力勁科技集團有限公司
L.K. Technology Holdings Limited

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

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2013

The board (the "Board") of directors (the "Directors") of L.K. Technology Holdings Limited (the "Company") presents the audited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2013 together with the comparative figures for the previous year.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*3*	**2,559,969**	3,011,636
Cost of sales	*4*	**(1,923,761)**	(2,185,280)
Gross profit		**636,208**	826,356
Other income		**33,240**	36,044
Other gains – net	*5*	**12,413**	62,471
Selling and distribution expenses	*4*	**(246,898)**	(292,737)
General and administration expenses	*4*	**(322,727)**	(325,813)
Operating profit		**112,236**	306,321
Finance income	*6*	**4,823**	4,672
Finance costs	*6*	**(67,078)**	(59,101)
Finance costs – net	*6*	**(62,255)**	(54,429)
Share of profit/(loss) of jointly controlled entities		**1,166**	(1,315)
Share of profit of an associate		**235**	–
Profit before income tax		**51,382**	250,577
Income tax expense	*7*	**(18,051)**	(50,447)
Profit for the year		**33,331**	200,130
Profit attributable to:			
Owners of the parent		**33,706**	203,773
Non-controlling interests		**(375)**	(3,643)
		33,331	200,130
Earnings per share for profit attributable to owners of the parent during the year (expressed in HK cents per share)			
– Basic	*9*	**3.0**	18.0
– Diluted	*9*	**2.8**	17.1
		HK$'000	*HK$'000*
Dividends	*8*	**–**	56,588

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**33,331**	200,130
Other comprehensive income for the year:		
Currency translation difference	**28,388**	72,339
Reversal arising from the disposal of non-current assets held-for-sale	**–**	(6,171)
Total comprehensive income for the year, net of tax	**61,719**	266,298
Attributable to:		
– Owners of the parent	**62,094**	269,941
– Non-controlling interests	**(375)**	(3,643)
	61,719	266,298

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Intangible assets		**16,681**	14,828
Property, plant and equipment		**995,842**	848,608
Investment properties		**28,250**	34,090
Land use rights		**257,175**	254,016
Interests in jointly controlled entities		**4,468**	–
Interest in an associate		**25,488**	–
Deposits paid		**57,947**	45,459
Deferred income tax assets		**37,435**	33,705
Trade and bills receivables	*10*	**46,060**	26,855
Other receivables		**35,298**	64,160
Restricted bank balances		**16,639**	12,493
Total non-current assets		**1,521,283**	1,334,214
Current assets			
Inventories		**918,650**	1,191,188
Amount due from a jointly controlled entity		**13,503**	13,483
Trade and bills receivables	*10*	**995,328**	819,614
Other receivables, prepayments and deposits		**199,240**	211,150
Restricted bank balances		**71,337**	66,372
Cash and cash equivalents (excluding bank overdrafts)		**390,459**	439,231
Total current assets		**2,588,517**	2,741,038
Total assets		**4,109,800**	4,075,252
Equity			
Share capital		**113,177**	113,177
Reserves		**1,001,313**	959,644
Retained earnings			
– Proposed final dividend	*8*	**–**	56,588
– Others		**603,807**	586,282
Equity attributable to owners of the parent		**1,718,297**	1,715,691
Non-controlling interests		**901**	1,276
Total equity		**1,719,198**	1,716,967

	Note	**2013**	2012
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred income tax liabilities		**6,247**	7,572
Borrowings		**31,250**	305,225
Other payables		**11,033**	10,313
Total non-current liabilities		**48,530**	323,110
Current liabilities			
Trade and bills payable, other payables, deposits and accruals	*11*	**950,732**	1,017,228
Derivative financial instruments		**893**	3,909
Borrowings		**1,354,738**	973,359
Current income tax liabilities		**35,709**	40,679
Total current liabilities		**2,342,072**	2,035,175
Total liabilities		**2,390,602**	2,358,285
Total equity and liabilities		**4,109,800**	4,075,252
Net current assets		**246,445**	705,863
Total assets less current liabilities		**1,767,728**	2,040,077

NOTES:

1 BASIS OF PREPARATION

The consolidated financial statements of L.K. Technology Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the disclosure requirements of the Hong Kong Companies Ordinance.

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

2 NEW AND AMENDED STANDARDS

(a) New and amended standards adopted by the Group.

The following new amendment to standard is mandatory for the first time for the financial year beginning 1 April 2012.

Amendment to Hong Kong Accounting Standards ("HKAS") 12, 'Income taxes', on deferred tax is effective for annual period beginning on or after 1 January 2012.

Currently HKAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use, or through sale, when the asset is measured using the fair value model in HKAS 40 'Investment Property'. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, HK(SIC) 21, 'Income taxes– recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into HKAS 12 the remaining guidance previously contained in HK(SIC) 21, which is accordingly withdrawn.

(b) Amendments and interpretations to existing standards effective for the financial year beginning 1 April 2012 but not relevant to the Group (although they may affect the accounting for future transactions and events).

Amendment to HKFRS 7, 'Financial instruments: Disclosures', on transfer of financial assets is effective for financial period beginning on or after 1 July 2011.

These amendments are as part of the IASBs comprehensive review of off balance sheet activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.

Amendment to HKFRS 1, 'First time adoption', on hyperinflation and fixed dates is effective for financial period beginning on or after 1 July 2011.

The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to HKFRSs', thus eliminating the need for companies adopting HKFRSs for the first time to restate derecognition transactions that occurred before the date of transition to HKFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with HKFRSs after a period when the entity was unable to comply with HKFRSs because its functional currency was subject to severe hyperinflation.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 April 2012 and have not been early adopted:

HKFRS 1 (Amendment)	Government Loans[2]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities[3]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Annual Improvements Project	Annual Improvements 2009-2011 Cycle[2]

Notes:

(1) Effective for financial periods beginning on or after 1 July 2012
(2) Effective for financial periods beginning on or after 1 January 2013
(3) Effective for financial periods beginning on or after 1 January 2014
(4) Effective for financial periods beginning on or after 1 January 2015

The Group has assessed that the adoption of HKFRS 10 in the coming year ending 31 March 2014 does not have any financial impact on the Group as all subsidiaries within the Group satisfy the requirements for the control under HKFRS 10 and there are no new subsidiaries identified under the new guidance.

The Group will apply these new and revised standards, interpretations and amendments in the period of initial application. The Group is currently assessing the impact of the adoption of the above new and revised standards, interpretations and amendments and, except for HKFRS 10, 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.

3 REVENUE AND SEGMENT INFORMATION

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

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

The Group is organised into three main reportable segments.

(i) Die-casting machine

(ii) Plastic injection moulding machine

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

The Group has changed the internal reporting structure effective from 1 April 2012. Accordingly, the comparative segment information has been restated to reflect the current reporting structure.

The segment results for the year ended 31 March 2013 are as follows:

	Die-casting machine	Plastic injection moulding machine	CNC machining centre	Total segments	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
External sales	**1,738,033**	**476,181**	**345,755**	**2,559,969**	**–**	**2,559,969**
Inter-segments sales	**133,523**	**–**	**–**	**133,523**	**(133,523)**	**–**
	1,871,556	**476,181**	**345,755**	**2,693,492**	**(133,523)**	**2,559,969**
Results						
Segment results	**96,168**	**20,317**	**25,417**	**141,902**	**–**	**141,902**
Administrative expenses						**(32,682)**
Unallocated other gain						**3,016**
Finance income						**4,823**
Finance costs						**(67,078)**
Share of profit of jointly controlled entities						**1,166**
Share of profit of an associate						**235**
Profit before income tax						**51,382**

The segment results for the year ended 31 March 2012 (Restated) are as follows:

	Die-casting machine *HK$'000*	Plastic injection moulding machine *HK$'000*	CNC machining centre *HK$'000*	Total segments *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue						
External sales	1,949,138	503,683	558,815	3,011,636	–	3,011,636
Inter-segments sales	239,689	–	–	239,689	(239,689)	–
	2,188,827	503,683	558,815	3,251,325	(239,689)	3,011,636
Results						
Segment results	165,721	46,616	82,892	295,229	–	295,229
Administrative expenses						(44,795)
Unallocated other gain						55,887
Finance income						4,672
Finance costs						(59,101)
Share of loss of a jointly controlled entity						(1,315)
Profit before income tax						250,577

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

Segment assets and liabilities

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

	As at 31 March 2013			
	Die-casting machine *HK$'000*	**Plastic injection moulding machine** *HK$'000*	**CNC machining centre** *HK$'000*	**Total** *HK$'000*
Assets				
Segment assets	**2,740,304**	**616,456**	**731,051**	**4,087,811**
Unallocated assets				**21,989**
Consolidated total assets				**4,109,800**
Liabilities				
Segment liabilities	**1,836,087**	**183,360**	**343,116**	**2,362,563**
Unallocated liabilities				**28,039**
Consolidated total liabilities				**2,390,602**

	As at 31 March 2012 (Restated)			
	Die-casting machine *HK$'000*	Plastic injection moulding machine *HK$'000*	CNC machining centre *HK$'000*	Total *HK$'000*
Assets				
Segment assets	2,807,512	589,105	645,311	4,041,928
Unallocated assets				33,324
Consolidated total assets				4,075,252
Liabilities				
Segment liabilities	1,721,072	337,708	286,370	2,345,150
Unallocated liabilities				13,135
Consolidated total liabilities				2,358,285

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

– all assets are allocated to reportable segments other than corporate assets.

– all liabilities are allocated to reportable segments other than corporate liabilities and derivative financial instruments.

– liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

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

	For the year ended 31 March 2013				
	Die-casting machine *HK$'000*	**Plastic injection moulding machine** *HK$'000*	**CNC machining centre** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Additions to non-current assets[1]	**144,568**	**62,972**	**59,633**	**153**	**267,326**
Depreciation and amortisation	**98,901**	**13,467**	**7,901**	**2,466**	**122,735**
Write down of inventories	**16,511**	**5,062**	**5,589**	**–**	**27,162**
Provision for impairment of trade receivables	**10,654**	**–**	**–**	**–**	**10,654**

	For the year ended 31 March 2012 (Restated)				
	Die-casting machine *HK$'000*	Plastic injection moulding machine *HK$'000*	CNC machining centre *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to non-current assets[1]	85,179	93,701	136,404	3,425	318,709
Depreciation and amortisation	89,863	15,038	4,065	2,966	111,932
Write down/(reversal of write down) of inventories	14,999	(1,330)	1,895	–	15,564
Provision for/(reversal of) impairment of trade receivables	8,805	(424)	–	–	8,381

1 Non-current assets exclude interests in jointly controlled entities, interest in an associate, deferred income tax assets, deposits and receivables and derivative financial instruments.

None of the customers of the Group individually accounted for 10% or more of the Group's revenue for both of the years ended 31 March 2012 and 31 March 2013.

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Analysis of revenue by category		
Sales of die-casting machine	**1,738,033**	1,949,138
Sales of plastic injection moulding machine	**476,181**	503,683
Sales of CNC machining centre	**345,755**	558,815
	2,559,969	3,011,636
Other income	**33,240**	36,044
	2,593,209	3,047,680

Geographical information

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

	Revenue from external customers		**Non-current assets[1]**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**1,811,334**	2,443,725	**1,239,837**	1,075,231
Hong Kong	**–**	–	**21,713**	31,396
Europe	**333,756**	283,284	**22,193**	25,849
Central America and South America	**174,215**	106,658	**–**	–
North America	**108,525**	55,273	**690**	226
Other countries	**132,139**	122,696	**71,462**	64,299
	2,559,969	3,011,636	**1,355,895**	1,197,001

1 Non-current assets exclude interests in jointly controlled entities, interest in an associate, non-current portion of trade and other receivables, restricted bank balances and deferred income tax assets.

4 EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Amortisation of land use rights	**5,582**	3,681
Amortisation of trademarks	**202**	219
Amortisation of patents	**214**	214
Amortisation of development costs and others	**5,081**	4,972
Depreciation of property, plant and equipment	**111,656**	102,846
Provision for impairment of trade receivables	**10,654**	8,381
Write down of inventories	**27,162**	15,564

5 OTHER GAINS – NET

	2013	2012
	HK$'000	*HK$'000*
Net foreign exchange gain	**173**	794
Increase in fair value of investment properties	**3,692**	1,074
Net fair value gain on derivative financial instruments	**3,016**	55,690
Loss on disposals of property, plant and equipment	**(1,009)**	(1,940)
Gain on disposal of an investment property	**210**	–
Gain on disposal of non-current assets held-for-sale	**–**	5,172
Imputed interest arising from other receivable	**4,642**	–
Others	**1,689**	1,681
	12,413	62,471

6 FINANCE COSTS – NET

	2013	2012
	HK$'000	*HK$'000*
Finance income:		
Interest income on short-term bank deposits	**(4,823)**	(4,672)
Finance costs:		
Interests on bank loans and overdrafts wholly repayable within five years	**77,745**	62,827
Less: Capitalised in property, plant and equipment *(Note i)*	**(10,667)**	(3,726)
	67,078	59,101
	62,255	54,429

(i) Borrowing costs capitalised during the year arose from general borrowing pool and were calculated by applying a capitalisation rate of 4.25% (2012: 5.10%) to expenditure on qualifying assets.

7 INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
The tax charge for the year comprises:		
Current income tax		
– PRC income tax	**15,446**	42,615
– Overseas tax	**1,200**	9,445
– Hong Kong profits tax	**–**	–
– Under-provision in prior years	**6,167**	7,415
	22,813	59,475
Deferred income tax	**(4,762)**	(9,028)
Tax charge	**18,051**	50,447

In accordance with the applicable Corporate Income Tax Law of the PRC, certain of the Company's subsidiaries registered in the PRC are exempted from corporate income tax ("CIT") for two years starting from their first profit making year after utilisation of tax loss brought forward and are entitled to 50% relief on the CIT in the following three years. These subsidiaries are subject to CIT at rates ranging from 12.5% to 25% (2012: 12.5% to 25%) during the year. All of the Company's subsidiaries ceased to enjoy the 50% relief on CIT after 31 December 2012.

For those subsidiaries of the Company which were still entitled to the 50% relief on income tax during the year, the tax rate for the year is 12.5%. For those subsidiaries with expired tax holidays (other than those approved to be High and New Technology Enterprises as discussed in the next paragraph), the tax rates for the year are 25% (2012: 25%).

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

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

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year. No Hong Kong profits tax has been provided for the year ended 31 March 2013 as the subsidiaries in Hong Kong either have unutilised tax losses available to set off current year's estimated assessable profit or have no assessable profits for the current year. No Hong Kong profits tax has been provided for the year ended 31 March 2012 as there were no assessable profits for that year.

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

8 DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Proposed final dividend (2012: HK5 cents)	**–**	56,588

At a meeting held on 27 June 2013, the directors do not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: HK5 cents per ordinary share, totaling HK$56,588,000).

9 EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the consolidated profit attributable to owners of the parent of HK$33,706,000 (2012: HK$203,773,000) and on the weighted average number of approximately 1,131,765,000 (2012: 1,131,539,000) ordinary shares in issue during the year.

	2013	2012
Profit attributable to owners of the parent (HK$'000)	**33,706**	203,773
Weighted average number of ordinary shares in issue (thousands)	**1,131,765**	1,131,539
Basic earnings per share (HK cents)	**3.0**	18.0

(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.

	2013	2012
Profit attributable to owners of the parent (HK$'000)	**33,706**	203,773
Weighted average number of ordinary shares in issue (thousands)	**1,131,765**	1,131,539
Assumed conversion of perpetual convertible securities (thousands)	**58,000**	58,000
Adjustment for share options (thousands)	**983**	1,358
Weighted average number of ordinary shares of diluted earnings per share (thousands)	**1,190,748**	1,190,897
Weighted average number of ordinary shares for diluted earnings per share (HK cents)	**2.8**	17.1

The assumed conversion of potential ordinary shares arising from the warrants during the year would be anti-dilutive (2012: Same).

10 TRADE AND BILLS RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**981,719**	826,504
Less: Provision for impairment	**(58,213)**	(47,144)
	923,506	779,360
Bills receivables	**117,882**	67,109
	1,041,388	846,469
Less: Balance due after one year shown as non-current assets	**(46,060)**	(26,855)
Trade and bills receivables, net	**995,328**	819,614

The amount of provision for impaired trade receivables was HK$58,213,000 (2012: HK$47,144,000). The individually impaired receivables mainly relate to individual customers, the recoverability of which was in doubt.

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

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**645,848**	459,618
91-180 days	**112,290**	132,237
181-365 days	**65,028**	123,919
Over one year	**158,553**	110,730
	981,719	826,504

The maturity date of the bills receivable 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.

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

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**483,921**	531,183
Bills payable	**126,495**	34,716
Trade and other deposits and receipts in advance	**105,772**	174,447
Accrued salaries, bonuses and staff benefits	**62,579**	61,253
Accrued sales commission	**36,893**	54,611
Value added tax payable	**29,884**	32,158
Others	**105,188**	128,860
	950,732	1,017,228

The following is the aging analysis of the trade payables:

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**396,780**	422,064
91-180 days	**62,405**	90,906
181-365 days	**12,760**	7,389
Over one year	**11,976**	10,824
	483,921	531,183

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the year ended 31 March 2013 (the "Year"), the Group recorded total revenue of HK$2,559,969,000, representing a decrease of 15% as compared to the revenue of HK$3,011,636,000 in the same period last year. The profit attributable to the owners of the Company amounted to HK$33,706,000, representing a significant decrease of 83% as compared to the profit of HK$203,773,000 of the same period last year.

During the Year, the Group recorded a decrease in gross profit margin from 27% of the same period last year to 25%. The decrease was mainly attributable to the increase in proportion of fixed costs as compared to revenue. Moreover, the new plants in Taiwan, Kunshan and Shenzhen have commenced production at the beginning of 2012 respectively. In addition, the Group has acquired additional processing equipment for the plant in Fuxin City of Liaoning Province in order to enhance the overall processing capacity of the Group and to reduce the outsourcing of processing, resulting in increase in overall depreciation costs as compared to the same period last year.

Sales and distribution expenses amounted to HK$246,898,000, representing a decrease of 16% as compared to HK$292,737,000 of the same period last year. The decrease was mainly due to the reduction in remuneration of sales personnel and transportation expenses.

General and administrative expenses were HK$322,727,000, representing a decrease of 1% as compared to HK$325,813,000 of the same period last year. Despite slight decrease in the total expenses, research and development costs of new products increased as compared to the same period last year.

Business Review

During the Year, amid the prolonged and deteriorating European debt crisis, the sluggish recovery of global economies as well as the complex and volatile economic climate, China's economic growth witnessed significant slowdown after the rapid growth for the past few years. Meanwhile, against the backdrop of a downside trend in China's economy, the banking sector in China tightened their credit control. Under such circumstances, the downstream customers of equipment manufacturers postponed or cancelled their investments in equipment as part of their initiatives to weather the uncertain economic situation. In addition, the Diaoyu Islands Dispute during the Year also impacted on some customers whose major export market was Japan. Under such challenging business environment, the Group recorded a revenue of HK$2,559,969,000 during the Year, representing a decrease of 15% as compared to the same period last year.

As for regional markets, China remained the primary market for the Group, accounting for 70% of the Group's revenue. Due to the slowdown in China's economic growth and the tightening polices of the Chinese government, the revenue from the China market during the Year decreased by 26% to HK$1,811,334,000 as compared to the same period last year. As for overseas markets, the revenue of all the Group's three core products, namely die-casting machines, plastic injection moulding machines and computerised numerical controlled (CNC) machines, recorded double-digit growth. Revenue from overseas markets during the Year soared by 32% to HK$748,635,000 as compared to the same period last year.

Die-casting Machines

During the Year, due to the increased economic uncertainty and the intensified credit tightening, some of the Group's customers tended to exercise more caution and took a wait-and-see attitude towards equipment investment, especially the investment in large tonnage die-casting machine cells which required larger amount of investment. As a result, the revenue of the die-casting machines and the peripheral equipment decreased by 11% to HK$1,738,033,000, of which the revenue of IDRA, an Italy based wholly-owned subsidiary of the Group, amounted to HK$523,957,000 during the Year, representing a decrease of 3% as compared to the same period last year.

The Group's leading position in the die-casting machine market remained solid and was able to provide a comprehensive package of advanced production equipment ranging from die-casting to precision processing. Such world's leading and advanced die-casting equipment ensured cutting-edge production technology and consistent product quality, which in turn endorsed the quality of high precision and complex non-ferrous alloy die casting parts.

Plastic Injection Moulding Machines

During the Year, the Group's plastic injection moulding machines outperformed the average standard of the industry which was driven by the satisfactory performance of medium and large tonnage plastic injection moulding machines and servo control energy saving plastic injection moulding machines in the market, as well as the breakthroughs achieved in home appliances, telecommunication and electronics markets. The revenue of the plastic injection moulding machine business remained stable during the Year, amounting to HK$476,181,000 and representing a slight decrease of 5% as compared to the same period last year.

Computerised Numerical Controlled (CNC) Machines

The CNC machines remain one of the core businesses of the Group. The slowdown in investment in electronic consumer goods like smart phones and tablet personal computers coupled with the market volatility by virtue of our relatively concentrated customer base, the revenue of CNC machines for the Year decreased by 38% to HK$345,755,000 as compared to the same period last year. The Group's CNC machine products remain competitive in the market due to their good value performance. The Group is fully aware of the importance of expanding its customer base in the CNC machine business and has strengthened the promotion in the post die-casting processing, automobile, die making, and machinery processing markets with an aim to realise more cross-over selling. Meanwhile, the Group has achieved breakthroughs in the fields of post die-casting processing for automobile components and secured orders from a number of reputable large enterprises. These orders enable the Group's CNC machines products to expand into the immense market of post-processing automobile components and to expand the customer base, thus facilitating the stability and sustainability of the business.

Research and Development ("R&D")

R&D of Die-casting Machines

During the Year, the Group further developed the "IMPRESS III PLUS" series based on the third-generation die-casting machines, all of which were equipped with servo control energy saving electric motors with an average energy-saving level of about 30-50%, and is in line with the global trend of energy saving in the die-casting industry. Meanwhile, the Group continued to develop and launch the two-platen die-casting machines series that were more space-saving, more convenient for repairs and more cost-effective. During the Year, the automatic die-casting machine cells developed by the Group remain the most competitive products. The DCC3000U die casting machine which was developed by the Group won the "Machinery and Machine Tools Design Grand Award" under the "2012 Hong Kong Awards for Industries" in recognition of its innovations and breakthroughs in several critical technologies during the Year.

In the meantime, the Group strives to develop automated peripheral equipment with an aim to enable customers to enhance the precision, repetitiveness, consistency in die-casting production as well as to provide customers with a premium production-effective tool by improving the quality and reducing the dependence on manual operations.

R&D of Plastic Injection Moulding Machines

With pronounced energy-saving function, the servo control energy saving plastic injection moulding machines developed by the Group was granted the "Technology Innovation Award" by "Ringier", a professional industry magazine in China. The Group continued to make progress in developing large-tonnage plastic injection moulding machines series and achieved higher sales growth on the series of above 1,000 tonnes. In the meantime, the Group also achieved breakthroughs in multi-color plastic injection moulding machines, which have adopted the design of multi-injection stations capable of performing tricolor, dual-color and mono-color injections, and had been delivered to customers. Due to its comprehensive strength in aspects such as R&D and market performance of plastic injection moulding machines, the Group has been awarded "Top Ten Enterprises of the China Plastic Injection Moulding Machines Manufacturers 2012" by China Plastics Machinery Industry Association.

R&D of CNC Machines

Apart from developing new CNC machines products with larger sizes, the Group's R&D center in Taiwan had also been focusing on the enhancement of the functionality and efficiency of existing products and had achieved remarkable results. The "TC" series of the Group was well received in the market. During the year, the Group further improved the products under "TC" series, "MV" series and "HT" series with an aim to enhance the market competitiveness of the CNC machines products.

New Production Facilities

In order to achieve economy of scale and strive for a forefront position in the vast but highly competitive market of plastic injection moulding machines, the Group purchased a plot of land in the city of Ningbo, Zhejiang Province, with a total area of 150 mu (about 100,000 square meters). This plot of land, located on Wanquanhe Road, Beilun District, Ningbo City, is about 15km from the existing Ningbo L.K. factory. The new factory is to be built in two phases. The construction of the Phase I covering an area of 47,000 square meters is near completion, and will be put into operation in the second half of 2013. The new factory will become the Group's production headquarters of plastic injection moulding machines in Eastern China. Upon commencement of operation of the new factory, the production capacity of plastic injection moulding machines will be improved accordingly which in turn will enrich the product mix, enabling the Group to expand its market shares with the benefit of scale.

Prospects

Looking forward to the year ahead, from the macro perspective, in relation to the China domestic environment, both the "Twelfth Five Year Plan" and the new government have regarded the strategic adjustment of economic structure and the change in development pattern as China's keynotes of development and policy priorities in the next five years. It appears that the new government has abandoned the mindset of maintaining high growth and is cautious about implementing accommodative policies to push economic growth. As for the international environment, in the wake of the slowdown of the global economy, major developed countries suffered from sluggish economic growth with high unemployment rates, resulting in negative impacts on the consumption and demand. The general slowdown in emerging economies has added uncertainty to the global economic growth. In general, the business environment at home and abroad remains tough and challenging in 2013. However, it may stabilise and the market conditions may be better than that of 2012. Such environment is conducive to the gradual recovery of equipment investors' confidence, and thus enabling the Group to get back on the growth track.

Regarding the downstream industries, automobile industry in China involves a huge upstream and downstream industrial chains. Under the context of slowdown in export as well as investment growth, and expansion of domestic demand, the automobile industry is becoming increasingly important given its indispensable role in the national economy. The China Automobile Association (中國汽車協會) projected a growth rate of 8.5% in the China auto sales for this year. The auto sales volume for the first five months of this year shows impressive signs of recovery, with accumulated sales of approximately 9.08 million units (corresponding period of 2012: approximately 8.01 million units). It is expected that investment from auto manufacturers and automobile component manufacturers in the complex, high precision and high value-added die-casting products such as cylinders, gearbox housing, steering gear housing will increase, which is conducive to the business performance of the large tonnage die-casting machines business sector of the Group. Regarding the communications market, the development of 3G and 4G technologies sparks continuous innovation of communication products. In future, the communications market remains a great potential sector, and will attract investment in die-casting equipment of this sector. As a leading enterprise in the die-casting machine industry, the Group's business performance will be benefited from the development of the communication market.

For the business of plastic injection moulding machines, given the tremendous market of China, the Group will further perfect its product lines, particularly in the large tonnage and multi-color plastic injection moulding machines, which is conducive for the growth of the business. When the production headquarters in Eastern China starts operation, the Group's productivity of plastic injection moulding machines will be enhanced, and will then strengthen the Group's position in acquiring big orders, and increase its market share with the benefit of scale.

For the business of CNC machines, the Group's CNC machines maintain stronger competitive edge in the 3C industry. In the meantime, the breakthroughs in automobile components industry will be conducive for the Group to enter into the massive market for post-processing of automobile components, extending the influences to other post die-casting processing fields. Such initiatives will enable the Group to cross over its sales channels, expand the customer base for the business of CNC machines, and achieve stable and sustainable growth.

In terms of the overseas markets, the USA, Europe, Brazil and India are the Group's major overseas markets. To provide higher quality services, the Group has established a technical center in India to provide training and technical support services for its customers. Meanwhile, the Group has also taken the initiative to develop the Southeast Asian market in order to enhance its market penetration.

The global economic environment is still exposed to turmoil and uncertainties. The Group will adopt prudent and stable development measures to cope with any potential challenges.

Since the Group's three product lines have been well acknowledged by customers of different business sectors in manufacturing industries, extensively applied in different fields, and enjoy a competitive edge, the management of the Group remains optimistic about the long-term prospect of the Group.

Long-term Development Strategy

The Group's development strategy and objective are to provide quality products and services to customers, to become a renowned equipment manufacturing group in the global machinery and equipment industry that are widely respected by customers and peers, and to drive the long-term and sustainable growth of its businesses so as to generate stable returns and create further value for shareholders.

Liquidity and financial resources

The Group's working capital generally financed by internal cash flows generated from its operation and existing banking facilities. As at 31 March 2013, the Group's cash and bank balances amounted to approximately HK$390.4 million (2012: HK$439.2 million).

The gearing ratio (a ratio of net debt to total equity) was approximately 58% (2012: 49%).

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

As at 31 March 2013, the capital structure of the Company was constituted exclusively of 1,131,765,000 ordinary shares of HK$0.1 each. The total amount of outstanding borrowings was approximately HK$1,385.9 million (2012: HK$1,278.5 million), around 98% of which being short-term loans. Approximately 9% of the total borrowing was subject to interest payable at fixed rates.

Financial Guarantees

The Group provided guarantees to banks in respect of banking facilities granted to certain customers of the Group to purchase its products. As at 31 March 2013, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to approximately HK$255.1 million (2012: HK$279.0 million).

Pledge of Assets

The Group's banking facilities and financial guarantees were secured by the assets of the Group, including restricted bank balances, land use rights, investment properties, plant and machinery, and bills receivables, with aggregate carrying amounts of HK$345.2 million (2012: HK$497.3 million).

Capital commitments

As at 31 March 2013, the Group had made capital expenditure commitments of approximately HK$168.5 million (2012: HK$144.7 million) in respect of acquisition of land use rights, property, plant and equipment.

Staff and Remuneration Policies

As at 31 March 2013, the Group employed approximately 3,700 full time staff. The staff costs for the Year amounted to HK$425.3 million (2012: HK$463.5 million). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides other staff benefit such as mandatory provident fund, state-managed social welfare scheme and share option schemes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2013.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: HK5 cents per share).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Thursday, 29 August 2013, the register of members of the Company will be closed from Tuesday, 27 August 2013 to Thursday, 29 August 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 August 2013.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2013.

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, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31 March 2013.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tsang Yiu Keung, Paul, Dr. Lui Ming Wah and Mr. Chan Wah Tip, Michael, and one non-executive Director, Mr. Hu Yongmin.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 March 2013.

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

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.lktechnology.com. The annual report of the Company for the year ended 31 March 2013 containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

By order of the Board
Chong Siw Yin
Chairperson

Hong Kong, 27 June 2013

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