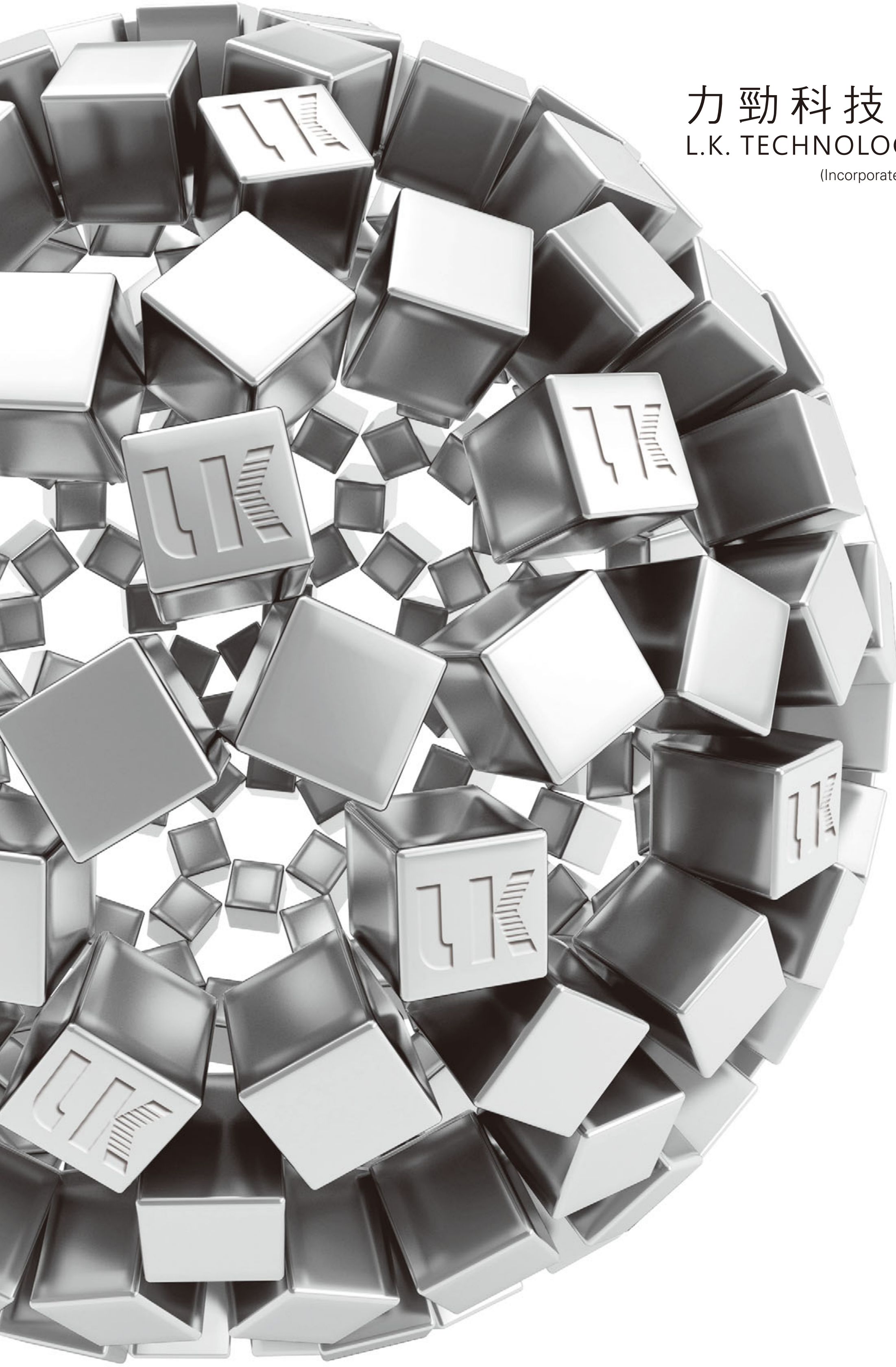
力勁科技集團有限公司

L.K. TECHNOLOGY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號：558



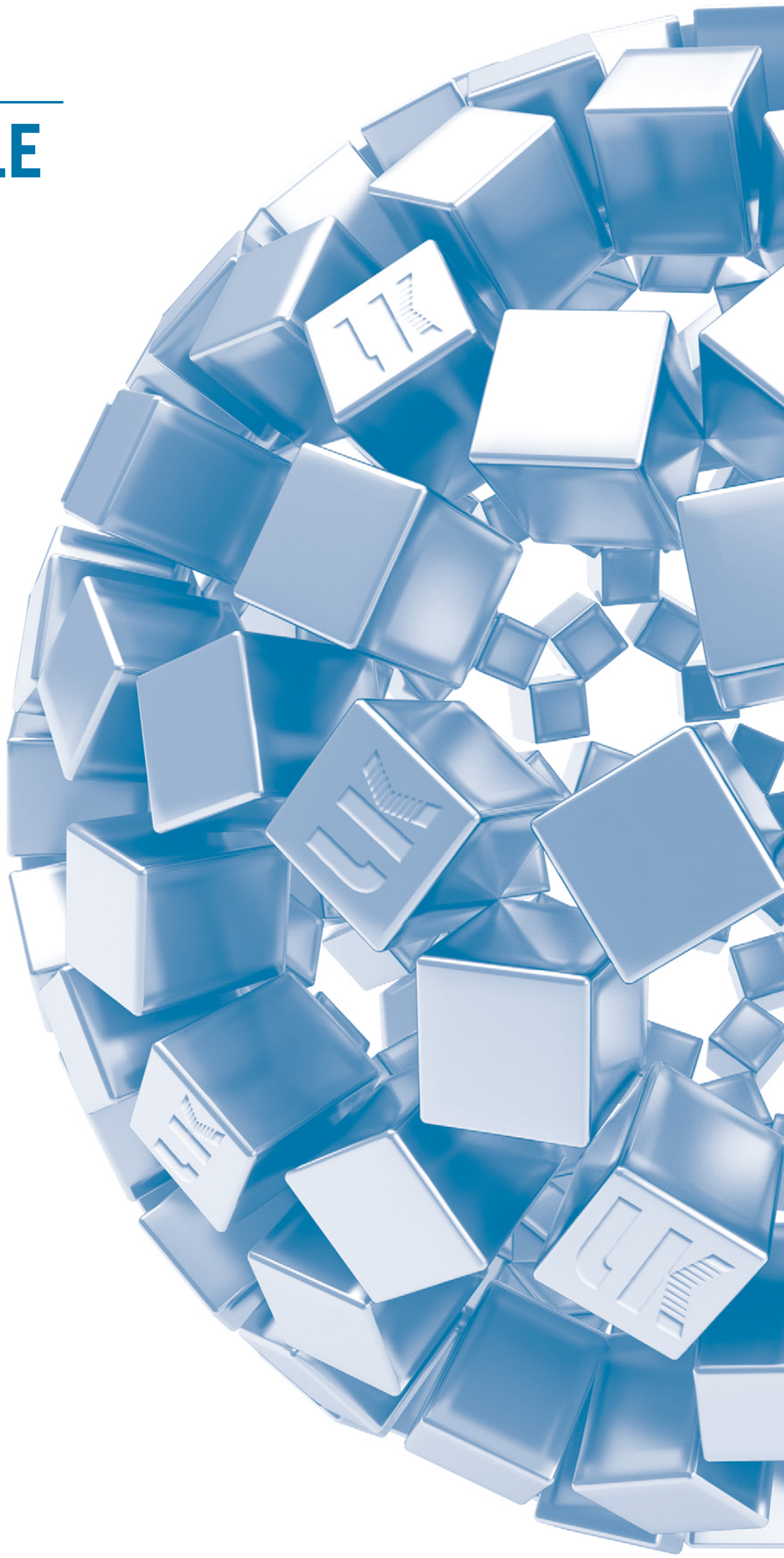
INTERIM REPORT 2018/19

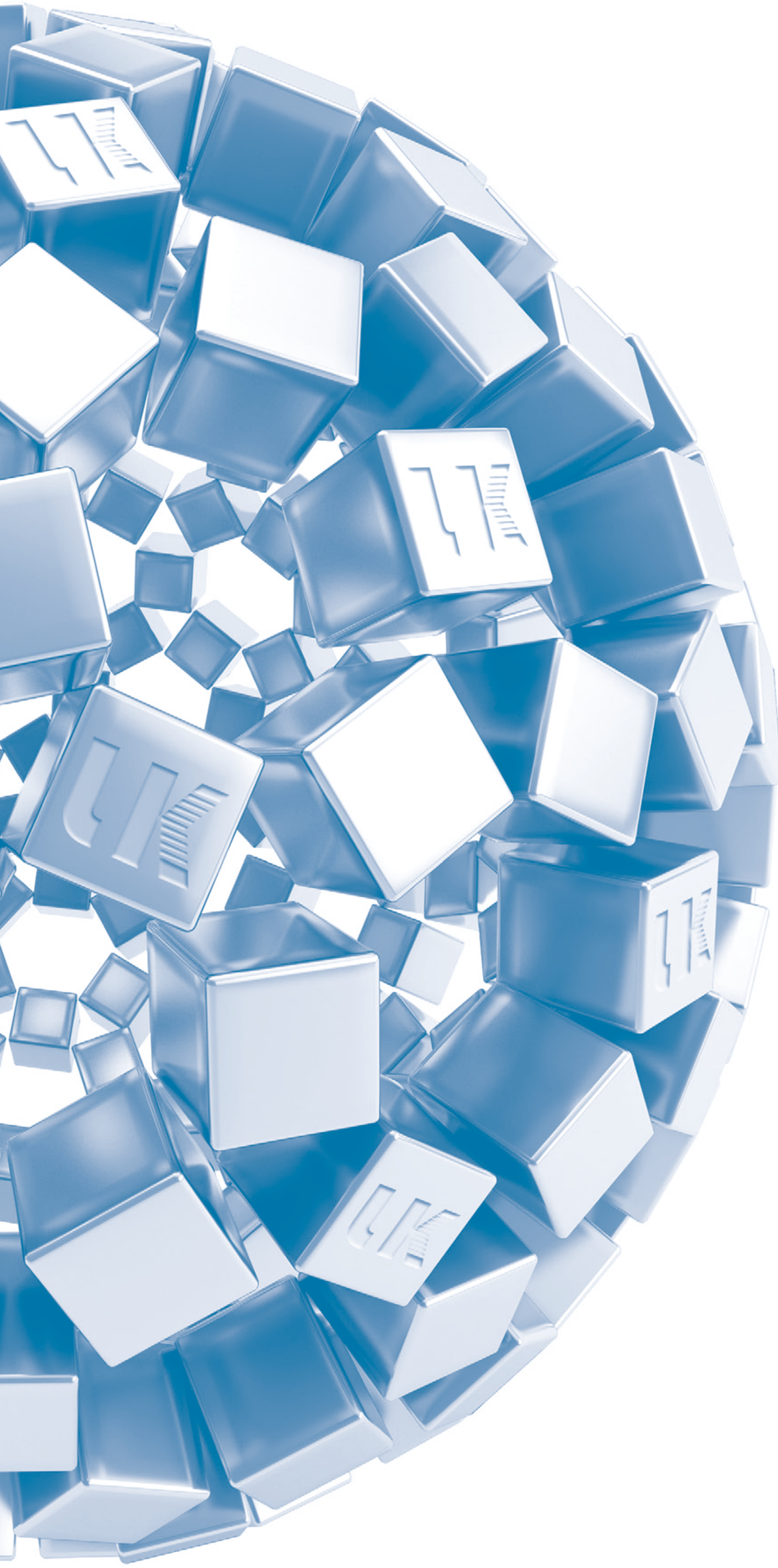
中期報告

CORPORATE PROFILE
公司簡介

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

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





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

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*
Dr. Low Seow Chay

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2018 (the "Period under Review"), the Group recorded a revenue of HK$1,927,951,000, generally flat compared with that of the same period last year. During the Period under Review, the profit attributable to owners of the Company was HK$103,365,000, representing a decrease of approximately 20.1% compared with that of last year.

During the Period under Review, the Group's revenue in the PRC market was HK$1,566,646,000, representing an increase of 1.1% compared with that of the same period last year.

During the Period under Review, facing the exceptionally complex and challenging international conditions, the PRC's national economy remained robust and demonstrated a steady upward trend. According to the data released by the National Bureau of Statistics, China saw a year-on-year growth on its GDP of 6.7% and 6.5% for the second and third quarters of 2018, respectively. With the upgrade and optimisation of industrial structure, the growth of the tertiary industries recorded a relatively rapid growth rate. The income of people grew steadily, and the employment was stable and favourable. According to the statistics from China Association of Automobile Manufacturers, from January to September 2018, the production and sales volume of vehicles in China reached 20.49 million, representing an increase of 0.9% and 1.5%, respectively. During the first half of 2018, China continued to implement relevant policies, aiming at reducing the import tariffs on certain finished automobiles and components, while easing the shareholding restriction for the automobile industry during transition. Reflecting its openness and inclusivity towards the international market, the PRC's automobile industry was driven to a higher position and better direction with the market force. From January to September 2018, the production and sales volume of the new energy vehicles reached 730,000 and 720,000, respectively, representing a year-on-year increase of 73% and 81%, respectively. The rapid and continuous growth of new energy vehicles has formed a strong driving force for the development of the aluminium alloy die-casting in automobile industry.

As for overseas markets, the American market underwent significant adjustment with a slowdown in corporate investment demand after a substantial growth in the past two years. However, the Group continued to explore other markets. During the Period under Review, the Group's overseas revenue was HK$361,305,000, representing an increase of 3.7% compared with that of last year.

Die-Casting Machine

During the Period under Review, the revenue of the Group's die-casting machine and peripheral equipment business was HK$1,361,412,000, representing an increase of 6.2% compared with HK$1,282,264,000 of the same period last year.

Specifically, the revenue from the PRC market was HK$1,045,421,000, representing an increase of 8.4% compared with HK$964,490,000 of the same period last year. As the automobile industry was undergoing structural optimisation and upgrade in PRC, the growth of the industry was in a relatively ideal speed. The revenue of overseas market was HK$315,991,000, generally flat compared with HK$317,774,000 of the same period last year. Our subsidiary, IDRA, is currently affected by the adjustment in the American market, resulting in a reduced demand.

Plastic Injection Moulding Machine

During the Period under Review, the revenue of the plastic injection moulding machine was HK$501,598,000, representing a decrease of 9.2% compared with HK$552,509,000 of the same period last year. With the implementation of tariffs policy in the U.S. coming into effect since July, the downstream industries of plastic injection moulding machine such as household electrical appliances and 3C had faced relatively great downward pressure, the competition among enterprises of the plastic injection moulding machine was exceptionally intense.

Computerized Numerical Controlled ("CNC") Machining Centre

During the Period under Review, the revenue of the CNC machining centre business of the Group was HK$64,941,000, generally flat compared with that of the same period last year. The Group endeavoured to lower operating costs, enhancing its liquidity position and improving its management processes. Therefore, the loss was manageable during the Period under Review.

FINANCIAL REVIEW

During the Period under Review, the overall gross profit margin of the business of the Group was 26.4%, representing a slight decrease of approximately 1.2% compared with that of the same period last year, which was mainly due to the influence of the factors such as the intense market competition and the increase in the price of the raw materials.

Selling and distribution expenses amounted to HK$171,650,000, representing a decrease of 3.5% compared with HK$177,798,000 of the same period last year, which was mainly due to the decrease in transportation costs and agency costs for the year.

General and administrative expenses amounted to HK$187,749,000, roughly flat compared with that of the same period last year.

Net finance costs amounted to HK$36,570,000, representing an increase of 18.1% compared with HK$30,953,000 of the same period last year, which was mainly attributable to the increase in funding costs as a result of the increase in the working capital loans and the rising interest rates in domestic and overseas debt market.

PROSPECTS

Following by the imposition of tariffs on the products exported to the U.S. in July, tensions on the trade between China and the U.S. started to escalate. Such escalating trade tension has created a great pressure on the depreciation of exchange rate of RMB, which accelerated the extent and speed of the tumbling stock market. It has also affected investors' confidence as well as the consumers' purchasing behaviour, which could in turn materially and adversely affect the PRC economy and market.

The uncertainties of the development of manufacturing industry in the PRC increased significantly with the downward pressure becoming greater, more and more enterprises will experience difficulties in their operations. After experiencing the rapid development in the industrial equipment industry, the current overall demand decreased with the reduction of orders. The competition among enterprises was intense.

Facing various difficulties and challenges, with a good foundation for a talent pool and excellent professional quality of production and technical staff, the Group will continue to allocate more resources for research and development, and improve product quality to cater for the ever-increasing demand of customers.

LIQUIDITY AND FINANCIAL RESOURCES

The working capital of the Group was generally financed by internal cash flows generated from its operation and existing banking facilities. As at 30 September 2018, the Group's cash and bank balances amounted to HK$573,422,000 (31 March 2018: HK$628,672,000).

The gearing ratio (a ratio of net debt to total equity) was approximately 57% (31 March 2018: 47%).

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

As at 30 September 2018, the capital structure of the Company was constituted exclusively of 1,191,265,000 ordinary shares of HK$0.1 each. The total amount of outstanding borrowings was HK$1,737,785,000 (31 March 2018: HK$1,691,399,000), approximately 68% of which being short-term loans. Approximately 13% of the total borrowing was subject to interest payable at fixed rates.

FINANCIAL GUARANTEES

The Group provided guarantees to banks in respect of banking facilities granted to certain customers of the Group to purchase its products. As at 30 September 2018, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to HK$169,325,000 (31 March 2018: HK$262,468,000). The Group has also provided guarantees in respect of financial facilities of its customers to leasing finance providers amounting to approximately HK$28,072,000 (31 March 2018: HK$34,608,000).

PLEDGE OF ASSETS

The Group's banking facilities and financial guarantee contracts were secured by the assets of the Group, including restricted bank balances, land use rights, an investment property, property, plant and equipment, financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) and bills receivables, with aggregate carrying amounts of HK$840,395,000 (31 March 2018: HK$929,126,000).

CAPITAL COMMITMENTS

As at 30 September 2018, the Group had made capital expenditure commitments amounts of HK$5,104,000 (31 March 2018: HK$6,576,000) in respect of acquisition of property, plant and equipment.

STAFF AND REMUNERATION POLICIES

As at 30 September 2018, the Group employed approximately 4,000 full time staff. The staff costs for the Period under Review amounted to HK$326,521,000 (2017: HK$298,958,000). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides other staff benefits such as mandatory provident fund, state-managed social welfare scheme, share option scheme and share award scheme.

OTHER INFORMATION

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

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of SFO (including any interests which were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name of director/ chief executive	Name of company	Capacity	Number of shares held	Approximate percentage of shareholding
Ms. Chong Siw Yin ("Ms. Chong")	the Company	See Note (1)	770,980,000 [(1)] Long position	64.72%
	the Company	Beneficial owner	2,550,000 Long position	0.21%
	the Company	Interest of spouse	5,202,500 [(2)] Long position	0.44%
Mr. Liu Zhuo Ming	the Company	Beneficiary of a trust	770,980,000 [(3)]	64.72%
Mr. Tse Siu Sze	the Company	Beneficial owner	1,235,000 Long position	0.10%

Notes:

1. These 770,980,000 shares are owned by Girgio Industries Limited ("Girgio"). Girgio is owned as to 95% by Fullwit Profits Limited ("Fullwit") as trustee of The Liu Family Unit Trust and 5% by Mr. Liu Siong Song ("Mr. Liu"), the spouse of Ms. Chong. Fullwit is wholly-owned by Ms. Chong. Ms. Chong is deemed to be interested in the shares held by Girgio through Fullwit and Mr. Liu.

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

3. Mr. Liu Zhuo Ming is deemed to be interested in the 770,980,000 shares held by Girgio as a beneficiary of The Liu Family Trust. Mr. Liu Zhuo Ming is the son of Mr. Liu and Ms. Chong.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executives of the Company had registered any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 September 2018, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Girgio	Beneficial owner	770,980,000 (1) Long position	64.72%
Mr. Liu	See Note (2)	770,980,000 (2) Long position	64.72%
		2,550,000 (2) Long position	0.21%
	Beneficial owner	5,202,500 Long position	0.44%
Fullwit	See Note (1)	770,980,000 (1) Long position	64.72%
HSBC International Trustee Limited	See Note (3)	770,980,000 (3) Long position	64.72%
China High-End Equipment Investment Fund LP	Beneficial owner	67,590,000	5.67%

Notes:

1. These 770,980,000 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.

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

SHARE OPTION SCHEME

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

SHARE AWARD SCHEME

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

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

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

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

During the six months ended 30 September 2018, the Company has not purchased any shares of the Company through the trustee in the open market on the Stock Exchange for the purpose of the Share Award Scheme. There were no shares awarded to employees pursuant to the Share Award Scheme during the period.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.5 cents (2017: HK3.2 cents) per share for the six months ended 30 September 2018 to the shareholders whose names appear on the register of members of the Company on Friday, 21 December 2018. The interim dividend will be paid on or about Friday, 18 January 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 20 December 2018 to Friday, 21 December 2018, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the Period under Review.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tsang Yiu Keung, Paul, Dr. Lui Ming Wah and Dr. Low Seow Chay. 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 requirement of Rule 13.21 of Chapter 13 of the Listing Rules, the following is the details of a facility agreement (the "Facility Agreement") with a covenant relating to specific performance of the controlling shareholder of the Company at 30 September 2018:

On 5 February 2018, 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$372,000,000 and US$16,450,000.

The Facility Agreement provides that it would constitute an event of default under the Facility Agreement if (i) Mr. Liu Siong Song (a controlling shareholder of the Company held as to approximately 62% of equity interests in the Company as at the date of the Facility Agreement) and his family (the "Major Shareholders") collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial interest in the Company, carrying at least 40% of the voting right, free from any security; (ii) the Major Shareholders collectively are not or cease to be the single largest shareholder of the Company; (iii) the Major Shareholders collectively do not or cease to have control over the board of directors of the Company; and (iv) Ms. Chong Siw Yin (spouse of Mr. Liu Siong Song) is not or ceases to be the Chairman of the Company.

The aforesaid obligation continued to exist at 30 September 2018.

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 2018. PricewaterhouseCoopers, the Group's external auditor, also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 September 2018 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board
Chong Siw Yin
Chairperson

Hong Kong, 29 November 2018

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 condensed consolidated interim financial information set out on pages 12 to 44, which comprises the condensed consolidated statement of financial position of L.K. Technology Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2018 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 November 2018

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

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 2018.

	NOTE	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
Non-current assets			
Intangible assets	*7*	**10,963**	11,015
Property, plant and equipment	*8*	**1,034,070**	1,142,119
Investment properties	*8*	**336,870**	353,420
Land use rights	*8*	**306,031**	301,049
Interest in an associate		**32,446**	34,633
Other receivables and deposits		**5,395**	17,451
Deferred income tax assets		**81,868**	87,980
Trade and bills receivables	*9*	**25,026**	23,672
Financial assets at fair value through other comprehensive income	*5.3*	**17,697**	–
Available-for-sale financial assets	*3.3*	**–**	17,967
Restricted bank balances		**3,367**	11,702
Total non-current assets		**1,853,733**	2,001,008
Current assets			
Inventories		**1,392,112**	1,372,001
Trade and bills receivables	*3.3, 9*	**1,263,007**	1,309,180
Other receivables, prepayments and deposits		**249,637**	262,870
Restricted bank balances		**85,197**	74,066
Cash and cash equivalents		**573,422**	628,672
Total current assets		**3,563,375**	3,646,789
Total assets		**5,417,108**	5,647,797
Equity			
Share capital	*10*	**119,127**	119,127
Reserves		**892,128**	1,110,033
Retained earnings		**1,021,933**	1,011,134
Total equity		**2,033,188**	2,240,294

The notes on pages 19 to 44 are integral part of this condensed consolidated interim financial information.

	NOTE	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
Non-current liabilities			
Deferred income tax liabilities		16,072	18,173
Borrowings	11	557,640	592,765
Other payables		7,968	8,728
Total non-current liabilities		581,680	619,666
Current liabilities			
Trade and bills payables, other payables, deposits and accruals	12	1,519,405	1,651,979
Borrowings	11	1,180,145	1,098,634
Dividend payable		81,006	–
Current income tax liabilities		21,684	37,224
Total current liabilities		2,802,240	2,787,837
Total liabilities		3,383,920	3,407,503
Total equity and liabilities		5,417,108	5,647,797

The notes on pages 19 to 44 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2018

		(Unaudited) Six months ended 30 September	
		2018	2017
	NOTE	**HK$'000**	HK$'000
Revenue	*13*	**1,927,951**	1,898,063
Cost of sales	*15*	**(1,419,847)**	(1,374,953)
Gross profit		**508,104**	523,110
Other income	*13*	**29,622**	31,622
Other (losses)/gains – net	*14*	**(9,160)**	18,826
Selling and distribution expenses	*15*	**(171,650)**	(177,798)
General and administrative expenses	*15*	**(187,749)**	(186,297)
Operating profit		**169,167**	209,463
Finance income		**2,680**	2,074
Finance costs		**(39,250)**	(33,027)
Finance costs – net	*17*	**(36,570)**	(30,953)
Share of profit of an associate		**628**	1,127
Profit before income tax		**133,225**	179,637
Income tax expense	*18*	**(29,860)**	(51,004)
Profit for the period		**103,365**	128,633
Profit/(loss) attributable to:			
Owners of the Company		**103,365**	129,304
Non-controlling interests		**–**	(671)
		103,365	128,633
		HK cents	HK cents
Earnings per share for profit attributable to owners of the Company during the period (expressed in HK cents per share)			
– Basic	*19(a)*	**8.7**	12.1
– Diluted	*19(b)*	**8.7**	11.5

The notes on pages 19 to 44 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Profit for the period	**103,365**	128,633
Other comprehensive income for the period:		
Items that may be reclassified to profit or loss		
Currency translation difference		
(Losses)/gains arising during the period	**(218,138)**	118,770
Change in value of available-for-sale financial assets	**–**	(657)
Item that will not be reclassified to profit or loss		
Change in value of financial assets at fair value through other comprehensive income	**233**	–
Total comprehensive (loss)/income for the period, net of tax	**(114,540)**	246,746
Attributable to:		
Owners of the Company	**(114,540)**	247,417
Non-controlling interests	**–**	(671)
	(114,540)	246,746

The notes on pages 19 to 44 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company (Unaudited)										
	Share capital HK$'000	Share premium HK$'000	Share reserve HK$'000	Exchange translation reserve HK$'000	Other reserve HK$'000	Statutory reserve HK$'000	Property revaluation reserve HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Retained Earnings HK$'000	Total equity HK$'000
At 1 April 2018, as previously reported	119,127	579,809	13,771	234,912	11,116	229,070	42,306	–	(951)	1,011,134	2,240,294
Effect on adoption of HKFRS 9 *(Note 3)*	–	–	–	–	–	–	–	(951)	951	(11,560)	(11,560)
At 1 April 2018, as restated	119,127	579,809	13,771	234,912	11,116	229,070	42,306	(951)	–	999,574	2,228,734
Profit for the period	–	–	–	–	–	–	–	–	–	103,365	103,365
Other comprehensive income											
Currency translation differences	–	–	–	(218,138)	–	–	–	–	–	–	(218,138)
Change in value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	233	–	–	233
Total comprehensive income/(loss)	–	–	–	(218,138)	–	–	–	233	–	103,365	(114,540)
Dividend declared	–	–	–	–	–	–	–	–	–	(81,006)	(81,006)
Transaction with owners	–	–	–	–	–	–	–	–	–	(81,006)	(81,006)
At 30 September 2018	119,127	579,809	13,771	16,774	11,116	229,070	42,306	(718)	–	1,021,933	2,033,188

The notes on pages 19 to 44 are integral part of this condensed consolidated interim financial information.

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

The notes on pages 19 to 44 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Cash flows from operating activities		
Cash generated from operations	**26,491**	198,719
Interest paid	**(39,250)**	(33,027)
Income tax paid	**(42,865)**	(53,598)
Net cash (used in)/generated from operating activities	**(55,624)**	112,094
Cash flows from investing activities		
Payments for available-for-sale financial assets	**–**	(10,361)
Payments for intangible assets	**(2,085)**	(1,988)
Payments for land use rights	**(32,676)**	–
Purchases of property, plant and equipment	**(34,538)**	(36,860)
Deposits for acquisition of property, plant and equipment	**(4,240)**	(6,473)
Proceeds from disposals of property, plant and equipment	**1,322**	644
Interest received	**2,680**	2,074
Net cash used in investing activities	**(69,537)**	(52,964)
Cash flows from financing activities		
Inception of new bank borrowings	**594,923**	298,964
Repayment of bank borrowings	**(467,994)**	(257,251)
Net (decrease)/increase in trust receipt loans	**(21,487)**	12,611
Purchase of shares for share award scheme	**–**	(4,615)
Net cash generated from financing activities	**105,442**	49,709
Net (decrease)/increase in cash and cash equivalents	**(19,719)**	108,839
Cash and cash equivalents at beginning of period	**628,672**	422,655
Exchange (losses)/gains on cash and cash equivalents	**(35,531)**	19,323
Cash and cash equivalents at end of period	**573,422**	550,817

The notes on pages 19 to 44 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 its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The immediate and ultimate holding company of the Company is Girgio Industries Limited, a company incorporated in the British Virgin Islands.

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

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$") unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 29 November 2018.

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 2018 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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

3 ACCOUNTING POLICIES (Continued)

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3.3 and 3.4 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3.2 Impact of standards issued but not yet applied by the Group

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$56,957,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3.3 Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs")

(i) Adoption of HKFRS 9

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets, and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3.4 below. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated as the Group does not have any hedge accounting. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 March 2018, but are recognised in the opening balance sheet on 1 April 2018.

3 ACCOUNTING POLICIES (Continued)

3.3 Impact of adoption on financial statements – New HKFRSs (Continued)

(i) Adoption of HKFRS 9 (Continued)

The total impact on the Group's retained earnings as at 1 April 2018 is as follow:

	As at 1 April 2018 HK$'000
Closing balance 31 March 2018 – HKAS 39	**1,011,134**
Increase in provision for trade receivables	**(13,600)**
Increase in deferred tax assets relating to impairment provisions	**2,040**
Opening balance 1 April 2018 – HKFRS 9	**999,574**

(a) Impact on the financial statements

The Group used modified retrospective approach while adopting HKFRS 9 without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 March 2018, but are recognised in the opening balance sheet on 1 April 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

Balance sheet (extract)	31 March 2018 as originally presented HK$'000	HKFRS 9 HK$'000	1 April 2018 Restated HK$'000
Non-current assets			
Financial assets at fair value through other comprehensive income	–	17,967	17,967
Available-for-sale financial assets	17,967	(17,967)	–
Deferred tax assets	87,980	2,040	90,020
Current assets			
Trade and bills receivables	1,309,180	(13,600)	1,295,580
Equity			
Retained earnings	1,011,134	(11,560)	999,574

3 ACCOUNTING POLICIES (Continued)

3.3 Impact of adoption on financial statements – New HKFRSs (Continued)

(i) Adoption of HKFRS 9 (Continued)

(b) Impairment of financial assets

The Group has two types of financial assets that are subject to new expected credit loss model under HKFRS 9.

- Trade receivables; and
- Other financial assets at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in note 3.3(i) above.

While short-term deposits, and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected provision for impairment for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the provision for impairment as at 1 April 2018 was determined for trade receivables.

The provision for impairment for trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past histories, existing market conditions as well as forward looking estimates at the end of each reporting period.

The provision for impairment for trade receivables as at 31 March 2018 reconcile to the opening provision for impairment on 1 April 2018 as follows:

	Provision for impairment – trade receivables HK$'000
At 31 March 2018 calculated under HKAS 39	112,215
Amount restated through opening retained earnings	13,600
Opening provision for impairment as at 1 April 2018 calculated under HKFRS 9	125,815

The provision for impairment increased by a further HK$5,835,000 for trade receivables during the six months ended 30 September 2018, the increase would have been HK$1,701,000 lower under the incurred loss model of HKAS 39.

3 ACCOUNTING POLICIES (Continued)

3.3 Impact of adoption on financial statements – New HKFRSs (Continued)

(i) Adoption of HKFRS 9 (Continued)

(b) Impairment of financial assets (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. The Group has assessed the expected credit loss model apply to the other receivables as at 1 April 2018 and the change in impairment methodologies has no impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

(ii) Adoption of HKFRS 15

HKFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations.

The Group has adopted HKFRS 15 from 1 April 2018 which do not have any material impact on the Group's condensed consolidated interim financial information.

3.4 Changes in accounting policies upon adopting of the New HKFRSs

(i) HKFRS 9

(a) Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

3 ACCOUNTING POLICIES (Continued)

3.4 Changes in accounting policies upon adopting of the New HKFRSs (Continued)

(i) HKFRS 9 (Continued)

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies all its debt instruments as amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the condensed consolidated statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(c) Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(ii) HKFRS 15

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good to a customer, which is when the customer obtains control of a good, has the ability to direct the use of, and obtain substantially all of the remaining benefits from that good. If the control of the goods and services is transferred over a period of time, the Group recognises revenue by reference to the extent of progress toward completion in fulfilling its performance obligations during the entire contract period.

For the amounts of revenue recognised for goods transferred and services provided, the Group recognises any unconditional rights to consideration separately as a receivable and the rest as a contract asset, and recognises provision for impairment of the receivable and the contract asset based on ECL; if the consideration received or receivable exceeds the obligation performed by the Group, a contract liability is recognised. The Group presents a net contract asset or a net contract liability under each contract.

3 ACCOUNTING POLICIES (Continued)

3.4 Changes in accounting policies upon adopting of the New HKFRSs (Continued)

(ii) HKFRS 15 (Continued)

Contract costs include costs to fulfill a contract and of obtaining a contract. The cost incurred for providing services by the Group is recognised as the costs to fulfill a contract, and is amortised based on the progress towards completion of the service provided when recognising revenue. The incremental cost incurred by the Group of obtaining a contract is recognised as the costs of obtaining a contract. For costs of obtaining a contract that will be amortised within one year, the Group recognises it in profit and loss. For the costs of obtaining a contract that will be amortised for more than one year period, it is amortised in profit and loss based on same progress towards completion as recognising revenue. The Group recognises the excess of the carrying amounts of contract costs over the expected remaining consideration less any costs not yet recognised as an impairment loss. As at the balance sheet date, the Group presents the costs to fulfill and of obtaining a contract, in the net amount after deducting relevant asset impairment provisions, as other assets.

The Group recognises revenue for each of its activities in the income statement in accordance with below policies:

(a) Sales of goods

Sales of goods are recognised when a group entity has transferred control over products to the customer, the customer has accepted the products, there is no unfulfilled obligation that could affect the customer's acceptance of the products, the amount of sales can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue from sales is based on the price specified in the sales contracts. Accumulated experience is used to estimate the likelihood and provide for sales return for the goods sold at the time of sale. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rental income

Rental income is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

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 2018.

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 2018.

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

5.2 Liquidity risk

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

5.3 Fair value estimation

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

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 September 2018 and 31 March 2018.

As at 30 September 2018

	(Unaudited)			
	Level 1 **HK$'000**	**Level 2** **HK$'000**	**Level 3** **HK$'000**	**Total** **HK$'000**
Financial assets				
Financial assets at fair value through other comprehensive income *(Note)*	–	–	17,697	17,697

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

As at 31 March 2018

	(Audited)			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets				
Available-for-sale financial assets *(Note)*	–	–	17,967	17,967

Note: As at 30 September 2018 (31 March 2018: Available-for-sale financial assets), financial assets at fair value through other comprehensive income financial assets consist of unlisted equity investment and unlisted insurance policy investments which are denominated in RMB and US dollars, respectively. The fair value of unlisted equity investment is determined by reference to its equity value. The fair value of unlisted insurance policy investments that is not traded in an active market is determined by reference to the expected return from the insurance policy investments which in turn is mainly derived from cash surrender value of the insurance policy.

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

Level 3 fair value

Reconciliation of Level 3 fair value measurements of financial assets:

	(Unaudited) Six months ended 30 September	
	2018 HK$'000	2017 HK$'000
Financial assets		
Balance at 1 April	**17,967**	7,665
Exchange difference	**(503)**	–
Addition	**–**	10,361
Gains/(losses) recognised in the condensed consolidated statement of comprehensive income	**233**	(657)
Balance at 30 September	**17,697**	17,369
Total unrealised gains/(losses) recognised in the condensed consolidated statement of comprehensive income relating to those instruments held at the end of the reporting period	**233**	(657)

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 30 September 2018 and 31 March 2018, 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.

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 from operations", i.e. profit before finance income, finance costs and income taxes. To arrive at the profit/(loss) 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) CNC machining centre

For the six months ended 30 September 2018, none of the customers of the Group individually accounted for 10% or more (2017: Nil) of the Group's total revenue.

The segment results for the six months ended 30 September 2018 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	1,361,412	501,598	64,941	1,927,951	–	1,927,951
Inter-segments sales	29,763	–	–	29,763	(29,763)	–
	1,391,175	501,598	64,941	1,957,714	(29,763)	1,927,951
Results						
Segment results	175,998	23,391	(14,217)	185,172	–	185,172
Administrative expenses						(16,005)
Finance income						2,680
Finance costs						(39,250)
Share of profit of an associate						628
Profit before income tax						133,225

6 SEGMENT INFORMATION (Continued)

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

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

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

6 SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

As at 30 September 2018

	Unaudited			
	Die-casting machine HK$'000	Plastic injection moulding machine HK$'000	CNC machining centre HK$'000	Total HK$'000
Assets				
Segment assets	3,392,381	1,432,446	527,453	5,352,280
Unallocated assets				64,828
Consolidated total assets				5,417,108
Liabilities				
Segment liabilities	2,478,562	678,591	110,202	3,267,355
Unallocated liabilities				116,565
Consolidated total liabilities				3,383,920

As at 31 March 2018

	Audited			
	Die-casting machine HK$'000	Plastic injection moulding machine HK$'000	CNC machining centre HK$'000	Total HK$'000
Assets				
Segment assets	3,407,537	1,572,075	600,650	5,580,262
Unallocated assets				67,535
Consolidated total assets				5,647,797
Liabilities				
Segment liabilities	2,406,585	846,073	117,260	3,369,918
Unallocated liabilities				37,585
Consolidated total liabilities				3,407,503

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 financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets);
- all liabilities are allocated to reportable segments other than corporate liabilities; and
- 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 2017			
Opening net book amount as at 1 April 2017	7,762	2,800	10,562
Additions	1,988	–	1,988
Amortisation and impairment *(Note 15)*	(3,389)	–	(3,389)
Exchange difference	610	–	610
Closing net book amount as at 30 September 2017 (unaudited)	6,971	2,800	9,771
Six months ended 30 September 2018			
Opening net book amount as at 1 April 2018	**8,215**	**2,800**	**11,015**
Additions	**2,085**	**–**	**2,085**
Amortisation and impairment *(Note 15)*	**(1,700)**	**–**	**(1,700)**
Exchange difference	**(437)**	**–**	**(437)**
Closing net book amount as at 30 September 2018 (unaudited)	**8,163**	**2,800**	**10,963**

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 2017			
Opening net book amount as at 1 April 2017	1,055,978	242,200	278,202
Additions	40,433	–	–
Disposals	(604)	–	–
Depreciation and amortisation	(62,027)	–	(3,376)
Increase in fair value *(Note 14)*	–	12,800	–
Exchange difference	46,041	10,950	13,013
Closing net book amount as at 30 September 2017 (unaudited)	1,079,821	265,950	287,839
Six months ended 30 September 2018			
Opening net book amount as at 1 April 2018	**1,142,119**	**353,420**	**301,049**
Additions	**45,860**	**–**	**32,676**
Disposals	**(3,122)**	**–**	**–**
Depreciation and amortisation	**(65,991)**	**–**	**(3,638)**
Increase in fair value *(Note 14)*	**–**	**10,938**	**–**
Exchange difference	**(84,796)**	**(27,488)**	**(24,056)**
Closing net book amount as at 30 September 2018 (unaudited)	**1,034,070**	**336,870**	**306,031**

As at 30 September 2018 and 31 March 2018, the fair values of the investment properties have been arrived at on the basis of a valuation carried out by LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor and valuer. LCH (Asia-Pacific) Surveyors Limited is a member of the Hong Kong Institute of Surveyors ("HKIS"), and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

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

	Fair value measurements at 30 September 2018 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 (unaudited)	**–**	**–**	**336,870**

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

	Fair value measurements at 31 March 2018 using		
	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000
Recurring fair value measurements:			
Investment properties (audited)	–	–	353,420

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

Fair value measurements using significant unobservable inputs (Level 3)

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Balance at 1 April	**353,420**	242,200
Increase in fair value *(Note 14)*	**10,938**	12,800
Exchange difference	**(27,488)**	10,950
Balance at 30 September	**336,870**	265,950
Total unrealised gains recognised in the condensed consolidated income statement for assets held at the end of the reporting period *(Note 14)*	**10,938**	12,800

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, discount rate, etc.) and taking into account the significant adjustment on discount rate to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

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

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

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

9 TRADE AND BILLS RECEIVABLES

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Trade receivables	1,073,834	1,097,168
Less: Provision for impairment	(124,114)	(112,215)
	949,720	984,953
Bills receivables	338,313	347,899
	1,288,033	1,332,852
Less: Balance due after one year shown as non-current assets	(25,026)	(23,672)
Trade and bills receivables, net	1,263,007	1,309,180

As at 30 September 2018, the amount of provision for impaired trade receivables was HK$124,114,000 (31 March 2018: HK$112,215,000). The provision for impairment of trade receivables made during the current interim period was HK$5,835,000 (30 September 2017: HK$8,892,000). The individually impaired receivables mainly relate to individual customers, the recoverability of which was in doubt.

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

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Within 90 days	526,943	549,281
91-180 days	159,929	215,778
181-365 days	194,866	135,913
Over one year	192,096	196,196
	1,073,834	1,097,168

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

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

10 SHARE CAPITAL

	(Unaudited) Number of ordinary shares of HK$0.1 each	(Unaudited) Amount HK$'000
Authorised:		
At 31 March 2018 and 30 September 2018	3,000,000,000	300,000
Issued and fully paid:		
At 31 March 2018 and 30 September 2018	1,191,265,000	119,127

11 BORROWINGS

The borrowings of the Group comprise:

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Non-current:		
Bank borrowings	557,640	592,765
Current:		
Bank borrowings	1,053,047	949,150
Trust receipt loans	127,098	149,484
	1,180,145	1,098,634
	1,737,785	1,691,399

11 BORROWINGS (Continued)

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Secured:		
Bank borrowings	**296,105**	334,821
Trust receipt loans	**12,641**	34,531
	308,746	369,352
Unsecured:		
Bank borrowings	**1,314,582**	1,207,094
Trust receipt loans	**114,457**	114,953
	1,429,039	1,322,047
	1,737,785	1,691,399

At 30 September 2018 and 31 March 2018, the Group's borrowings were repayable as follows:

	Trust receipt loans		**Bank borrowings**		**Total**	
	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000	**(Unaudited) As at 30 September 2018 HK$'000**	(Audited) As at 31 March 2018 HK$'000	**(Unaudited) As at 30 September 2018 HK$'000**	(Audited) As at 31 March 2018 HK$'000
Within 1 year	**127,098**	149,484	**1,000,347**	891,002	**1,127,445**	1,040,486
Bank borrowings due for repayment after one year *(Note 1)*:						
After 1 year but within 2 years	**–**	–	**302,269**	199,435	**302,269**	199,435
After 2 years but within 5 years	**–**	–	**308,071**	451,478	**308,071**	451,478
After 5 years	**–**	–	**–**	–	**–**	–
	–	–	**610,340**	650,913	**610,340**	650,913
	127,098	149,484	**1,610,687**	1,541,915	**1,737,785**	1,691,399

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

At 30 September 2018 borrowings of approximately HK$618,019,000 (31 March 2018: HK$610,625,000), were borrowed from banks in The People's Republic of China ("PRC") by subsidiaries of the Group that are established in the PRC.

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

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Trade payables	**714,783**	849,374
Bills payables	**232,752**	221,143
Trade and other deposits and receipts in advance	**261,595**	256,581
Accrued salaries, bonuses and staff benefits	**77,538**	87,182
Accrued sales commission	**46,857**	52,664
Value added tax payable	**16,221**	22,071
Others	**169,659**	162,964
	1,519,405	1,651,979

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

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Within 90 days	**580,492**	699,592
91-180 days	**89,977**	107,980
181-365 days	**34,707**	32,627
Over one year	**9,607**	9,175
	714,783	849,374

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

13 REVENUE AND OTHER INCOME

	(Unaudited) Six months ended 30 September 2018 HK$'000	2017 HK$'000
Revenue		
Sales of die-casting machine	**1,361,412**	1,282,264
Sales of plastic injection moulding machine	**501,598**	552,509
Sales of CNC machining centre	**64,941**	63,290
	1,927,951	1,898,063
Other income		
Value added taxes refund	**11,543**	14,037
Other subsidies from government	**5,090**	7,806
Rental income	**8,164**	6,738
Sundry income	**4,825**	3,041
	29,622	31,622
Total revenue and other income	**1,957,573**	1,929,685

14 OTHER (LOSSES)/GAINS – NET

	(Unaudited) Six months ended 30 September 2018 HK$'000	2017 HK$'000
Net foreign exchange (losses)/gains	**(18,298)**	6,160
Increase in fair value of investment properties *(Note 8)*	**10,938**	12,800
(Loss)/gain on disposals of property, plant and equipment	**(1,800)**	40
Others	**–**	(174)
	(9,160)	18,826

15 EXPENSES BY NATURE

	(Unaudited) Six months ended 30 September 2018 HK$'000	2017 HK$'000
Raw materials and consumables used	**1,163,989**	1,167,539
Change in inventories of finished goods and work in progress	**(56,503)**	(67,252)
Staff costs *(Note 16)*	**299,179**	273,082
Contributions to defined contribution retirement plans *(Note 16)*	**27,342**	25,876
Amortisation of land use rights	**3,638**	3,376
Amortisation and impairment of intangible assets *(Note 7)*	**1,700**	3,389
Depreciation of property, plant and equipment	**65,991**	62,027
Research costs	**13,510**	16,398
Transportation expenses	**36,128**	42,986
Auditor's remuneration	**2,093**	1,937
Provision for impairment of trade receivables *(Note 9)*	**5,835**	8,892
Provision for inventories write-down	**8,323**	10,051
Reversal of loss on financial guarantee contracts *(Note 21)*	**(2,176)**	(785)
Other expenses	**210,197**	191,532
	1,779,246	1,739,048
Represented by:		
Cost of sales	**1,419,847**	1,374,953
Selling and distribution expenses	**171,650**	177,798
General and administrative expenses	**187,749**	186,297
	1,779,246	1,739,048

16 EMPLOYEES' BENEFITS COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited) Six months ended 30 September 2018 HK$'000	2017 HK$'000
Wages and salaries	**292,719**	266,097
Retirement scheme contributions	**27,342**	25,876
Other allowances and benefits	**6,460**	6,985
	326,521	298,958

17 FINANCE COSTS – NET

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Finance income:		
Interest income on short-term bank deposits	**2,680**	2,074
Finance costs:		
Interests on bank loans and overdrafts wholly repayable within five years	**(38,053)**	(32,608)
Charges on bills receivables discounted without recourse	**(1,197)**	(419)
	(39,250)	(33,027)
	(36,570)	(30,953)

18 INCOME TAX EXPENSE

The tax charge comprises:

	(Unaudited) Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Current income tax		
– PRC income tax	**22,281**	51,828
– Overseas tax	**6,326**	–
– Hong Kong profits tax	**1,599**	–
	30,206	51,828
Deferred income tax	**(346)**	(824)
Tax charge	**29,860**	51,004

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 PRC, the Company's subsidiaries are taxed at statutory rate of 25% (2017: 25%).

Certain subsidiaries in Shenzhen, Zhongshan, Ningbo, Shanghai, Kunshan and Fuxin have been 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.

18 INCOME TAX EXPENSE (Continued)

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.

As at 30 September 2018, deferred income tax liabilities of HK$47,802,000 (31 March 2018: HK$41,766,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings that are subject to withholding tax totalled HK$956,042,000 at 30 September 2018 (31 March 2018: HK$943,285,000). Such amounts are not intended to be distributed in the foreseeable future to the Group companies outside of the Mainland China. For the subsidiary that we have an intention to distribute its respective retained earnings, we have recognised deferred tax liabilities of HK$5,050,000 (31 March 2018: HK$5,400,000) for the withholding tax as at 30 September 2018 that would be payable upon such distribution.

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the period.

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

19 EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the consolidated earnings attributable to owners of the Company of HK$103,365,000 (2017: HK$129,304,000) and on the weighted average number of approximately 1,191,265,000 (2017: 1,066,922,000) ordinary shares in issue excluding own shares held during the period.

	(Unaudited) Six months ended 30 September	
	2018	2017
Profit attributable to owners of the Company (HK$'000)	**103,365**	129,304
Weighted average number of ordinary shares in issue (thousands)	**1,191,265**	1,066,922
Basic earnings per share (HK cents)	**8.7**	12.1

(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 and excluding own shares held during the period. The Company does not have any dilutive potential ordinary shares for the six months ended 30 September 2018.

19 EARNINGS PER SHARE (Continued)

(b) Diluted (Continued)

The Company had one category of dilutive potential ordinary shares: perpetual convertible securities for the six months ended 30 September 2017. The perpetual convertible securities were assumed to have been converted into ordinary shares. 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	
	2018	2017
Profit attributable to owners of the Company (HK$'000)	**103,365**	129,304
Weighted average number of ordinary shares in issue (thousands)	**1,191,265**	1,066,922
Assumed conversion of perpetual convertible securities (thousands)	**–**	58,000
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,191,265**	1,124,922
Diluted earnings per share (HK cents)	**8.7**	11.5

20 INTERIM DIVIDEND

At a meeting held on 29 November 2018, the board of directors has resolved to declare an interim dividend of HK2.5 cents (2017: HK3.2 cents) per share amounting to HK$29,781,000 (2017: HK$36,264,000). This declared dividend is not reflected as dividend payable in this condensed consolidated interim financial information, but will be recognised in shareholders' equity in the year ending 31 March 2019.

21 FINANCIAL GUARANTEES

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'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	**169,325**	262,468

The Group has provided guarantees to banks in respect of credit facilities up to the maximum amount of HK$570,822,000 (31 March 2018: HK$680,847,000) which are granted to certain customers of the Group to purchase its products. Pursuant to the terms of the guarantees, the Group is required to deposit a portion of the sales proceeds received from these customers with the banks. If there is default in repayments by these customers, the Group is responsible to repay the outstanding loan principals together with accrued interest and related costs owed by the defaulted customers to the banks, and the Group is entitled to take over the legal title and possession of the related products. The Group's guarantee period starts from the dates of grant of the relevant bank loans and ends when these customers have fully repaid their bank loans.

21 FINANCIAL GUARANTEES (Continued)

During the six months period ended 30 September 2018, the Group recognised a reversal of loss of approximately HK$2,176,000 (30 September 2017: HK$785,000), as a result of repayment by customers of certain loans have default in repayments.

The Group has also provided guarantees in respect of financing facilities granted by leasing finance providers to the Group's customers. The amount of outstanding loans due by these customers to the leasing finance providers as at 30 September 2018 was approximately HK$28,072,000 (31 March 2018: HK$34,608,000).

The Company has provided guarantees in respect of banking facilities of its subsidiaries amounting to approximately HK$1,994,517,000 (31 March 2018: HK$1,755,715,000). The facilities utilised by the subsidiaries as at 30 September 2018 amounted to HK$1,165,540,000 (31 March 2018: HK$1,144,235,000).

22 COMMITMENTS

(a) Capital commitments

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred are as follows:		
Property, plant and equipment	**5,104**	6,326
Other commitments	**–**	250
	5,104	6,576

(b) Operating lease commitments

The Group as lessee

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

	(Unaudited) As at 30 September 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Leases payable:		
Within one year	**12,608**	14,156
In the second to fifth year inclusive	**36,076**	39,345
After the fifth year	**8,273**	12,946
	56,957	66,447

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.

22 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 includes 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 2018 HK$'000	(Audited) As at 31 March 2018 HK$'000
Leases receivable:		
Within one year	**6,997**	5,440
In the second to fifth year	**5,186**	3,733
After the fifth year	**–**	–
	12,183	9,173

23 RELATED PARTY TRANSACTIONS

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

	(Unaudited) Six months ended 30 September	
	2018 HK$'000	2017 HK$'000
Wages and salaries, other allowances and benefits	**10,542**	9,756
Retirement scheme contributions	**496**	508
	11,038	10,264

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