasing power has increased steadily, however, the Greece's debt restructuring agreement is still under negotiation, which adds uncertainty to the future of the overall economy of the European Union.

In respect of the emerging markets, the strong US dollar and the speculation that the US Federal Reserve may declare a rise in interest rate in the meeting in September this year could give rise to the decline in the capital flow into the emerging markets and the heightening of the volatility in financial markets and this would in turn dampen the emerging economies. The World Bank expected that the economy of Brazil and Russia would contract this year. As the overall economy of the emerging markets was sluggish with a significant decline in import, the growth of global economy would be hindered.

In general, the business environment is still full of challenges since the global macroeconomy remains volatile and uncertain, liquidity in the PRC remains tight, finance costs are high and human resources costs keep rising every year. Therefore, the management of the Group will continue to adopt prudent measures in the coming year.

On 20 April 2015, the PRC unexpectedly announced the significant reduction in required deposit reserve ratio by 1% to 18.5%. The drop was larger than the 0.5% reduction expected by the market, and this indicates that more capital would be allowed to inject into the market, and the economy would be prevented from sinking drastically, and would stabilize.

Meanwhile, Li Keqiang, Premier of the State Council of the PRC, formulated "Made in China 2025" strategy which emphasized the planning to take about 3 decades for the completion of the PRC's transition from a large manufacturing country to a strong manufacturing country. "Made in China 2025" is the action agenda and roadmap for the first decade and the measures of fiscal interest subsidies and acceleration of depreciation of plant and machinery are to be adopted for promoting the upgrade of techniques of traditional industries. This new policy provides new opportunity for the Group's medium to long-term development.

The Group's three product series, namely die-casting machines, plastic injection moulding machines and CNC machining centres, have wide application in the production of various sectors of the manufacturing industry and are popular among customers. In addition, with a sound brand reputation, excellent customer base, client-oriented servicing team, strong capability in research and development as well as continuous upgrading and launching of new product series, the Group can satisfy the demand from all kinds of customers in different markets. The management are optimistic about the long term development of the Group, and will adjust its strategy as and when appropriate so as to allow the Group to achieve stable and sustainable growth.

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 31 March 2015, the Group's cash and bank balances amounted to approximately HK$306,992,000 (2014: HK$353,853,000).

The gearing ratio (a ratio of net debt to total equity) was approximately 68% (2014: 60%).

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

As at 31 March 2015, the capital structure of the Company was constituted exclusively of 1,131,765,000 ordinary shares of HK$0.1 each. The total amount of outstanding borrowings was approximately HK$1,553,145,000 (2014: HK$1,404,292,000), approximately 73% of which being short-term loans. Approximately 10% 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 31 March 2015, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to approximately HK$317,048,000 (2014: HK$342,103,000).

Pledge of Assets

The Group's banking facilities and financial guarantees were secured by the assets of the Group, including restricted bank balances, available-for-sale financial assets, land use rights, investment properties, plant and machinery and trade and bills receivables, with aggregate carrying amounts of HK$748,522,000 (2014: HK$771,042,000).

Capital commitments

As at 31 March 2015, the Group had made capital expenditure commitments of approximately HK$109,613,000 (2014: HK$25,728,000) in respect of acquisition of property, plant and equipment.

Staff and Remuneration Policies

As at 31 March 2015, the Group employed approximately 4,100 full time staff. The staff costs for current year amounted to HK$544,982,000 (2014: HK$489,073,000). 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 benefit such as mandatory provident fund, state-managed social welfare scheme and share option schemes.

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 2015.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Wednesday, 2 September 2015, the register of members of the Company will be closed from Monday, 31 August 2015 to Wednesday, 2 September 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 28 August 2015.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2015.

The Company does not fully comply with code provision A.4.1 in the CG Code during the year. Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Mr. Hu Yongmin, a non-executive Director of the Company during the year, has not been appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

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 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 throughout the year ended 31 March 2015.

REVIEW OF FINANCIAL INFORMATION

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

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2015.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.lktechnology.com. The annual report of the Company for the year ended 31 March 2015 containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

By order of the Board
Chong Siw Yin
Chairperson

Hong Kong, 26 June 2015

As at the date of this announcement, the executive Directors are Ms. Chong Siw Yin, Mr. Cao Yang, 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.