



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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 558)



Interim Report

2014/15

CONTENTS

- 2 Condensed Consolidated Statement of Financial Position
- 4 Condensed Consolidated Income Statement
- 5 Condensed Consolidated Statement of Comprehensive Income
- 6 Condensed Consolidated Statement of Changes in Equity
- 8 Condensed Consolidated Statement of Cash Flows
- 9 Notes to the Condensed Consolidated Interim Financial Information
- 35 Management Discussion and Analysis
- 39 Corporate Information
- 40 Other Information
- 46 Report on Review of Interim Financial Information



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 2014.

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Note	(Unaudited) 30 September 2014 HK\$'000	(Audited) 31 March 2014 HK\$'000
Non-current assets			
Intangible assets	7	24,562	25,314
Property, plant and equipment	8	1,075,391	1,049,055
Investment properties	8	68,880	66,360
Land use rights	8	348,667	348,173
Interests in joint ventures		–	–
Interest in an associate		30,244	28,367
Deposits paid		27,246	20,307
Deferred income tax assets		54,714	46,811
Trade and bills receivables	9	11,882	8,889
Other receivables		2,730	2,695
Available-for-sale financial assets		7,912	7,801
Restricted bank balances		11,390	18,279
Total non-current assets		1,663,618	1,622,051
Current assets			
Inventories		1,315,234	1,126,902
Trade and bills receivables	9	1,029,441	949,775
Other receivables, prepayments and deposits		164,870	195,442
Restricted bank balances		109,528	79,902
Cash and cash equivalents (excluding bank overdrafts)		276,392	353,853
Non-current assets held-for-sale	16	–	2,705,874 6,358
Total current assets		2,895,465	2,712,232
Total assets		4,559,083	4,334,283
Equity			
Share capital	10	113,177	113,177
Reserves		1,009,826	979,093
Retained earnings		754,701	661,610
Equity attributable to owners of the parent		1,877,704	1,753,880
Non-controlling interests		299	279
Total equity		1,878,003	1,754,159

Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2014

	Note	(Unaudited) 30 September 2014 HK\$'000	(Audited) 31 March 2014 HK\$'000
Non-current liabilities			
Deferred income tax liabilities		5,310	5,183
Borrowings	11	327,942	202,807
Other payables		10,567	11,075
Total non-current liabilities		343,819	219,065
Current liabilities			
Trade and bills payables, other payables, deposits and accruals	12	1,214,590	1,126,509
Derivative financial instruments	13	–	–
Borrowings	11	1,073,360	1,201,485
Current income tax liabilities		49,311	33,065
Total current liabilities		2,337,261	2,361,059
Total liabilities		2,681,080	2,580,124
Total equity and liabilities		4,559,083	4,334,283
Net current assets		558,204	351,173
Total assets less current liabilities		2,221,822	1,973,224

The notes on pages 9 to 34 are integral part of this condensed consolidated interim financial information.

Condensed Consolidated Income Statement

For the six months ended 30 September 2014

		(Unaudited)	
		Six months ended 30 September	
		2014	2013
	Note	HK\$'000	HK\$'000
Revenue	14	1,710,964	1,331,799
Cost of sales	17	(1,258,228)	(1,018,458)
Gross profit		452,736	313,341
Other income	14	17,419	16,620
Other gains – net	15	247	19,105
Gain on disposal of properties	16	33,320	–
Provision for impairment of other receivable		–	(63,782)
Selling and distribution expenses	17	(169,616)	(143,196)
General and administration expenses	17	(191,424)	(152,667)
Operating profit/(loss)		142,682	(10,579)
Finance income		2,340	2,151
Finance costs		(30,394)	(33,179)
Finance costs – net	19	(28,054)	(31,028)
Share of profit of joint ventures		–	1,788
Share of profit of an associate		1,499	1,448
Profit/(loss) before income tax		116,127	(38,371)
Income tax expense	20	(23,016)	(7,973)
Profit/(loss) for the period		93,111	(46,344)
Profit/(loss) attributable to:			
Owners of the parent		93,091	(45,980)
Non-controlling interests		20	(364)
		93,111	(46,344)
		HK cents	HK cents
Earnings/(loss) per share for profit/(loss) attributable to owners of the parent during the period (expressed in HK cents per share)			
– Basic	21	8.2	(4.1)
– Diluted		7.8	(4.1)
		HK\$'000	HK\$'000
Dividend	22	–	–

The notes on pages 9 to 34 are integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2014

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Profit/(loss) for the period	93,111	(46,344)
Other comprehensive income for the period:		
Items that may be reclassified to profit or loss:		
Currency translation difference	30,622	18,476
Change in value of available-for-sale financial assets	111	–
Total comprehensive income/(loss) for the period, net of tax	123,844	(27,868)
Attributable to:		
Owners of the parent	123,824	(27,504)
Non-controlling interests	20	(364)
	123,844	(27,868)

The notes on pages 9 to 34 are integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

Attributable to owners of the Company (Unaudited)													
	Share capital 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 2014	113,177	498,607	889	13,771	204,130	172,763	4,747	85,401	(1,215)	661,610	1,753,880	279	1,754,159
Profit for the period	-	-	-	-	-	-	-	-	-	93,091	93,091	20	93,111
Other comprehensive income													
Currency translation differences	-	-	-	-	30,622	-	-	-	-	-	30,622	-	30,622
Change in value of available-for-sale financial assets	-	-	-	-	-	-	-	-	111	-	111	-	111
Total comprehensive income	-	-	-	-	30,622	-	-	-	111	93,091	123,824	20	123,844
At 30 September 2014	113,177	498,607	889	13,771	234,752	172,763	4,747	85,401	(1,104)	754,701	1,877,704	299	1,878,003

The notes on pages 9 to 34 are integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2014

Attributable to owners of the Company (Unaudited)

	Share capital 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 2013	113,177	498,607	889	13,771	240,503	159,942	2,200	85,401	-	603,807	1,718,297	901	1,719,198
Loss for the period	-	-	-	-	-	-	-	-	-	(45,980)	(45,980)	(364)	(46,344)
Other comprehensive income													
Currency translation differences	-	-	-	-	18,476	-	-	-	-	-	18,476	-	18,476
Total comprehensive loss	-	-	-	-	18,476	-	-	-	-	(45,980)	(27,504)	(364)	(27,868)
At 30 September 2013	113,177	498,607	889	13,771	258,979	159,942	2,200	85,401	-	557,827	1,690,793	537	1,691,330

The notes on pages 9 to 34 are integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash (used in)/generated from operations	(16,107)	142,447
Interest paid	(33,627)	(35,706)
Income tax paid	(14,546)	(17,662)
Net cash (used in)/generated from operating activities	(64,280)	89,079
Cash flow from investing activities		
Cash and cash equivalents in a subsidiary acquired	–	3,158
Payments for intangible assets	(2,565)	(1,819)
Purchases of property, plant and equipment	(69,079)	(83,982)
Deposits for acquisition of property, plant and equipment	(8,745)	(6,864)
Payments for land use rights	–	(2,044)
Deposits for acquisition of land use rights	–	(79,509)
Proceeds from disposals of properties	68,139	–
Proceeds from disposals of other property, plant and equipment	524	3,379
Interest received	2,340	2,151
Net cash used in investing activities	(9,386)	(165,530)
Cash flow from financing activities		
Inception of new bank borrowings	887,309	227,885
Repayment of bank borrowings	(946,699)	(275,665)
Net increase in trust receipt loans	54,263	57,025
Net cash (used in)/generated from financing activities	(5,127)	9,245
Net decrease in cash and cash equivalents	(78,793)	(67,206)
Cash and cash equivalents at beginning of period	353,853	390,459
Exchange gains on cash and cash equivalents	1,332	12,875
Cash and cash equivalents at end of period	276,392	336,128

The notes on pages 9 to 34 are integral part of this condensed consolidated interim financial information.

Notes to the 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 the 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 28 November 2014.

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 2014 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 2014, 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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2014, as described therein.

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

(a) Amendments and interpretation to existing standards adopted by the Group

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 Measurements – 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 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, "Investments in Associates and Joint Ventures" on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²;
- Amendments to HKFRS 11, "Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations"²;
- Amendments to HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets" on Clarification of Acceptable Methods of Depreciation and Amortisation²;
- Amendments to HKAS 16, "Property, Plant and Equipment" and HKAS 41, "Agriculture" on Agriculture: Bearer Plants²;
- 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 Cycle¹;
- Annual Improvements to HKFRSs 2011 – 2013 Cycle¹; and
- Annual Improvements to HKFRSs 2012 – 2014 Cycle².

Notes to the Condensed Consolidated Interim Financial Information (Continued)

3 Accounting policies (Continued)

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

- ¹ Effective for the Group for annual periods beginning on 1 July 2014
- ² Effective for the Group for annual periods beginning on 1 January 2016
- ³ Effective for the Group for annual periods beginning on 1 January 2017
- ⁴ Effective for the Group for annual periods beginning on 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.

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 2014.

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 2014.

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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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)
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3)

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2014 and 31 March 2014.

As at 30 September 2014

	(Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Available-for-sale financial assets (Note 1)	–	–	7,912	7,912
Financial liabilities				
Derivative financial instruments: Subscription Options (Note 2)	–	–	–	–

As at 31 March 2014

	(Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Available-for-sale financial assets (Note 1)	–	–	7,801	7,801
Financial liabilities				
Derivative financial instruments: Subscription Options (Note 2)	–	–	–	–

Note 1: Available-for-sale financial assets are unlisted insurance policy investments which are denominated in US dollars. 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.

Note 2: The estimate of the fair value of the Subscription Options is measured using the lattice model (Note 13).

There were no transfers of financial assets and liabilities between levels 1 and 2 value hierarchy classifications.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 and liabilities:

	(Unaudited)	
	Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Financial assets		
Balance at 1 April	7,801	–
Gains recognised in the condensed consolidated statement of comprehensive income	111	–
Balance at 30 September	7,912	–
Total unrealised gains recognised in the condensed consolidated statement of comprehensive income relating to those instruments held at the end of the reporting period	111	–

	(Unaudited)	
	Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Financial liabilities		
Balance at 1 April	–	893
Losses recognised in the condensed consolidated income statement	–	462
Balance at 30 September	–	1,355
Total unrealised losses recognised in the condensed consolidated income statement relating to those instruments held at the end of the reporting period	–	462

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 2014 and 31 March 2014, the carrying values of these financial assets and liabilities approximated their respective fair values. For such fair value determination, except for "restricted bank balances" and "cash and cash equivalents" which are under Level 1 of the fair value hierarchy, all the other financial assets and liabilities as mentioned above are under Level 3 of the fair value hierarchy.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 taxes. 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 2014, revenue from a customer accounted for approximately 12% of the Group’s total revenue (2013: 13%). The revenue was attributable to the die-casting machine and CNC machining centre segments.

The segment results for the six months ended 30 September 2014 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	1,133,794	305,218	271,952	1,710,964	-	1,710,964
Inter-segments sales	71,939	-	-	71,939	(71,939)	-
	1,205,733	305,218	271,952	1,782,903	(71,939)	1,710,964
Results						
Segment results	75,613	54,267	29,698	159,578	-	159,578
Administrative expenses						(16,896)
Finance income						2,340
Finance costs						(30,394)
Share of profit of an associate						1,499
Profit before income tax						116,127

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6 Segment information (Continued)

The segment results for the six months ended 30 September 2013 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	838,218	297,527	196,054	1,331,799	-	1,331,799
Inter-segments sales	50,661	-	-	50,661	(50,661)	-
	888,879	297,527	196,054	1,382,460	(50,661)	1,331,799
Results						
Segment results	47,482	21,292	659	69,433	-	69,433
Provision for impairment of other receivable						(63,782)
Administrative expenses						(16,230)
Finance income						2,151
Finance costs						(33,179)
Share of profit of joint ventures						1,788
Share of profit of an associate						1,448
Loss before income tax						(38,371)

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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 2014

	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total HK\$'000
Assets				
Segment assets	2,912,912	894,477	716,315	4,523,704
Unallocated assets				35,379
Consolidated total assets				4,559,083
Liabilities				
Segment liabilities	2,061,185	270,719	326,257	2,658,161
Unallocated liabilities				22,919
Consolidated total liabilities				2,681,080

As at 31 March 2014

	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	Total 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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 and derivative financial instruments.
- 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 2013			
Opening net book amount as at 1 April 2013	13,882	2,799	16,681
Additions	1,819	–	1,819
Acquisition of a subsidiary	–	9,607	9,607
Amortisation	(2,600)	–	(2,600)
Exchange difference	206	–	206
Closing net book amount as at 30 September 2013 (unaudited)	13,307	12,406	25,713
Six months ended 30 September 2014			
Opening net book amount as at 1 April 2014	12,908	12,406	25,314
Additions	2,565	–	2,565
Amortisation	(2,828)	–	(2,828)
Exchange difference	(489)	–	(489)
Closing net book amount as at 30 September 2014 (unaudited)	12,156	12,406	24,562

Notes to the Condensed Consolidated Interim Financial Information (Continued)

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 2013			
Opening net book amount as at 1 April 2013	995,842	28,250	257,175
Additions	103,253	–	2,044
Acquisition of a subsidiary	3,391	–	–
Disposals	(2,131)	–	–
Depreciation and amortisation	(53,882)	–	(2,866)
Increase in fair value	–	3,447	–
Exchange difference	11,104	223	3,256
Closing net book amount as at 30 September 2013 (unaudited)	1,057,577	31,920	259,609
Six months ended 30 September 2014			
Opening net book amount as at 1 April 2014	1,049,055	66,360	348,173
Additions	74,319	–	–
Disposals	(813)	–	–
Depreciation and amortisation	(59,089)	–	(3,865)
Increase in fair value	–	1,833	–
Exchange difference	11,919	687	4,359
Closing net book amount as at 30 September 2014 (unaudited)	1,075,391	68,880	348,667

Notes to the Condensed Consolidated Interim Financial Information (Continued)

8 Property, plant and equipment, Investment properties and Land use rights (Continued)

As at both 30 September 2014 and 31 March 2014, 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.

Description	Fair value measurements at 30 September 2014 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	–	–	68,880

Description	Fair value measurements at 31 March 2014 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	–	–	66,360

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

8 Property, plant and equipment, Investment properties and Land use rights (Continued) Fair value measurements using significant unobservable inputs (Level 3)

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Balance at 1 April	66,360	28,250
Increase in fair value	1,833	3,447
Exchange difference	687	223
Balance at 30 September	68,880	31,920
Total unrealised gains recognised in the condensed consolidated income statement for assets held at the end of the reporting period	1,833	3,447

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 after expiry of current lease.

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

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purposes. Discussions of valuation processes and results are held between the financial department and valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

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

Unobservable inputs	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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

9 Trade and bills receivables

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Trade receivables	1,067,262	887,876
Less: Provision for impairment	(77,043)	(70,914)
Bills receivables	990,219 51,104	816,962 141,702
Less: Balance due after one year shown as non-current assets	1,041,323 (11,882)	958,664 (8,889)
Trade and bills receivables, net	1,029,441	949,775

The amount of provision for impaired trade receivables was HK\$77,043,000 (31 March 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 the gross trade receivable at the end of reporting period is as follows:

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Within 90 days	597,834	459,353
91-180 days	157,815	142,942
181-365 days	90,849	96,884
Over one year	220,764	188,697
	1,067,262	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. Some customers are granted a credit term with repayment period 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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10 Share capital

	(Unaudited) Number of ordinary shares of HK\$0.1 each	(Unaudited) Amount HK\$'000
Authorised:		
At 31 March 2014 and 30 September 2014	3,000,000,000	300,000
Issued and fully paid:		
At 31 March 2014 and 30 September 2014	1,131,765,000	113,177

11 Borrowings

The borrowings of the Group comprise:

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Non-current:		
Bank borrowings	327,942	202,807
Current:		
Bank borrowings	973,170	1,155,558
Trust receipt loans	100,190	45,927
	1,073,360	1,201,485
	1,401,302	1,404,292
Secured:		
Bank borrowings	358,504	356,074
Unsecured:		
Bank borrowings	942,608	1,002,291
Trust receipt loans	100,190	45,927
	1,042,798	1,048,218
	1,401,302	1,404,292

Notes to the Condensed Consolidated Interim Financial Information (Continued)

11 Borrowings (Continued)

At 30 September 2014, the Group's borrowings were repayable as follows:

	Trust receipt loans		Bank borrowings		Total	
	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000	As at 30 September 2014 HK\$'000	As at 31 March 2014 HK\$'000
Within 1 year	100,190	45,927	965,950	1,132,529	1,066,140	1,178,456
Bank borrowings due for repayment after one year (Note):						
After 1 year but within 2 years	-	-	69,672	223,459	69,672	223,459
After 2 years but within 5 years	-	-	265,490	2,377	265,490	2,377
After 5 years	-	-	-	-	-	-
	-	-	335,162	225,836	335,162	225,836
	100,190	45,927	1,301,112	1,358,365	1,401,302	1,404,292

Note: 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.

12 Trade and bills payables, other payables, deposits and accruals

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Trade payables	633,064	589,499
Bills payables	97,597	75,766
Trade and other deposits and receipts in advance	197,034	227,425
Accrued salaries, bonuses and staff benefits	74,180	66,420
Accrued sales commission	29,828	32,057
Value added tax payable	57,848	40,117
Others	125,039	95,225
	1,214,590	1,126,509

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12 Trade and bills payables, other payables, deposits and accruals (Continued)

The following is the aging analysis of the trade payables:

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Within 90 days	530,916	479,373
91-180 days	87,577	93,331
181-365 days	3,893	7,610
Over one year	10,678	9,185
	633,064	589,499

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

13 Derivative financial instruments

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Balance classified as current liabilities:		
Subscription options	-	-

On 26 January 2011, the Company and a third party investor (the "Investor") entered into an investment agreement (the "Investment Agreement"), pursuant to which the Investor agreed to subscribe for the HK\$255 million "Subscription Shares" and the HK\$145 million "Perpetual Convertible Securities", at a total cash consideration of HK\$400 million. The Company has also issued the "Warrants" and the "Subscription Options" to the investor at nil consideration as part of the transaction. Pursuant to the terms of the Warrants and the Subscription Options as stipulated in the Investment Agreement, the Warrants and the Subscription Options are regarded as derivatives in accordance with the Group's accounting policies. The Warrants expired on 25 August 2013.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

13 Derivative financial instruments (Continued)

At the end of the accounting period, the fair values of the Subscription Options are estimated by an independent professional valuer in Hong Kong using the lattice model. There were no changes in valuation techniques during the period.

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

Unobservable inputs	Relationship of unobservable inputs to the valuation of Subscription options
Discount rate	The higher the discount rate, the lower the value
Gross margin	The higher the gross margin, the higher the value
Long term average growth rate	The higher the long term average growth rate, the higher the value

The Subscription Options are deeply out-of-the-money and therefore not expected to be exercised.

14 Revenue and other income

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Revenue		
Die-casting machine	1,133,794	838,218
Plastic injection moulding machine	305,218	297,527
CNC machining centre	271,952	196,054
	1,710,964	1,331,799
Other income		
Value added taxes refund	11,959	10,396
Other subsidies from government	1,495	2,669
Rental income	2,272	896
Sundry income	1,693	2,659
	17,419	16,620
Total revenue and other income	1,728,383	1,348,419

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15 Other gains – net

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Increase in fair value of investment properties	1,833	3,447
Net foreign exchange (losses)/gains	(1,297)	1,429
Net fair value loss on derivative financial instruments	–	(462)
(Losses)/gains on disposals of property, plant and equipment	(289)	1,248
Remeasurement gains upon business combination	–	13,443
	247	19,105

16 Gain on disposal of properties

As at 30 September 2014, the disposal of land with site area of approximately 11,378m² 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 condensed consolidated income statement.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17 Expenses by nature

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Raw materials and consumables used	1,106,115	828,022
Change in inventories of finished goods and work in progress	(157,687)	(40,136)
Staff costs (Note 18)	246,931	215,750
Contributions to defined contribution retirement plans (Note 18)	22,720	21,753
Amortisation of land use rights	3,865	2,866
Amortisation of trademarks ¹	97	106
Amortisation of patents ¹	107	107
Amortisation of development costs and others ²	2,624	2,387
Depreciation of property, plant and equipment	59,089	53,882
Research costs	13,938	13,825
Transportation expenses	38,024	20,365
Auditor's remuneration	1,845	1,770
Provision for impairment of trade receivables	5,895	6,948
Write down of inventories ²	10,686	10,795
Loss on financial guarantee contracts (Note 23)	24,187	3,488
Other expenses	240,832	172,393
	1,619,268	1,314,321
Represented by:		
Cost of sales	1,258,228	1,018,458
Selling and distribution expenses	169,616	143,196
General and administration expenses	191,424	152,667
	1,619,268	1,314,321

¹ Included in general and administration expenses

² Included in cost of sales

Notes to the Condensed Consolidated Interim Financial Information (Continued)

18 Employees' benefits costs (including directors' emoluments)

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Wages and salaries	233,083	195,908
Retirement scheme contributions	22,720	21,753
Other allowances and benefits	13,848	19,842
	269,651	237,503

19 Finance costs – net

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Finance income:		
Interest income on short-term bank deposits	2,340	2,151
Finance costs:		
Interests on bank loans and overdrafts wholly repayable within five years	(31,864)	(33,519)
Charges on bills receivables discounted without recourse	(1,763)	(2,187)
Less: Capitalised in property, plant and equipment (Note)	3,233	2,527
	(30,394)	(33,179)
	(28,054)	(31,028)

Note:

Borrowing costs capitalised during the period arose on general borrowing pool and were calculated by applying a capitalisation rate of 3.8% (2013: 4.0%) to expenditure on qualifying assets.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

20 Income tax expense

The income tax expense comprises:

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Current income tax		
– PRC income tax	22,956	8,407
– Overseas tax	7,528	1,527
– Hong Kong profits tax	–	–
– Underprovision in prior year	–	6
	30,484	9,940
Deferred income tax	(7,468)	(1,967)
Income tax expense	23,016	7,973

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

In accordance with the applicable Corporate Income Tax Law of The People's Republic of China ("PRC"), the Company's subsidiaries are taxed at statutory rate of 25% (2013: 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 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% (2013: 16.5%) on the estimated assessable profit for the period. No Hong Kong profits tax has been provided for the period as the subsidiaries established in Hong Kong either have unutilised tax losses available to set off current period's estimated assessable profit or have no estimated assessable profit for the period (2013: Nil).

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 Earnings/(loss) per share

(a) Basic

The calculation of the basic earnings/(loss) per share is based on the consolidated profit attributable to owners of the parent of HK\$93,091,000 (2013: loss of HK\$45,980,000) and on the weighted average number of approximately 1,131,765,000 (2013: 1,131,765,000) ordinary shares in issue during the period.

	(Unaudited)	
	Six months ended 30 September	
	2014	2013
Profit/(loss) attributable to owners of the parent (HK\$'000)	93,091	(45,980)
Weighted average number of ordinary shares in issue (thousands)	1,131,765	1,131,765
Basic earnings/(loss) per share (HK cents)	8.2	(4.1)

(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.

	(Unaudited) Six months ended 30 September 2014
Profit attributable to owners of the parent (HK\$'000)	93,091
Weighted average number of ordinary shares in issue (thousands)	1,131,765
Assumed conversion of perpetual convertible securities (thousands)	58,000
Adjustment for share options (thousands)	352
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,190,117
Diluted earnings per share (HK cents)	7.8

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21 Earnings/(loss) per share (Continued)

(b) Diluted (Continued)

During the period ended 30 September 2013, the conversion of all perpetual convertible securities and share options outstanding would have an anti-dilutive effect on the loss per share. Hence, there was no dilutive effect on the calculation of the diluted loss per share for the six months ended 30 September 2013.

22 Interim dividend

At a meeting held on 28 November 2014, the Board resolved not to pay an interim dividend for the six months ended 30 September 2014 (2013: Nil).

23 Financial guarantees

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 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	364,299	342,103

The Group has provided guarantees to banks in respect of credit facilities up to the maximum amount of HK\$1,305,333,000 (31 March 2014: HK\$1,312,318,000) 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. Upon 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 2014, the Group suffered a loss of approximately HK\$24,187,000, as a result of default by certain of these customers. As at 30 September 2014, the Group's provision for loss on financial guarantee contracts amounted to approximately HK\$10,464,000 (31 March 2014: HK\$Nil).

The Company has provided guarantees in respect of banking facilities of its subsidiaries amounting to approximately HK\$1,772,063,000 (31 March 2014: HK\$1,713,048,000). The facilities utilised by the subsidiaries as at 30 September 2014 amounted to HK\$1,029,960,000 (31 March 2014: HK\$1,015,436,000).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

24 Commitments**(a) Capital commitments**

	(Unaudited) As at 30 September 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:		
Property, plant and equipment	143,096	25,478
Other commitments	253	250
	143,349	25,728

(b) Operating lease commitments

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 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Leases payable:		
Within one year	11,500	14,877
In the second to fifth year inclusive	7,572	6,479
After the fifth year	5,081	5,245
	24,153	26,601

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.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

24 Commitments (Continued)

(b) Operating lease commitments (Continued)

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 2014 HK\$'000	(Audited) As at 31 March 2014 HK\$'000
Leases receivable:		
Within one year	7,857	7,836
In the second to fifth year inclusive	12,180	9,426
After the fifth year	2,183	–
	22,220	17,262

25 Share options

Details of the options granted under the Pre-IPO Share Option Scheme of the Company during the six months ended 30 September 2014 are as follows:

Category of grantee	Exercise price HK\$	Exercise period	Number of shares subject to options		
			Outstanding at 1 April 2014 (Audited)	Exercised during the period	Outstanding at 30 September 2014 (Unaudited)
Directors	0.666	16 April 2007 – 15 October 2016	1,500,000	–	1,500,000
Employees	0.666	16 April 2007 – 15 October 2016	200,000	–	200,000
			1,700,000	–	1,700,000

Notes to the Condensed Consolidated Interim Financial Information (Continued)

26 Related party transactions

- (a) The remuneration of directors and other members of key management during the period was as follows:

	(Unaudited)	
	Six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
Wages and salaries, other allowances and benefits	7,937	8,043
Retirement scheme contributions	710	294
	8,647	8,337

- (b) The directors considered the above transaction was made at normal commercial terms, in the ordinary and usual course of business of the Group and on terms no less favourable to the Group than those applicable to independent third parties.

27 Event after date of financial position

On 29 July 2014, the Group entered into a facility agreement with a group of banks for a three-year term loan facilities of up to HK\$121,800,000 and US\$27,700,000 (approximately HK\$214,675,000). On 16 October 2014, another two banks have joined as lenders by signing accession letters and have committed a total of US\$18,000,000 (approximately HK\$139,500,000) in loan amount. Thus, the aggregate amount of the loan facilities has been revised to HK\$121,800,000 and US\$45,700,000 (approximately HK\$354,175,000), effective from 29 October 2014.

Management Discussion and Analysis

Business Review

For the six months ended 30 September 2014 (the “Period under Review”), the Group recorded revenue of HK\$1,710,964,000, representing an increase of 28% as compared to HK\$1,331,799,000 recorded in the same period last year.

During the Period under Review, the Group completed the disposal of the second plot of land (with an area of 11,378 square meters) at its old factory located in Dongsheng Town, Zhongshan City, Guangdong Province, and recognised a gain of HK\$33,320,000. After taking into account this gain, profit attributable to the owners of the Company during the Period under Review was HK\$93,091,000 as compared to the loss of HK\$45,980,000 recorded in the same period last year.

The turnaround from loss to profit as compared to the same period last year was mainly attributable to the increase in the revenue of the Group, especially the remarkable increase in revenue of IDRA, an Italy based wholly-owned subsidiary, by 158% from HK\$145,913,000 recorded in the same period last year to HK\$376,323,000 during the Period under Review. The turnaround was also attributable to the gain of HK\$33,320,000 recognised on the completion of the disposal of the second plot of land at the Group’s old factory in Zhongshan City as mentioned above.

As for regional markets, the Group’s revenue in China market amounted to HK\$1,290,077,000, representing an increase of 13% as compared with the same period last year. Since there was an increase in the revenue of IDRA in the Europe and America markets, revenue contributed by the overseas markets (included IDRA) surged by 119% to HK\$420,887,000.

During the Period under Review, the business environment in China market was challenging, due to the continuing slowdown of the economy, excessive production capacity has become evident, the real estate market remained under pressure, coupled with the rising labour cost and liquidity crunch. In overseas markets, the United States market continued to recover though at a slow pace, while the European market was weak in terms of purchasing power as it was still under the shadow of deflation. Meanwhile the Brazilian market and Indian market remained sluggish.

Die-casting Machines

During the Period under Review, the Group’s revenue from the die-casting machine and peripheral equipment business amounted to HK\$1,133,794,000, representing an increase of 35% as compared to HK\$838,218,000 recorded in the same period last year; out of which HK\$762,145,000 were generated in China market, representing an increase of 13% as compared to HK\$673,120,000 recorded in the same period last year; and the overseas markets (including IDRA) recorded a revenue of HK\$371,649,000, representing an increase of 125% as compared to HK\$165,098,000 recorded in the same period last year.

Plastic Injection Moulding Machines

During the Period under Review, the Group’s revenue from the plastic injection moulding machine business amounted to HK\$305,218,000, representing an increase of 3% as compared to HK\$297,527,000 recorded in the same period last year, which is mainly due to the breakthrough in the sales of medium and large tonnage plastic injection molding machines in the overseas markets.

Management Discussion and Analysis (Continued)

The Group had two plots of land with a total site area of 21,182 square meters in Dongsheng Town, Zhongshan City, Guangdong Province. In March 2014, the Group entered into a sale and purchase agreement with Zhongshan Huifeng Property Development Company Limited (中山市慧峰房地產開發有限公司), a local real estate developer, to sell these 2 plots of land to this property developer for an aggregate consideration of RMB70,000,000. The assignment procedures of the first plot of land with a site area of 9,804 square meters was completed by 31 March 2014, the assignment procedures of the second plot of land with a site area of 11,378 square meters was also completed during the Period under Review.

Meanwhile, 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 foundation and infrastructure work of this new factory has been launched in October 2014 and is expected to be completed by the end of 2015. When the new factory is completed, it will become the Group's Southern China plastic injection molding machine production headquarters. The Group will continue to produce plastic injection molding 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 Period under Review, the Group's revenue from CNC machining centre business amounted to HK\$271,952,000, representing an increase of 39% as compared to HK\$196,054,000 recorded in the same period last year, mainly due to the increase in demand for smart phones.

Financial Review

During the Period under Review, the overall gross profit margin of the business of the Group was 26%, representing a growth as compared to 24% for the same period last year, which was mainly due to the increase in the revenue of the die-casting machine business (included IDRA) and the CNC machining centre business, and particularly the significant growth of the revenue of IDRA, that allowed improvement in economy of scale.

Selling and distribution expenses amounted to HK\$169,616,000, representing an increase of 18% as compared to HK\$143,196,000 recorded in the same period last year, which was mainly due to the increase in wages and other related expenses such as sales commission, transportation and travelling expenses as a result of the increase in the revenue of the die-casting machine business and the CNC machining centre business.

General and administration expenses amounted to HK\$191,424,000, representing an increase of 25% as compared to HK\$152,667,000 recorded in the same period last year, one of the reasons was the increase in wages. The Group has also provided guarantees relating to equipment mortgage loans for individual customers and during the Period under Review, one of these customers entered into bankruptcy proceedings, the Group has to settle the outstanding mortgage loan balance with bank on its behalf and corresponding provision has been made. The Group has, together with that bank, instructed lawyers to recover the mortgaged equipment.

Research and development related expenses amounted to HK\$33,965,000, representing an increase of 3% as compared to HK\$33,082,000 recorded in the same period last year.

In September 2013, the Group made impairment provision for the receivable outstanding from Fuxin Jin Da Steel Casting Company Limited (阜新金達鋼鐵鑄造有限公司) of HK\$59,869,000, and has instituted legal proceedings to recover the outstanding amount.

Management Discussion and Analysis (Continued)

Research and Development (“R&D”)

R&D of Die-Casting Machines

During the Period under Review, the Group continued to optimize the third-generation high-end mid-tonnage die-casting machines “IMPRESS III PLUS+” series and large-tonnage two-platen die-casting machines “FORTECH” series, all of which have been well received by the market due to their energy conservation, environmental protection and efficiency.

Meanwhile, the acquisition of the remaining equity interest in Shanghai Prex Mfg. Co., Ltd. in June 2013 has enabled the Group to improve its capability in the development and deployment of automated peripheral equipment, provide one-stop service solutions to customers, and enable the customers to enhance their competitiveness.

R&D of Plastic Injection Moulding Machines

During the Period under Review, the Group’s two-platen “FORZA” plastic injection moulding machines series has been expanded to the 4,500-ton super large plastic injection moulding machines. The Group will continue to develop even larger tonnage two-platen plastic injection moulding machines to meet the demand for high precision, super-large-tonnage injection moulding machines in the market, in particular the automobile component market. The “FORZA” plastic injection moulding machine series has the good features of high precision, high efficiency and energy saving.

In order to meet the market demand for multi-colour plastic injection moulding machines, the Group has developed the 3-colour plastic injection moulding machines specialized for automobile lighting covers. In the meantime, the Group has developed small and medium sized 2-colour plastic injection moulding machines. The Group has also developed micro-structure plastic injection moulding machines jointly with Beijing University of Chemical Technology, featured with extreme precision and high injection speed, and is primarily used for the production of sophisticated electronic components, biomedical, optics, micro-optics and genetic engineering fields.

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

During the Period under Review, the Group has strengthened the product lines for the high-speed vertical bridge type CNC machining centre. At the same time, the Group has also developed the high-speed small-sized “BTC” machining centre series. The advantages of this series are high production capacity, 3-axis high-speed machining, pallet changer and full 5-axis application, to meet multi-faceted customer needs. The Group’s CNC machining centres are widely used for the post-processing of 3C products, processing of automobile components, manufacturing of dies, and processing of other high precision components.

Prospects

Looking forward to the second half of the year, the economy of China has slowed down after several years of rapid growth, and is now in the process of structural adjustment, while the initial value of HSBC Purchasing Managers Index (PMI) in November decreased to 50, the watershed between growth and recession, while the third quarter GDP growth was only 7.3%. This indicates that the economy continues to face serious downward pressure and it is expected that the target growth rate of 7.5% cannot be reached. The Chinese Government will continue to intensify its reform with prudence and adjust the economic structure from export to domestic consumption. The State Council will launch the directed monetary easing policy more aggressively and reduce the benchmark lending rate, so as to relieve the financing cost of the enterprises, promote economic activities and preserve employment. It is expected that the economy of China will grow steadily but will see different degree of fluctuation as a result of the intensification of the reform during this period.

Management Discussion and Analysis (Continued)

In respect of the overseas markets, the United States economy has recovered moderately, and the PMI has rebounded from 51.3 in January this year to 59 in October. However, the Federal Reserve has stopped buying bonds, will put pressure on the money supply and push up the financing cost. On the other hand, the oil price dropped to a new two-year low. The lower energy prices will further promote consumer confidence and the corporate profitability, as well as easing the inflationary pressure. Brazilian market remains weak. The Government of India has set a new round of economic packages after the presidential election and these are generally welcomed by the market. The European market is still weak, EU economy staggered, and the initial value of integrated PMI new order index dropped to 49.9 in November, below the bench mark for growth and recession of 50, for the first time since July 2013, and may possibly slide into deflation. Therefore, the EU leaders would be forced to do everything possible to save their economies, and could launch further quantitative easing monetary policies.

In all, the economy in the second half of the year remains volatile, complex and uncertain, the business environment remains difficult. With the sound brand reputation and excellent customer base built over 30 years, the Group will continue on research and development, optimizing product designs, improving service quality, and enhancing its operational efficiency, and will adopt a prudent policy to address possible challenges ahead, so as to allow the Group to achieve sound 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 30 September 2014, the Group's cash and bank balances amounted to HK\$276,392,000 (31 March 2014: HK\$353,853,000).

The gearing ratio (a ratio of net debt to total equity) was approximately 60% (31 March 2014: 60%).

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

As at 30 September 2014, 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 HK\$1,401,302,000 (31 March 2014: HK\$1,404,292,000), approximately 77% of which being short-term loans. Approximately 10% of the total borrowing was subject to interest payable at fixed rates.

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 trade and bills receivables, with aggregate carrying amounts of HK\$774,333,000 (31 March 2014: HK\$771,042,000).

Staff and Remuneration Policies

As at 30 September 2014, the Group employed approximately 4,000 full time staff. The staff costs for current year amounted to HK\$269,651,000 (2013: HK\$237,503,000). 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.

Corporate Information

Board of Directors

Executive Directors

Ms. Chong Siw Yin (*Chairperson*)
 Mr. Cao Yang (*Chief executive officer*)
 Mr. Liu Zhuo Ming
 Mr. Tse Siu Sze
 Mr. Wang Xinliang

Non-executive Director

Mr. Hu Yongmin

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*
 Mr. Hu Yongmin

Nomination Committee

Dr. Low Seow Chay
 Dr. Lui Ming Wah, *SBS, JP*
 Mr. Hu Yongmin

Remuneration Committee

Dr. Lui Ming Wah, *SBS, JP*
 Mr. Tsang Yiu Keung, Paul
 Mr. Hu Yongmin

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>

Other Information

Interests and Short Positions of the Directors in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 September 2014, the interests and short positions of the Directors and chief executive 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:

Name of director	Name of company	Capacity	Number of shares held	Approximate percentage of shareholding
Ms. Chong Siw Yin (“Ms. Chong”)	the Company	See Note (1)	645,980,000 ⁽¹⁾ Long position	57.08%
	the Company	Beneficial owner	1,050,000 Long position	0.09%
	the Company	Beneficial owner	1,500,000 ⁽²⁾ Long position	0.13%
Mr. Cao Yang	the Company	Beneficial owner	1,882,500 Long position	0.17%
Mr. Liu Zhuo Ming	the Company	Beneficiary of a trust	645,980,000 ⁽³⁾ Long position	57.08%
Mr. Tse Siu Sze	the Company	Beneficial owner	1,235,000 Long position	0.11%

Notes:

- These 645,980,000 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.
- Such interest in shares is held pursuant to options granted under the Pre-IPO Share Option Scheme, details of which are described in the paragraph headed “Share Option Schemes” in this report.
- Mr. Liu Zhou Ming is deemed to be interested in the 645,980,000 shares held by Girgio as a beneficiary of The Liu Family Trust. Mr. Liu Zhou Ming is the son of Mr. Liu and Ms. Chong.

Save as disclosed above, as at 30 September 2014, none of the Directors and chief executive 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.

Other Information (Continued)

Interests and Short Positions of Substantial Shareholders in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 September 2014, the persons, other than the Directors or chief executive 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	645,980,000 ⁽¹⁾ Long position	57.08%
Mr. Liu	See Note (2)	645,980,000 ⁽²⁾ Long position	57.08%
		1,050,000 ⁽²⁾ Long position	0.09%
		1,500,000 ⁽²⁾ Long position	0.13%
Fullwit	See Note (1)	645,980,000 ⁽¹⁾ Long position	57.08%
HSBC International Trustee Limited	See Note (3)	645,980,000 ⁽³⁾ Long position	57.08%
FountainVest China Growth Partners GP, Ltd. ("FountainVest")	Beneficial owner See Note (4)	112,000,000 ⁽⁴⁾ 58,000,000 ⁽⁴⁾	9.90% 5.12%
Kui Tang	Investment manager See Note (5)	112,000,000 ⁽⁴⁾ 58,000,000 ⁽⁴⁾	9.90% 5.12%
Munsun Asset Management (Asia) Ltd.	Investment manager	126,737,000	11.20%

Other Information (Continued)

Interests and Short Positions of Substantial Shareholders in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations (Continued)

Notes:

1. These 645,980,000 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 Investment Holdings Limited ("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"). China Machinery is wholly owned by FountainVest indirectly. 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. Kui Tang is deemed to be interested in the shares held by FountainVest by virtue of his 34% interest in FountainVest through One Venture Limited.

Save as disclosed above, as at 30 September 2014, the Directors of the Company were not aware of any persons (who were not directors or chief executive 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.

Other Information (Continued)

Share Option Schemes

A Pre-IPO Share Option Scheme was adopted pursuant to a written resolution of the sole shareholder of the Company passed on 23 September 2006. Movements of the options granted under the Pre-IPO Share Option Scheme during the six months ended 30 September 2014 were as follows:

Name/category of participant	Date of grant	Exercise price HK\$	Exercise period	Number of shares subject to options			
				Outstanding as at 01/04/2014	Lapsed during the period	Exercised during the period	Outstanding as at 30/09/2014
Directors							
Ms. Chong	23/09/2006	0.666	16/04/2007 – 15/10/2016	1,500,000	-	-	1,500,000
Others							
An employee	23/09/2006	0.666	16/04/2007 – 15/10/2016	200,000	-	-	200,000
				1,700,000	-	-	1,700,000

Each of the grantees to whom options were granted under the Pre-IPO Share Option Scheme would be subject to the following restrictions on the exercise of the options granted to him/her:

Period (as from 16 October 2006, the day on which the shares of the Company commenced trading on the Stock Exchange)	Maximum cumulative percentage of the shares under option exercisable by the grantee
First 6 months	0%
Second 6 months	33%
Third 6 months	66%
For the remaining option period	100%

Save as disclosed above, no further options were granted under the Pre-IPO Share Option Scheme as the right to do so had ended on the day on which the prospectus of the Company dated 29 September 2006 was registered with the Registrar of Companies in Hong Kong.

In addition, a share option scheme (the "Share Option Scheme") was also adopted pursuant to the written resolution passed by the sole shareholder of the Company on 23 September 2006. No options had been granted under the Share Option Scheme since its date of adoption and up to 30 September 2014.

Other Information (Continued)

Interim Dividend

At a meeting held on 28 November 2014, the Board resolved not to pay an interim dividend for the six months ended 30 September 2014 (2013: Nil).

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 period under review.

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 save as disclosed below.

The Company does not fully comply with code provision A.4.1 in the CG Code. Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election, Mr. Hu Yongmin, being a non-executive Director of the Company, 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.

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 Mr. Hu Yongmin. 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 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 requirements of Rule 13.21 of Chapter 13 of the Listing Rules, the following is the details of the two facility agreements (the ‘Facility Agreements’) both with a covenant relating to specific performance of the controlling shareholder of the Company at 30 September 2014.

1. On 5 September 2012, Power Excel International 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\$60,000,000 and US\$42,300,000.
2. On 29 July 2014, 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\$121,800,000 and US\$27,700,000. Subsequently, two other banks joined as lenders by signing assension letters and therefore the aggregate amount of the loan facilities under the said facility agreement was revised to HK\$121,800,000 and US\$45,700,000 effective from 29 October 2014.

Other Information (Continued)

Continuing Disclosure Requirement under Rule 13.21 of Chapter 13 of the Listing Rules

(Continued)

The Facility Agreements provide that it would constitute an event of default under the Facility Agreements if (i) Mr. Liu Siong Song (a controlling shareholder of the Company held as to approximately 57% of equity interests in the Company as at the date of the Facility Agreements) and his family (the “Major Shareholders”) collectively do not or cease to own, directly or indirectly, at least 40% of the beneficially 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 2014.

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 2014. PricewaterhouseCoopers, the Group’s external auditor, also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 September 2014 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, 28 November 2014

Report on Review of Interim Financial Information



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 interim financial information set out on pages 2 to 34, 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 2014 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, 28 November 2014