中期報告 INTERIM REPORT 2017/18

NUMEROUS

PRODUCTS

NUMEROUS

POSSIBILITIES

力勁科技集團有限公司
L.K. TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號 : 558)

CORPORATE PROFILE
公司簡介

L.K. Technology Holdings Limited is the world's largest die-casting machines manufacturer. The Group engages in the design, manufacture and sale of three product lines, i.e. die-casting machines, plastic injection moulding machines and computerised numerical controlled (CNC) machining centres. The Group has manufacturing bases and R&D centres in Shenzhen, Zhongshan, Ningbo, Shanghai, Fuxin and Kunshan in China and in Taiwan and Italy. To capture overseas markets, the Group has established sales and services companies in the USA and India. The Group also operates a casting factory in Fuxin for the production of cast iron/steel components.

力勁科技集團有限公司是全球最大的壓鑄機製造商。本集團從事設計、製造及銷售三大產品系列，即壓鑄機、注塑機及電腦數控(CNC)加工中心。本集團於中國深圳、中山、寧波、上海、阜新、昆山，以及台灣與意大利設有生產基地及研發中心。為拓展海外市場，本集團於美國及印度設有銷售及服務公司。本集團亦於阜新經營一所鑄件廠，生產鋼鐵鑄件。

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Chong Siw Yin (Chairperson)
Mr. Liu Zhuo Ming (Chief Executive Officer)
Mr. Tse Siu Sze
Mr. Wang Xinliang

Non-executive Director

Ms. Han Jie

Independent Non-executive Directors

Dr. Low Seow Chay
Dr. Lui Ming Wah, *SBS, JP*
Mr. Tsang Yiu Keung, Paul

COMPANY SECRETARY

Mr. Wong Kin Ming

AUTHORISED REPRESENTATIVES

Ms. Chong Siw Yin
Mr. Wong Kin Ming

AUDIT COMMITTEE

Mr. Tsang Yiu Keung, Paul
Dr. Lui Ming Wah, *SBS, JP*
Ms. Han Jie

NOMINATION COMMITTEE

Dr. Low Seow Chay
Dr. Lui Ming Wah, *SBS, JP*
Ms. Han Jie

REMUNERATION COMMITTEE

Dr. Lui Ming Wah, *SBS, JP*
Mr. Tsang Yiu Keung, Paul
Ms. Han Jie

AUDITOR

PricewaterhouseCoopers

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 8th Floor
Mai Wah Industrial Building
1–7 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China
Hang Seng Bank Limited
CTBC Bank Co., Ltd
Intesa Sanpaolo Spa

STOCK CODE

558

WEBSITE

http://www.lktechnology.com

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 September 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of SFO (including any interests which were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Ordinary shares of HK$0.10 each

Name of director/ chief executive	Name of company	Capacity	Number of shares held	Approximate percentage of shareholding
Ms. Chong Siw Yin ("Ms. Chong")	the Company	See Note (1)	730,980,000(1) Long position	64.50%
	the Company	Beneficial owner	2,550,000 Long position	0.23%
	the Company	Interest of spouse	5,202,500(2) Long position	0.46%
Mr. Liu Zhuo Ming	the Company	Beneficiary of a trust	730,980,000(3)	64.50%
Mr. Tse Siu Sze	the Company	Beneficial owner	1,235,000 Long position	0.11%

Notes:

1. These 730,980,000 shares are owned by Girgio Industries Limited ("Girgio"). Girgio is owned as to 95% by Fullwit Profits Limited ("Fullwit") as trustee of The Liu Family Unit Trust and 5% by Mr. Liu Siong Song ("Mr. Liu"), the spouse of Ms. Chong. Fullwit is wholly-owned by Ms. Chong. Ms. Chong is deemed to be interested in the shares held by Girgio through Fullwit and Mr. Liu.

2. These 5,202,500 shares are beneficially owned by Mr. Liu.

3. Mr. Liu Zhuo Ming is deemed to be interested in the 730,980,000 shares held by Girgio as a beneficiary of The Liu Family Trust. Mr. Liu Zhuo Ming is the son of Mr. Liu and Ms. Chong.

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executives of the Company had registered any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2017, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	**Capacity**	**Number of shares held**	**Approximate percentage of shareholding**
Girgio	Beneficial owner	730,980,000[1] Long position	64.50%
Mr. Liu	See Note (2)	730,980,000[2] Long position	64.50%
		2,550,000[2] Long position	0.23%
	Beneficial owner	5,202,500 Long position	0.46%
Fullwit	See Note (1)	730,980,000[1] Long position	64.50%
HSBC International Trustee Limited	See Note (3)	730,980,000[3] Long position	64.50%
China Machinery Investment Holdings Limited ("China Machinery")	Beneficial owner See Note (4 & 5)	92,000,000[4] 58,000,000[4]	8.12% 5.12%
FountainVest China Growth Fund, L.P.	Interest of controlled corporation See Note (4 & 5)	92,000,000[4] 58,000,000[4]	8.12% 5.12%
FountainVest China Growth Capital Fund, L.P.	Interest of controlled corporation See Note (4 & 5)	92,000,000[4] 58,000,000[4]	8.12% 5.12%
FountainVest China Growth Partners GP1, L.P.	Interest of controlled corporation See Note (4 & 5)	92,000,000[4] 58,000,000[4]	8.12% 5.12%
FountainVest China Growth Partners GP Ltd.	Interest of controlled corporation See Note (4 & 5)	92,000,000[4] 58,000,000[4]	8.12% 5.12%
Mr. Kui Tang	Investment manager See Note (4 & 5)	92,000,000[4] 58,000,000[4]	8.12% 5.12%
China High-End Equipment Investment Fund LP	Beneficial owner	67,590,000	5.96%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Notes:

1. These 730,980,000 shares are owned by Girgio. Girgio is owned as to 95% by Fullwit as trustee of The Liu Family Unit Trust and 5% by Mr. Liu. Fullwit is wholly-owned by Ms. Chong.

2. Mr. Liu is the spouse of Ms. Chong and is deemed to be interested in the shares held by Ms. Chong. Besides, Mr. Liu holds 5% interest in Girgio.

3. HSBC International Trustee Limited is the trustee of The Liu Family Trust. The Liu Family Trust was established by Mr. Liu on 22 February 2002 as an irrevocable discretionary trust for the benefit of Ms. Chong and the children of Mr. Liu and Ms. Chong. HSBC International Trustee Limited as trustee of The Liu Family Trust owns 99.9% of the units issued under The Liu Family Unit Trust and Ms. Chong owns the remaining 0.1% of the units.

4. On 26 January 2011, the Company and China Machinery entered into an investment agreement relating to, amongst other things, the issue of new subscription shares, the issue of perpetual convertible securities at an aggregate principal amount of HK$145,000,000 ("Perpetual Convertible Securities") and the issue of warrants entitling China Machinery to subscribe for a maximum 25,600,000 Shares ("Warrants"). Based on the initial conversion price of HK$2.50 per Share and assuming full conversion of the Perpetual Convertible Securities at such conversion price, the Perpetual Convertible Securities will be convertible into 58,000,000 Shares (the "Conversion Shares"). The Warrants entitle China Machinery to subscribe for a maximum of 25,600,000 Shares (the "Warrant Shares") at the initial exercise price of HK$3.125 per Share. The Warrants had expired on 25 August 2013. As at the date of this report, none of the Conversion Shares and/or the Warrant Shares was issued by the Company to China Machinery.

5. China Machinery is owned as to 57.59% by FountainVest China Growth Fund, L.P. and as to 41.32% by FountainVest China Growth Capital Fund, L.P. respectively, which are in turn wholly owned by FountainVest China Growth Partners GP1, L.P., which is in turn wholly owned by FountainVest China Growth Partners GP Ltd. FountainVest China Growth Partners GP Ltd. is 34% owned by One Venture Limited which in turn, is wholly owned by Mr. Kui Tang.

Save as disclosed above, the Directors of the Company were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who has interest in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred therein.

SHARE OPTION SCHEME

At the general meeting held on 8 September 2016, the Company has adopted a new share option scheme ("New Share Option Scheme"). The New Share Option Scheme became effective from 8 September 2016 and will remain in force for a period of 10 years. Under the New Share Option Scheme, the Board may, at their discretion, grant share options to eligible participants including any directors and employees of the Group. No options had been granted under the New Share Option Scheme since its date of adoption.

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the "Share Award Scheme") on 28 October 2015 (the "Adoption Date"). The purpose of the Share Award Scheme is to recognize the contributions of the employees (including without limitation employees who are also directors) of the Group and to give incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the growth and further development of the Group.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at their absolute discretion select any employee for participation in the Share Award Scheme as a selected employee. The Board may determine the number of shares of the Company to be awarded to each selected employee and may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the award as it may at its absolute discretion think fit.

The Board shall not make any further award which will result in the total number of shares awarded by the Board under the Scheme exceeding 10 per cent. of the issued share capital of the Company as at the Adoption Date. The total number of shares which may be awarded to a selected employee in any 12-month period up to and including the date of award shall not in aggregate exceed 1 per cent. of the issued share capital of the Company as at the Adoption Date.

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

During the six months ended 30 September 2017, the Company has purchased 7,122,500 shares of the Company through the trustee in the open market on the Stock Exchange for the purpose of the Share Award Scheme. There were no shares awarded to employees pursuant to the Share Award Scheme during the period.

Subsequent to the Period under Review, the Company has awarded a total of 66,912,500 shares to 10 employees pursuant to a board resolution dated 24 October 2017. All the shares were vested to the relevant employees on 27 October 2017.

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, 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 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.

CONTINUING DISCLOSURE REQUIREMENT UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

In accordance with the requirement of Rule 13.21 of Chapter 13 of the Listing Rules, the following is the details of a facility agreement (the "Facility Agreement") with a covenant relating to specific performance of the controlling shareholder of the Company at 30 September 2017:

On 28 August 2015, L.K. Machinery Company Limited (a wholly-owned subsidiary of the Company) as borrower, and the Company as a guarantor, entered into a facility agreement with a group of banks as lenders for a three-year term loan facilities of up to HK$316,940,000 and US$42,700,000.

The Facility Agreement provides that it would constitute an event of default under the Facility Agreement if (i) Mr. Liu Siong Song (a controlling shareholder of the Company held as to approximately 57.6% of equity interests in the Company as at the date of the Facility Agreement) and his family (the "Major Shareholders") collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial interest in the Company, carrying at least 40% of the voting right, free from any security; (ii) the Major Shareholders collectively are not or cease to be the single largest shareholder of the Company; (iii) the Major Shareholders collectively do not or cease to have control over the board of directors of the Company; and (iv) Ms. Chong Siw Yin (spouse of Mr. Liu Siong Song) is not or ceases to be the Chairman of the Company.

The aforesaid obligation continued to exist at 30 September 2017.

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.

On behalf of the Board
Chong Siw Yin
Chairperson

Hong Kong, 29 November 2017

pwc 羅兵咸永道

TO THE BOARD OF DIRECTORS OF L.K. TECHNOLOGY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 13 to 44, which comprises the condensed consolidated statement of financial position of L.K. Technology Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2017 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 November 2017

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Condensed Consolidated Statement of Financial Position

As at 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.

	NOTES	**(Unaudited) 30 September 2017 HK$'000**	(Audited) 31 March 2017 HK$'000
Non-current assets			
Intangible assets	*7*	**9,771**	10,562
Property, plant and equipment	*8*	**1,079,821**	1,055,978
Investment properties	*8*	**265,950**	242,200
Land use rights	*8*	**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	*9*	**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	*9*	**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	*10*	**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

As at 30 September 2017

	NOTES	(Unaudited) 30 September 2017 HK$'000	(Audited) 31 March 2017 HK$'000
Non-current liabilities			
Deferred income tax liabilities		**15,461**	17,468
Borrowings	11	**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	12	**1,547,305**	1,333,590
Borrowings	11	**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

The notes on pages 20 to 44 are integral part of this condensed consolidated interim financial information.

Condensed Consolidated Income Statement

For the six months ended 30 September 2017

	NOTES	(Unaudited) Six months ended 30 September 2017 HK$'000	2016 HK$'000
Revenue	13	**1,898,063**	1,631,226
Cost of sales	16	**(1,374,953)**	(1,224,151)
Gross profit		**523,110**	407,075
Other income	13	**31,622**	19,011
Other gains/(losses) – net	14	**18,826**	(3,040)
Gain on disposal of a subsidiary	15	**–**	45,712
Selling and distribution expenses	16	**(177,798)**	(152,910)
General and administration expenses	16	**(186,297)**	(185,709)
Operating profit		**209,463**	130,139
Finance income		**2,074**	1,389
Finance costs		**(33,027)**	(31,968)
Finance costs – net	18	**(30,953)**	(30,579)
Share of profit of an associate		**1,127**	878
Profit before income tax		**179,637**	100,438
Income tax expense	19	**(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	20(a)	**12.1**	6.4
– Diluted	20(b)	**11.5**	6.1

The notes on pages 20 to 44 are integral part of this condensed consolidated interim financial information.

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

The notes on pages 20 to 44 are integral part of this condensed consolidated interim financial information.

	Attributable to owners of the Company (Unaudited)												
	Share capital HK$'000	Shares held for share award scheme HK$'000	Share premium HK$'000	Share reserve HK$'000	Exchange translation reserve HK$'000	Statutory reserve HK$'000	Property revaluation reserve HK$'000	Perpetual convertible securities HK$'000	Available-for-sale financial assets reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017	113,327	(32,446)	500,208	13,771	(40,747)	208,687	42,306	85,401	(892)	847,039	1,736,654	1,992	1,738,646
Profit for the period	–	–	–	–	–	–	–	–	–	129,304	129,304	(671)	128,633
Other comprehensive income													
Currency translation differences	–	–	–	–	118,770	–	–	–	–	–	118,770	–	118,770
Change in value of available-for-sale financial assets	–	–	–	–	–	–	–	–	(657)	–	(657)	–	(657)
Total comprehensive income	–	–	–	–	118,770	–	–	–	(657)	129,304	247,417	(671)	246,746
Dividend declared	–	–	–	–	–	–	–	–	–	(18,132)	(18,132)	–	(18,132)
Transferal to reserve	–	–	–	–	–	1,423	–	–	–	(1,423)	–	–	–
Shares purchased for share award scheme	–	(4,615)	–	–	–	–	–	–	–	–	(4,615)	–	(4,615)
Transaction with owners	–	(4,615)	–	–	–	1,423	–	–	–	(19,555)	(22,747)	–	(22,747)
At 30 September 2017	113,327	(37,061)	500,208	13,771	78,023	210,110	42,306	85,401	(1,549)	956,788	1,961,324	1,321	1,962,645

The notes on pages 20 to 44 are integral part of this condensed consolidated interim financial information.

For the six months ended 30 September 2017

	Attributable to owners of the Company (Unaudited)													
	Share capital HK$'000	Shares held for share award scheme HK$'000	Share premium HK$'000	Share option reserve HK$'000	Share reserve HK$'000	Exchange translation reserve HK$'000	Statutory reserve HK$'000	Property revaluation reserve HK$'000	Perpetual convertible securities HK$'000	Available-for-sale financial assets reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2016	113,327	(973)	500,208	138	13,771	75,914	197,994	25,788	85,401	(1,135)	742,248	1,752,681	2,140	1,754,821
Profit for the period	–	–	–	–	–	–	–	–	–	–	71,684	71,684	(67)	71,617
Other comprehensive income														
Currency translation differences	–	–	–	–	–	(49,886)	–	–	–	–	–	(49,886)	–	(49,886)
Realisation upon disposal of a subsidiary *(Note 15)*	–	–	–	–	–	1,339	–	–	–	–	–	1,339	–	1,339
Change in value of available-for-sale financial assets	–	–	–	–	–	–	–	–	–	113	–	113	–	113
Total comprehensive income	–	–	–	–	–	(48,547)	–	–	–	113	71,684	23,250	(67)	23,183
Transferal upon disposal of a subsidiary	–	–	–	–	–	–	(1,183)	–	–	–	1,183	–	–	–
Shares purchased for share award scheme	–	(9,302)	–	–	–	–	–	–	–	–	–	(9,302)	–	(9,302)
Transaction with owners	–	(9,302)	–	–	–	–	(1,183)	–	–	–	1,183	(9,302)	–	(9,302)
At 30 September 2016	113,327	(10,275)	500,208	138	13,771	27,367	196,811	25,788	85,401	(1,022)	815,115	1,766,629	2,073	1,768,702

The notes on pages 20 to 44 are integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	NOTE	(Unaudited) Six months ended 30 September 2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Cash generated from operations		**198,719**	196,601
Interest paid		**(33,027)**	(33,721)
Income tax paid		**(53,598)**	(14,132)
Net cash generated from operating activities		**112,094**	148,748
Cash flows from investing activities			
Net proceeds on disposal of a subsidiary	*15*	**–**	39,123
Purchases of available-for-sale financial assets		**(10,361)**	–
Payments for intangible assets		**(1,988)**	(1,946)
Purchases of property, plant and equipment		**(36,860)**	(24,579)
Deposits for acquisition of property, plant and equipment		**(6,473)**	(2,509)
Proceeds from disposals of property, plant and equipment		**644**	232
Interest received		**2,074**	1,389
Net cash (used in)/generated from investing activities		**(52,964)**	11,710
Cash flows from financing activities			
Inception of new bank borrowings		**298,964**	164,984
Repayment of bank borrowings		**(257,251)**	(305,768)
Net increase in trust receipt loans		**12,611**	60,664
Purchase of shares for share award scheme		**(4,615)**	(9,302)
Net cash generated from/(used in) financing activities		**49,709**	(89,422)
Net increase in cash and cash equivalents		**108,839**	71,036
Cash and cash equivalents at beginning of period		**422,655**	330,404
Exchange gains/(losses) on cash and cash equivalents		**19,323**	(4,966)
Cash and cash equivalents at end of period		**550,817**	396,474

The notes on pages 20 to 44 are integral part of this condensed consolidated interim financial information.

1. GENERAL INFORMATION

L.K. Technology Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 October 2006. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The immediate and ultimate holding company of the Company is Girgio Industries Limited, a company incorporated in the British Virgin Islands.

The Company and its subsidiaries (the "Group") are principally engaged in the design, manufacture, and sales of hot chamber and cold chamber die-casting machines, plastic injection moulding machines, computerised numerical controlled ("CNC") machining centre and related accessories.

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$") unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 29 November 2017.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

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.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2017, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 March 2018.

3. ACCOUNTING POLICIES *(Continued)*

(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 HKFRS 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
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

3. ACCOUNTING POLICIES *(Continued)*

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

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.

3. ACCOUNTING POLICIES *(Continued)*

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

(iii) HKFRS 16, "Lease"

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 HKFRS16 are material.

4. ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2017.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

The different levels for analysis of financial instruments carried at fair value, by valuation method are defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

2. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)

3. Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2017 and 31 March 2017.

As at 30 September 2017

	(Unaudited)			
	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Financial assets				
Available-for-sale financial assets *(Note)*	–	–	**17,369**	**17,369**

As at 31 March 2017

	(Audited)			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Available-for-sale financial assets *(Note)*	–	–	7,665	7,665

Note: As at 30 September 2017, available-for-sale financial assets consist of unlisted equity investment and unlisted insurance policy investments which are denominated in RMB and US dollars, respectively. The fair value of unlisted equity investment is determined by reference to its equity value. The fair value of unlisted insurance policy investments that is not traded in an active market is determined by reference to the expected return from the insurance policy investments which in turn is mainly derived from cash surrender value of the insurance policy.

There were no transfers of financial assets and liabilities between all levels of the value hierarchy classifications.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

Level 3 fair value

Reconciliation of Level 3 fair value measurements of financial assets:

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Financial assets		
Balance at 1 April	**7,665**	7,422
Addition	**10,361**	–
(Losses)/gains recognised in the condensed consolidated statement of comprehensive income	**(657)**	113
Balance at 30 September	**17,369**	7,535
Total unrealised (losses)/gains recognised in the condensed consolidated statement of comprehensive income relating to those instruments held at the end of the reporting period	**(657)**	113

There were no transfers into or out of Level 3 value hierarchy during the period.

The Group's "trade, bills and other receivables", "deposits", "restricted bank balances", "cash and cash equivalents" and "trade, bills and other payables" are financial assets and liabilities not carried at fair value. As at both 30 September 2017 and 31 March 2017, the carrying values of these financial assets and liabilities approximated their respective fair values.

6. 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**

6. SEGMENT INFORMATION *(Continued)*

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.

6. SEGMENT INFORMATION *(Continued)*

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

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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.

7. INTANGIBLE ASSETS

	Trademarks, patents, development cost and others HK$'000	Goodwill HK$'000	Total HK$'000
Six months ended 30 September 2016			
Opening net book amount as at 1 April 2016	8,658	12,406	21,064
Additions	1,946	–	1,946
Amortisation and impairment	(2,805)	–	(2,805)
Disposal of a subsidiary *(Note 15)*	–	(9,606)	(9,606)
Exchange difference	(66)	–	(66)
Closing net book amount as at 30 September 2016 (unaudited)	7,733	2,800	10,533
Six months ended 30 September 2017			
Opening net book amount as at 1 April 2017	**7,762**	**2,800**	**10,562**
Additions	**1,988**	**–**	**1,988**
Amortisation and impairment	**(3,389)**	**–**	**(3,389)**
Exchange difference	**610**	**–**	**610**
Closing net book amount as at 30 September 2017 (unaudited)	**6,971**	**2,800**	**9,771**

8. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS

	Property, plant and equipment HK$'000	Investment properties HK$'000	Land use rights HK$'000
Six months ended 30 September 2016			
Opening net book amount as at 1 April 2016	1,187,301	139,100	301,750
Additions	29,616	–	–
Disposals	(1,087)	–	–
Disposal of a subsidiary *(Note 15)*	(2,250)	–	–
Depreciation and amortisation	(58,999)	–	(3,454)
Increase in fair value *(Note 14)*	–	3,442	–
Exchange difference	(23,527)	(2,942)	(6,978)
Closing net book amount as at 30 September 2016 (unaudited)	1,131,054	139,600	291,318
Six months ended 30 September 2017			
Opening net book amount as at 1 April 2017	**1,055,978**	**242,200**	**278,202**
Additions	**40,433**	**–**	**–**
Disposals	**(604)**	**–**	**–**
Depreciation and amortisation	**(62,027)**	**–**	**(3,376)**
Increase in fair value *(Note 14)*	**–**	**12,800**	**–**
Exchange difference	**46,041**	**10,950**	**13,013**
Closing net book amount as at 30 September 2017 (unaudited)	**1,079,821**	**265,950**	**287,839**

As at both 30 September 2017 and 31 March 2017, the fair values of the investment properties have been arrived at on the basis of a valuation carried out by LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor and valuer. LCH (Asia-Pacific) Surveyors Limited is a member of the Hong Kong Institute of Surveyors ("HKIS"), and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value measurement information for these investment properties are given below.

	Fair value measurements at 30 September 2017 using		
Description	**Quoted prices in active markets for identical assets (Level 1) HK$'000**	**Significant other observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**
Recurring fair value measurements:			
Investment properties (unaudited)	**–**	**–**	**265,950**

8. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND LAND USE RIGHTS *(Continued)*

Description	Fair value measurements at 31 March 2017 using Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000
Recurring fair value measurements:			
Investment properties (audited)	–	–	242,200

There were no transfers between Levels 1, 2 and 3 during the period.

Fair value measurements using significant unobservable inputs (Level 3)

	(Unaudited) Six months ended 30 September	
	2017 HK$'000	2016 HK$'000
Balance at 1 April	**242,200**	139,100
Increase in fair value	**12,800**	3,442
Exchange difference	**10,950**	(2,942)
Balance at 30 September	**265,950**	139,600
Total unrealised gains recognised in the condensed consolidated income statement for assets held at the end of the reporting period	**12,800**	3,442

The valuations, which conform to the HKIS valuation standards, 2012 Edition, were based on the income approach which largely used unobservable inputs (e.g. unit rate, yield, etc.) and taking into account the significant adjustment on yield to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

There were no changes to the valuation technique during the period.

The key assumptions used for the valuation and their relationships to fair value are as follows:

Unobservable input	**Relationship of unobservable inputs to fair value**
Unit rate	The higher the unit rate, the higher the fair value
Yield	The higher the yield, the lower the fair value

9. 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.

10. SHARE CAPITAL

	(Unaudited) Number of ordinary shares of HK$0.1 each	(Unaudited) Amount HK$'000
Authorised:		
At 31 March 2017 and 30 September 2017	3,000,000,000	300,000
Issued and fully paid:		
At 31 March 2017 and 30 September 2017	1,133,265,000	113,327

11. BORROWINGS

The borrowings of the Group comprise:

	(Unaudited) As at 30 September 2017 HK$'000	(Audited) As at 31 March 2017 HK$'000
Non-current:		
Bank borrowings	**115,430**	458,561
Current:		
Bank borrowings	**1,215,469**	806,957
Trust receipt loans	**164,997**	152,347
	1,380,466	959,304
	1,495,896	1,417,865

11. BORROWINGS *(Continued)*

	(Unaudited) As at 30 September 2017 HK$'000	(Audited) As at 31 March 2017 HK$'000
Secured:		
Bank borrowings	**474,631**	354,296
Trust receipt loans	**28,956**	30,754
	503,587	385,050
Unsecured:		
Bank borrowings	**856,268**	911,222
Trust receipt loans	**136,041**	121,593
	992,309	1,032,815
	1,495,896	1,417,865

At 30 September 2017, the Group's borrowings were repayable as follows (Note 1):

	Trust receipt loans		**Bank borrowings**		**Total**	
	(Unaudited) As at 30 September 2017 HK$'000	(Audited) As at 31 March 2017 HK$'000	**(Unaudited) As at 30 September 2017 HK$'000**	(Audited) As at 31 March 2017 HK$'000	**(Unaudited) As at 30 September 2017 HK$'000**	(Audited) As at 31 March 2017 HK$'000
Within 1 year	**164,997**	152,347	**1,196,911**	777,104	**1,361,908**	929,451
Bank borrowings due for repayment after one year *(Note 1)*:						
After 1 year but within 2 years	**–**	–	**74,343**	423,794	**74,343**	423,794
After 2 years but within 5 years	**–**	–	**59,645**	64,620	**59,645**	64,620
After 5 years	**–**	–	**–**	–	**–**	–
	–	–	**133,988**	488,414	**133,988**	488,414
	164,997	152,347	**1,330,899**	1,265,518	**1,495,896**	1,417,865

Note 1: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

Note 2: At 30 September 2017 borrowings of approximately HK$479,513,000 (31 March 2017: HK$362,807,000), were obtained from banks in The People's Republic of China ("PRC") by subsidiaries of the Group that are established in the PRC.

12. 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.

13. 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

14. 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 *(Note 8)*	**12,800**	3,442
Gain/(loss) on disposals of property, plant and equipment	**40**	(865)
Others	**(174)**	–
	18,826	(3,040)

15. GAIN ON DISPOSAL OF A SUBSIDIARY

During the period ended 30 September 2016, the Group disposed of its entire equity interest in Shanghai Prex Mfg. Co., Ltd. ("Shanghai Prex") at a consideration of RMB76,000,000 (equivalent to approximately HK$88,372,000), payable in five instalments. Shanghai Prex is principally engaged in the provision of advisory services, manufacturing and sales of peripheral equipment in the PRC. As a result of the disposal, a gain of approximately HK$45,712,000 has been recognised in the consolidated income statement. The effect of the disposal is summarised as follows:

	(Unaudited) HK$'000
Property, plant and equipment	2,250
Deferred tax assets	1,184
Inventories	9,656
Trade and other receivables	25,995
Cash and cash equivalents	6,626
Bank borrowings	(323)
Trade payables, other payables and accruals	(22,328)
Tax payables	(1,131)
Net assets disposed	21,929
Goodwill	9,606
Expenses attributable to the disposal	199
Exchange translation reserve transferred to the condensed consolidated income statement	1,339
Tax on disposal gain	7,274
Net gain on disposal	45,712
Total consideration to be satisfied by cash, discounted at present value	86,059
Tax on disposal gain	(7,274)
Total consideration to be satisfied by cash (after tax)	78,785
Consideration receivable, included in other receivables and deposits	(33,036)
Consideration received	45,749
Cash and cash equivalents disposed of	6,626
Net proceeds on disposal of a subsidiary	39,123

16. 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 *(Note 17)*	**273,082**	241,967
Contributions to defined contribution retirement plans *(Note 17)*	**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 *(Note 9)*	**8,892**	19,936
Provision for inventories write-down	**10,051**	15,713
(Reversal of loss)/loss on financial guarantee contracts *(Note 22)*	**(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 administrative expenses	**186,297**	185,709
	1,739,048	1,562,770

17. EMPLOYEES' BENEFITS COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Wages and salaries	**266,097**	233,893
Retirement scheme contributions	**25,876**	24,389
Other allowances and benefits	**6,985**	8,074
	298,958	266,356

18. 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.

19. 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 unutislised 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.

20. 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.

21. 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.

22. FINANCIAL GUARANTEES

	(Unaudited) As at 30 September 2017 HK$'000	(Audited) As at 31 March 2017 HK$'000
The amount of the outstanding loans granted by banks to customers to purchase the Group's products for which guarantees have been given by the Group to the banks	**333,791**	311,428

The Group has provided guarantees to banks in respect of credit facilities up to the maximum amount of HK$981,960,000 (31 March 2017: HK$1,026,188,000) which are granted to certain customers of the Group to purchase its products. Pursuant to the terms of the guarantees, the Group is required to deposit a portion of the sales proceeds received from these customers with the banks. If there is default in repayments by these customers, the Group is responsible to repay the outstanding loan principals together with accrued interest and related costs owed by the defaulted customers to the banks, and the Group is entitled to take over the legal title and possession of the related products. The Group's guarantee period starts from the dates of grant of the relevant bank loans and ends when these customers have fully repaid their bank loans.

During the six months period ended 30 September 2017, the Group recognised a reversal of loss of approximately HK$785,000 (30 September 2016: recognised loss of approximately HK$1,900,000), as a result of repayment by customers of certain loans have default in repayments.

The Group has also provided guarantees in respect of financing facilities granted by leasing finance providers to the Group's customers. The amount of outstanding loans due by these customers to the leasing finance providers as at 30 September 2017 was approximately HK$45,242,000 (31 March 2017: HK$39,658,000).

The Company has provided guarantees in respect of banking facilities of its subsidiaries amounting to approximately HK$1,727,326,000 (31 March 2017: HK$1,706,978,000). The facilities utilised by the subsidiaries as at 30 September 2017 amounted to HK$1,145,497,000 (31 March 2017: HK$1,217,812,000).

23. COMMITMENTS

(a) Capital commitments

	(Unaudited) As at 30 September 2017 HK$'000	(Audited) As at 31 March 2017 HK$'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred are as follows:		
Property, plant and equipment	**5,953**	8,098
Other commitments	**235**	225
	6,188	8,323

23. COMMITMENTS *(Continued)*

(b) Operating lease commitments

The Group as lessee

At the end of reporting period, the Group had commitments for future minimum lease payments in respect of buildings under non-cancellable operating leases which fall due as follows:

	(Unaudited) As at 30 September 2017 HK$'000	(Audited) As at 31 March 2017 HK$'000
Leases payable:		
Within one year	**13,250**	12,110
In the second to fifth year inclusive	**46,049**	42,254
After the fifth year	**10,573**	13,891
	69,872	68,255

The Group leases a number of properties under operating leases. The leases generally run for an initial period of one to five years, and the majority of lease agreements are renewable at the end of the lease period at market rate. None of the leases includes contingent rentals.

The Group as lessor

The Group leases out the investment properties and certain machinery under operating leases. The leases generally run for an initial period of one to five years, with an option to renew the leases after that date at which time all terms are renegotiated. None of the leases include contingent rentals.

At the end of the reporting period, the Group had contracted with lessees under non-cancellable operating leases in respect of buildings and machinery for the following future minimum leases receivable:

	(Unaudited) As at 30 September 2017 HK$'000	(Audited) As at 31 March 2017 HK$'000
Leases receivable:		
Within one year	**6,408**	8,953
In the second to fifth year inclusive	**4,532**	11,515
After the fifth year	**–**	203
	10,940	20,671

24. SHARE OPTIONS

Details of the options granted under the Pre-IPO Share Option Scheme of the Company during the six months ended 30 September 2016 are as follows:

			Number of shares subject to options		
Category of grantee	**Exercise price**	**Exercise period**	**Outstanding at 1 April 2016 (Audited)**	**Exercised during the period**	**Outstanding at 30 September 2016 (Unaudited)**
	HK$				
Employees	0.66	16 April 2007 – 15 October 2016	200,000	–	200,000

All of the above outstanding share options were lapsed on 16 October 2016.

Pursuant to the resolution duly passed at the annual general meeting ("AGM") of the Company held on 8 September 2016, the Pre-IPO Share Option Scheme of the Company was terminated and a new share option scheme was approved. The new share option will be in force for a period of 10 years and no options have been granted since its adoption.

25. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management personnel during the period were as follows:

	(Unaudited) Six months ended 30 September	
	2017	2016
	HK$'000	HK$'000
Wages and salaries, other allowances and benefits	**9,756**	7,520
Retirement scheme contributions	**508**	588
	10,264	8,108

26. 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 expense 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.

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