



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

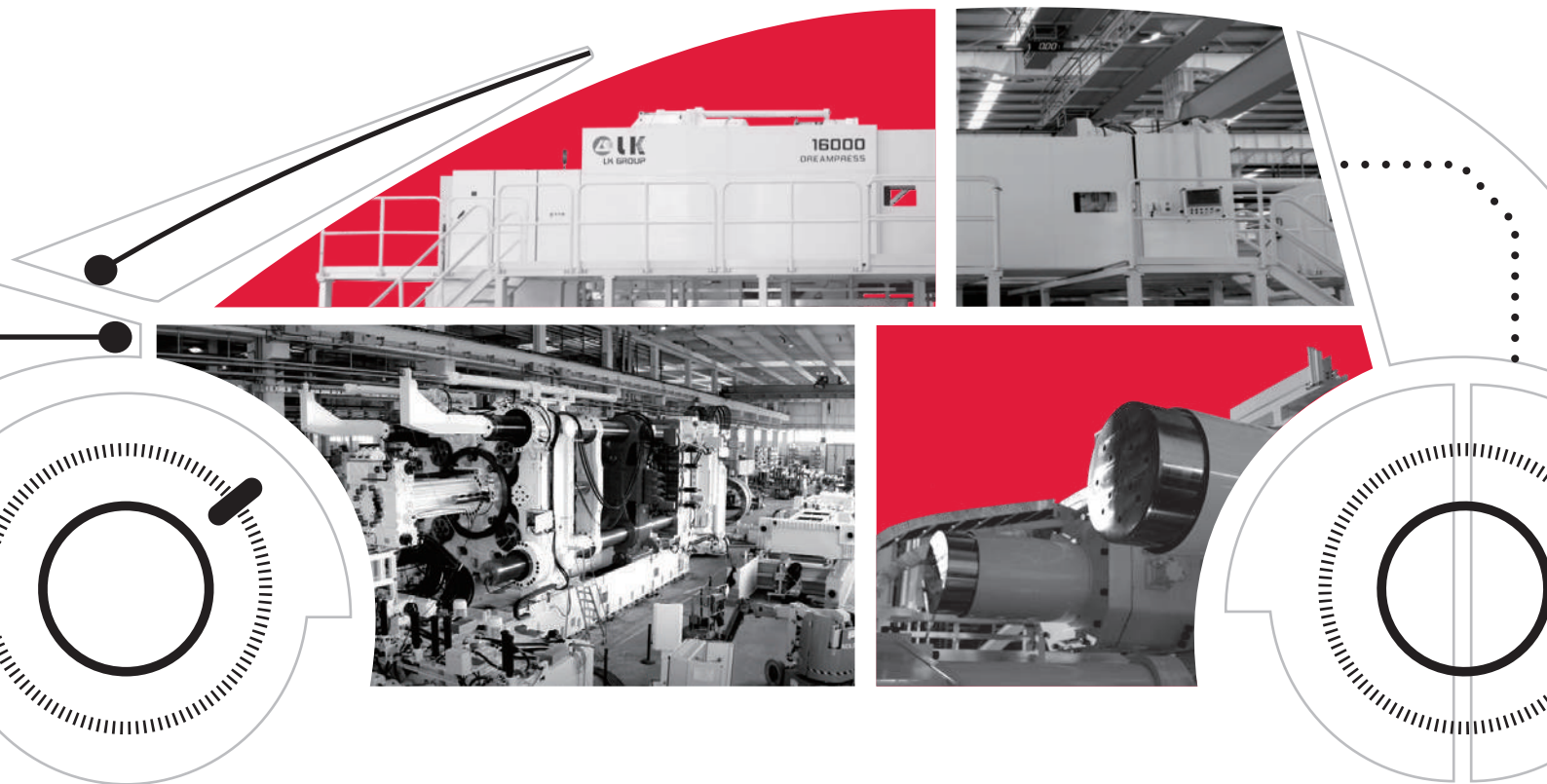
(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 558

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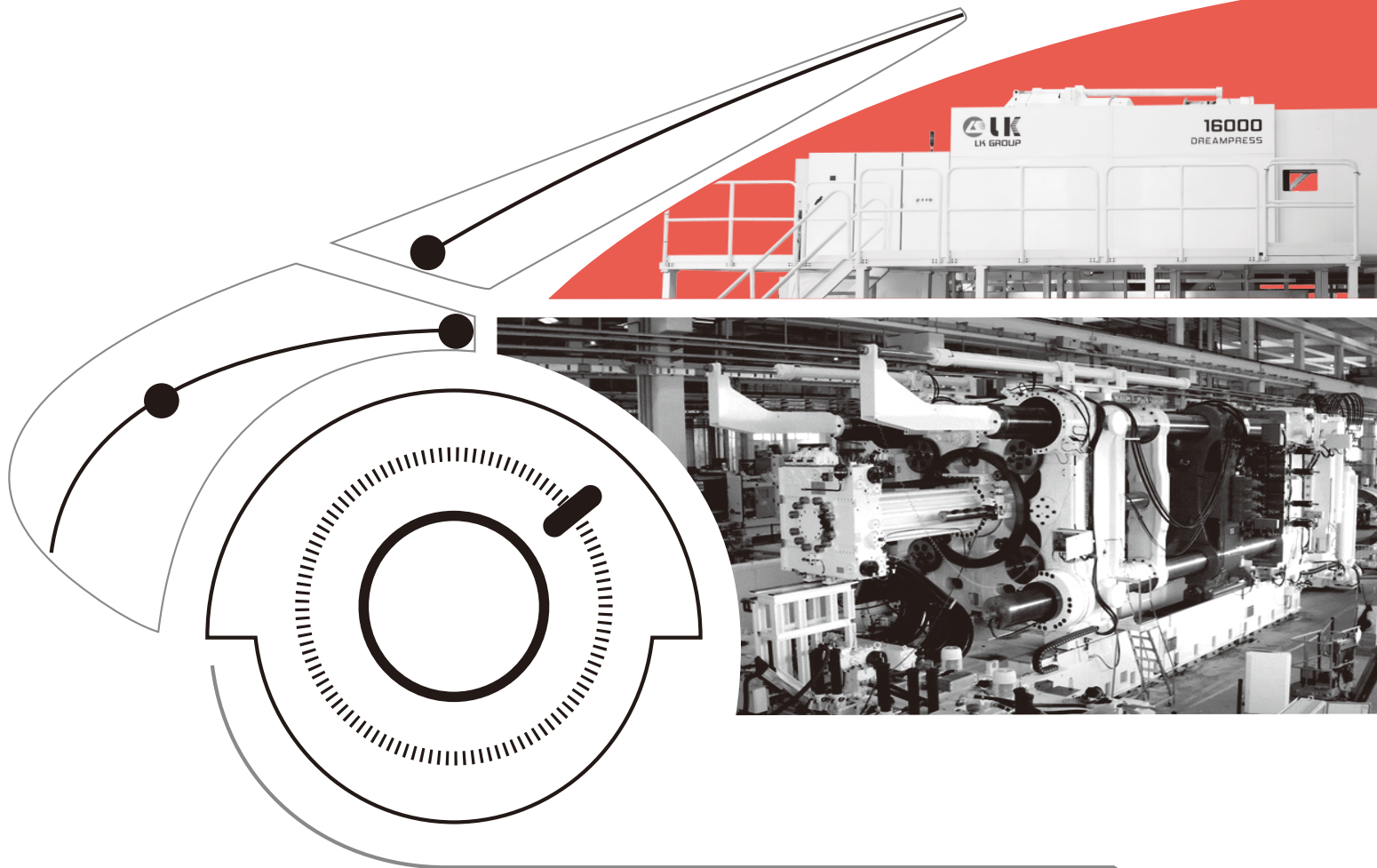
INTERIM REPORT

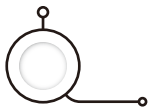
中期報告



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FINANCIAL HIGHLIGHTS

	(Unaudited)		Change %
	Six months ended 30 September		
	2023 HK\$'000	2022 HK\$'000	
Operating results:			
Revenue	2,753,733	2,860,238	-3.7%
Gross profit	720,488	786,158	-8.4%
Gross profit margin	26.2%	27.5%	-1.3%
Operating profit	272,858	343,164	-20.5%
Operating profit margin	9.9%	12.0%	-2.1%
Profit attributable to owners of the Company	205,202	271,193	-24.3%
Net profit margin	7.5%	9.5%	-2.0%

	HK cents	HK cents	
Basic and diluted earnings per share	14.9	19.7	-24.3%

	(Unaudited)	(Audited)	Change %
	At 30 September	At 31 March	
	2023 HK\$'000	2023 HK\$'000	
Financial position:			
Total assets	8,662,312	8,539,878	1.4%
Net assets	3,831,204	3,855,716	-0.6%
Net current assets	1,212,664	1,275,782	-4.9%
Cash and cash equivalents	666,635	605,365	10.1%
Total borrowings	1,771,639	1,641,046	8.0%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Miss Chung Wing Man

AUTHORISED REPRESENTATIVES

Ms. Chong Siw Yin
Miss Chung Wing Man

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Mr. Look Andrew
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
Mr. Look Andrew

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

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

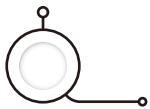
China Construction Bank (Asia) Corporation Limited
Bank of China
Intesa Sanpaolo Spa

STOCK CODE

558

WEBSITE

www.lk.world



MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS PERFORMANCE

During the interim reporting period of FY2024, global economic downturn slowed down with the elapse of pandemic effect on major economies. Coupled with the impact of major economies' ongoing tight monetary policies and global manufacturing restructuring, we are seeing a recovery in industry development and market demands, although the macro downstream demands have not signaled a strong rebound. In terms of segments, the demand for downstream vehicle industry maintained growing momentum, especially the alternative fuel vehicle industry that maintained high-speed expansion, which lays a solid foundation for our business growth.

Challenges and opportunities coexisted for the business of the Company. In view of market changes, the Company made a positive response by, among others, strengthening internal management through continuous system improvement, accelerating capacity expansion to cope with timely delivery and expanding overseas markets. In the first half of FY2024, the Company's revenue amounted to HK\$2,753,733,000, representing a period-on-period decrease of 3.7%, and profit attributable to owners amounted to HK\$205,202,000, representing a period-on-period decrease of 24.3%. The gross margin was 26.2%, representing a period-on-period decrease of 1.3%, the operating profit margin was 9.9%, representing a period-on-period decrease of 2.1%, and the net profit margin was 7.5%, representing a period-on-period decrease of 2.0%.

During the Reporting Period, the Company's financial performance was stable and its total asset increased to HK\$8,662,312,000, representing a period-on-period increase of 1.4%, with liabilities to assets ratio of 55.8%/gearing ratio of 28.8%. The Company has sufficient cash flows.

II. MAIN BUSINESS OPERATIONS

1. Demand for die-casting machines remained solid, orders on hand were ample

The overall demand for die-casting machines was anchored at healthy growth during the Reporting Period. However, the lead time for most machines was delayed to the latter half of the financial year as the capital expenditures of downstream clients slowed down amid the waning macro economy and market in the first half of the financial year. Therefore, the revenue in the first half of the financial year saw a small decline as compared with the corresponding period of last year. Sales revenue of die-casting machines amounted to HK\$1,996,628,000, representing a period-on-period decrease of 2.6%. The gross profit margin and net profit margin decrease slightly compared with the corresponding period of last same period. The delivery of super large die-casting machines was also slightly delayed due to the tightening capital expenditures by downstream clients. Nevertheless, we had secured plenty of orders for die-casting machines throughout the financial year, the delivery schedule of which kept processing on time.

Still, with more proactive deployment on integrated die-casting automobile chassis by original equipment manufacturers, the Company secured several well-known original equipment manufacturers at home and abroad in the first half of the financial year. During the Reporting Period, super large die-casting machines saw its global market share anchoring at over 90%, which indicated the leading position and competitive edges of the Company in integrated die-casting solutions. With the implementation of "peak carbon" strategy across the globe,

MANAGEMENT DISCUSSION AND ANALYSIS

the development of alternative fuel vehicles has become an inevitably global trend. In the field of alternative fuel vehicles, integrated die-casting technologies enjoy great application values given the trend of pursuing lighter-weight automobile in vehicle manufacturing. By adopting such technologies, multiple parts can be integrated into one to improve the structural strength and safety of vehicles, and reduce vehicle weight, which provides a critical technology path for vehicle manufacturing to reduce cost and increase efficiency. Meanwhile, with increasing application of aluminum rear body, the efficiency of energy use has also improved, thereby promoting the development of a green, low-carbon and circular economy.

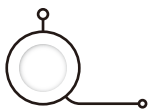
2. Revenue of plastic injection moulding machine segment witnessed a significant rebound when compared to second half of FY2023 and restored to year-ago level

Plastic injection moulding machine, as vital equipment in the plastic processing industry, finds wide applications across various sectors, including automobile, electronics, home appliances, and daily consumer goods. In the second half of FY2023, the market demand was affected to a certain extent by the global COVID-19 pandemic, resulting in a significant decline in revenue and profitability of the plastic injection moulding machine segment. However, when compared to second half of FY2023, a notable recovery was achieved for the plastic injection moulding machine segment. During the Reporting Period with revenue of HK\$677,626,000 when compared to second half of FY2023, representing a growth of 27.5% and a period-on-period growth of 2.7%.

The recovery of the plastic injection moulding machine segment holds significant importance for the future steady growth of the Company's overall performance. Against intensified industry competition and insufficient market demand, the Company actively analyzed market conditions and successfully developed a range of new models with improved precision, energy efficiency, and intelligence, including the ELETTRICA Series, VARIA Series and VA1000 hydraulic plastic injection moulding machine, etc.. These new models enabled our customer base to expand into new areas like automotive components, and provided strong support for the recovery of revenue in the first-half financial year. Their product quality and competitiveness are also well received in the market, demonstrating strong resilience in the face of challenges. In addition to retaining orders from existing customers as well as acquiring new customers through the strategy of full integration of three business segments, the Company also consistently focused on R&D and innovation, aiming to offer more efficient and intelligent plastic injection moulding machine products for satisfying the evolving needs of customers, and thus maintaining market share in the industry.

3. CNC machining centre was expected to recover as opportunities lie within challenges

During the Reporting Period, the performance of CNC segment encountered challenges posed by lower-than-expected sales in overseas markets, with a drop in revenue to HK\$79,479,000, representing a period-on-period decrease of 47.1%. Nevertheless, since the business of the Company's CNC machining centre is currently small in scale and relies on the sales strategy of full integration of three business segments, customers of this segment highly overlap with those of die-casting machine business, and most machines are delivered in the latter half of the financial year. With the rebound of downstream



MANAGEMENT DISCUSSION AND ANALYSIS

market demand and the advent of delivery period, it is expected that the performance of CNC segment will improve in the latter half of the financial year. We believe that the Company's CNC segment is poised for better development opportunities as the new product five-axis moving column gantry type machining centre gradually goes into operation amid the recovering global economy and growing market demand. Therefore, we will endeavor to provide high-quality products and services to meet customer demand and continuously enhance our market competitiveness.

III. DEVELOPMENT TRENDS AND OUTLOOK

1. Expanding its overseas market footprint and preparing for the coming challenges to global economy

Looking ahead, the global economy will keep struggling in assortments of challenges and uncertainties. The growing geopolitical tension in certain regions is a big test for global economic stability. Meanwhile, the persisting high inflation pressure in Europe and the United States brought about market concerns on inflation. Central banks of major economies worldwide may adjust their policies accordingly, which could have further impact on global financial markets.

Yet, the recovery of overseas economy shows great resilience and potential against such complexities. The accelerating restructuring of global industrial chain has generated development opportunities for certain regions. To attract foreign investment and technological cooperation, some countries and regions have introduced innovation policies and increased investment to promote their industrial upgrading, thereby driving up the demand for machinery and equipment.

The Company has been strategically establishing its presence in the global market and developed a worldwide sales network and service system to provide its customers with high-quality plastic injection moulding machines and casting machines. In addition to the existing more than 60 sales offices and service centers spanning over 20 countries, from this year the Company plans to set up new overseas R&D centers, service centers and production bases in the United States, Germany, Mexico, India, etc., to satisfy the customers' demand for localization R&D, manufacturing, sales, and after-sales services. In the first half of the year, the Company secured a succession of orders or agreements of intent for equipment from local automobile manufacturers in Europe, the United States, Japan, and South Korea, contributing to an increasing proportion of revenue from overseas.

2. Leading integrated die-casting revolution, upgrading product technology and expanding scope of application

During the Reporting Period, the Company entered into a strategic cooperation agreement in respect of the L.K. 16000T super large smart die-casting unit, which has realised phased achievements. The Dreampress 16000T super smart die-casting unit has brought revolutionary changes in the integrated die-casting automobile chassis, and the application scenarios for integrated die-casting will also be more diversified, covering A0-C class and SUV models. In just over a year, the Company's R&D and production of super large smart die-casting units have achieved a breakthrough from 12,000 tons to 16,000 tons, marking a milestone in the development of high-end and green foundry industry in China. Meanwhile, it provides more possibilities for the integrated manufacturing of more complex and larger automotive parts.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Company cooperated with the well-known domestic original equipment manufacturers in respect of joint R&D and innovation with an aim to achieve integrated die-casting moulding for the chassis of A00-class models, which presents a new concept for the industry's integrated die-casting application on the chassis from A00-class to B-class and C-class models.

In the future, with the continuous emergence of new materials, processes and technologies, the integrated die-casting technology will be more optimal and innovative, thereby bringing more possibilities for the manufacturing of automobile chassis. Meanwhile, with the increasing demand for lightweight, efficient and sustainable development in the market, as well as the continuous progress of technology and the promotion of application, the integrated die-casting has great development potential in the manufacturing of automobile chassis.

3. Introducing high-quality strategic investors to accelerate the building of advantages in the integrated die-casting industry

The introduction of Future Industry Investment Fund, a high-quality strategic investor by Shenzhen L.K. Technology Co., Ltd.* (深圳力勁科技有限公司), a subsidiary of the Company, will help the Company make full use of its resource advantages in the field of advanced manufacturing to expand the global market, strengthen its brand position, enhance the global competitiveness of the Company's die-casting machines and accelerate the development of the Company, thereby laying a solid foundation for the release of long-term value.

* English translation or transliteration of Chinese name for identification purpose only.

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 2023, the Group's cash and cash equivalents amounted to HK\$666,635,000 (31 March 2023: HK\$605,365,000).

The gearing ratio (a ratio of net debt^(Note) to total equity) was approximately 28.8% (31 March 2023: 26.9%).

As at 30 September 2023, the capital structure of the Company was constituted exclusively of 1,376,391,500 ordinary shares of HK\$0.1 each. The total amount of outstanding borrowings was HK\$1,771,639,000 (31 March 2023: HK\$1,641,046,000), approximately 86.7% (31 March 2023: 84.6%) of which being short-term loans. Approximately 25.3% (31 March 2023: 41.3%) 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 2023, the amount of the outstanding loans granted by banks to customers for which guarantees have been given by the Group amounted to HK\$4,770,000 (31 March 2023: HK\$21,991,000).

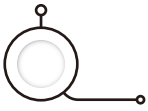
PLEDGE OF ASSETS

As at 30 September 2023, the Group's banking facilities and financial guarantee contracts were secured by the assets of the Group, including restricted bank balances, right-of-use assets, investment properties, property, plant and equipment and bills receivables, with aggregate carrying amounts of HK\$778,190,000 (31 March 2023: HK\$827,339,000).

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had capital commitments in respect of acquisition of property, plant and equipment contracted but not provided in the condensed consolidated interim financial information amounting to HK\$192,650,000 (31 March 2023: HK\$178,850,000).

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



MANAGEMENT DISCUSSION AND ANALYSIS

STAFF AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed approximately 5,168 full-time staff. The staff costs for the Period under Review amounted to HK\$511,355,000 (2022: HK\$462,309,000). The remuneration policies of the Group are determined based on market trends, future plans, and the performance of individuals. In addition, the Group also provides other staff benefit such as mandatory provident fund, state-managed social welfare scheme, share option scheme and share award scheme.

On 24 September 2021, the Company granted an aggregate of 27,540,000 share options (the "Share Options") to 390 employees of the Group. Details of the above grant of the Share Options are set out in the announcement dated 24 September 2021.

OTHER INFORMATION

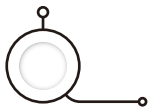
DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of SFO (including any interests which were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ chief executive	Name of company	Capacity	Number of shares held	Approximate percentage of shareholding
Ms. Chong Siw Yin ("Ms. Chong")	the Company	Beneficiary of a trust	849,078,004 ⁽¹⁾ Long position	61.69%
	the Company	Beneficial owner	3,105,000 ⁽²⁾ Long position	0.22%
	the Company	Interest of spouse	5,722,750 ⁽³⁾ Long position	0.42%
Mr. Liu Zhuo Ming	the Company	Beneficiary of a trust	849,078,004 ⁽⁴⁾ Long position	61.69%
	the Company	Beneficial owner	1,000,000 ⁽⁵⁾ Long position	0.07%
Mr. Tse Siu Sze ("Mr. Tse")	the Company	Interest of spouse	50,000 ⁽⁶⁾ Long position	0.004%

Notes:

- These 849,078,004 shares are owned by Girgio Industries Limited ("Girgio"). Girgio is owned as to 95% by Full Profit Asset Limited which is wholly-owned by HSBC International Trustee Limited (as trustee of The Liu Family Trust, in which Ms. Chong, Mr. Liu Zhuo Ming and Miss Liu Ying Ying are the beneficiaries of The Liu Family Trust) and 5% by Mr. Liu Siong Song ("Mr. Liu"), the spouse of Ms. Chong.
- 3,105,000 underlying shares held by Ms. Chong, 300,000 of which are held by virtue of the interests in the share options of the Company granted to her on 24 September 2021.
- These 5,722,750 shares are beneficially owned by Mr. Liu.
- Mr. Liu Zhuo Ming is deemed to be interested in the 849,078,004 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.
- 1,000,000 underlying shares are held by Mr. Liu Zhuo Ming by virtue of the interests in the share options of the Company granted to him on 24 September 2021.
- 50,000 underlying shares are held by Mr. Tse by virtue of the interests in the share options of the Company granted to his spouse on 24 September 2021.



OTHER INFORMATION

Long position in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares	Approximate percentage of shareholding
Mr. Tse Siu Sze	LK Injection Molding Machine Co., Ltd. (廣東力勁塑機製造股份有限公司)	Beneficial owner	6,011,031 Long position	2.62%

Save as disclosed above, as at 30 September 2023, none of the Directors and chief executive of the Company had registered any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND LONG POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2023, according to the relevant disclosure of the interest information as shown on the HKExnews website of HKEx and the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors and chief executive of the Company, had long positions of 5% or more in the Shares and underlying Shares of the Company:

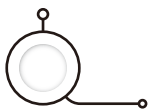
Name	Capacity	Number of shares held	Approximate percentage of shareholding
Girgio	Beneficial owner	849,078,004 ⁽¹⁾ Long position	61.69%
Mr. Liu	See Note ⁽²⁾	849,078,004 ⁽²⁾ Long position	61.69%
	See Note ⁽²⁾	3,105,000 ⁽²⁾ Long position	0.22%
	Beneficial owner	5,722,750 Long position	0.42%
HSBC International Trustee Limited	See Note ⁽³⁾	848,078,004 ⁽³⁾ Long position	61.62%

OTHER INFORMATION

Notes:

1. These 849,078,004 shares are owned by Girgio. Girgio is owned as to 95% by Full Profit Asset Limited which is wholly-owned by HSBC International Trustee Limited (as trustee of The Liu Family Trust, in which Ms. Chong, Mr. Liu Zhuo Ming and Miss Liu Ying Ying are the beneficiaries of The Liu Family Trust) and 5% by Mr. Liu.
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 and amended and restated on 3 December 2021 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 95% interest in the Company by the virtue of its shareholding in Full Profit Asset Limited.

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



OTHER INFORMATION

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 8 September 2016 and would remain in force for a period of 10 years.

On 24 September 2021, the Company granted an aggregate of 27,540,000 share options to 390 employees of the Group under the Share Option Scheme. Movements in the outstanding share options of the Company granted under the Share Option Scheme during the six months ended 30 September 2023 ("Interim Period") were as follows:

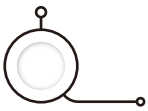
Name	Date of grant	Closing price per share immediately before date of grant HK\$	Exercise price per share HK\$	Number of share options					Balance outstanding as at 30 September 2023	No. of share option during the vesting period ⁽³⁾	No. of share options exercisable during the exercisable period ⁽³⁾
				Balance outstanding as at 1 April 2023	Granted during the Interim Period	Exercised during the Interim Period	Lapsed during the Year	Cancelled during the Year			
Directors											
Ms. Chong Siw Yin	24 September 2021	18.9	19.86	120,000	-	-	-	-	120,000	120,000	120,000
										24 September 2021 to 24 September 2023	(25 September 2023 to 23 September 2031)
	24 September 2021	18.9	19.86	90,000	-	-	-	-	90,000	90,000	90,000
										24 September 2021 to 24 September 2024	(25 September 2024 to 23 September 2031)
	24 September 2021	18.9	19.86	90,000	-	-	-	-	90,000	90,000	90,000
										24 September 2021 to 24 September 2025	(25 September 2025 to 23 September 2031)
Mr. Liu Zhuo Ming	24 September 2021	18.9	19.86	400,000	-	-	-	-	400,000	400,000	400,000
										24 September 2021 to 24 September 2023	(25 September 2023 to 23 September 2031)
	24 September 2021	18.9	19.86	300,000	-	-	-	-	300,000	300,000	300,000
										24 September 2021 to 24 September 2024	(25 September 2024 to 23 September 2031)
	24 September 2021	18.9	19.86	300,000	-	-	-	-	300,000	300,000	300,000
										24 September 2021 to 24 September 2025	(25 September 2025 to 23 September 2031)

OTHER INFORMATION

Name	Date of grant	Closing price per share immediately before date of grant HK\$	Exercise price per share HK\$	Number of share options					Balance outstanding as at 30 September 2023	No. of share option during the vesting period ⁽³⁾	No. of share options exercisable during the exercisable period ⁽³⁾
				Balance outstanding as at 1 April 2023	Granted during the Interim Period	Exercised during the Interim Period	Lapsed during the Year	Cancelled during the Year			
Miss Liu Ying Ying ⁽¹⁾	24 September 2021	18.9	19.86	60,000	-	-	-	-	60,000	60,000	60,000
										24 September 2021 to 24 September 2023	(25 September 2023 to 23 September 2031)
	24 September 2021	18.9	19.86	45,000	-	-	-	-	45,000	45,000	45,000
										24 September 2021 to 24 September 2024	(25 September 2024 to 23 September 2031)
	24 September 2021	18.9	19.86	45,000	-	-	-	-	45,000	45,000	45,000
										24 September 2021 to 24 September 2025	(25 September 2025 to 23 September 2031)
Ms. Lau Yau Ting ⁽²⁾	24 September 2021	18.9	19.86	20,000	-	-	-	-	20,000	20,000	20,000
										24 September 2021 to 24 September 2023	(25 September 2023 to 23 September 2031)
	24 September 2021	18.9	19.86	15,000	-	-	-	-	15,000	15,000	15,000
										24 September 2021 to 24 September 2024	(25 September 2024 to 23 September 2031)
	24 September 2021	18.9	19.86	15,000	-	-	-	-	15,000	15,000	15,000
										24 September 2021 to 24 September 2025	(25 September 2025 to 23 September 2031)
				1,500,000	-	-	-	-	1,500,000		

Notes:

1. A daughter of Ms. Chong Siw Yin and Mr. Liu Siang Song, hence Miss Liu is an associate of a director and a controlling shareholder of the Company pursuant to the definition of the Listing Rules.
2. The spouse of Mr. Tse, being an associate of a Director of the Company pursuant to the definition of the Listing Rules.



OTHER INFORMATION

3. The Share Options will be vested in three tranches, subject to the terms of the Share Option Scheme and the fulfilment of the following vesting conditions:

Percentage of exercisable Share Options	Exercise period	Vesting conditions
40% of the Share Options	exercisable during the period commencing from the first trading day after the second anniversary of the date of grant up to and including 23 September 2031	upon satisfaction of the specific performance indicators based on the appraisal mechanism for the relevant grantees for specified financial years
30% of the Share Options	exercisable during the period commencing from the first trading day after the third anniversary of the date of grant up to and including 23 September 2031	
30% of the Share Options	exercisable during the period commencing from the first trading day after the fourth anniversary of the date of grant up to and including 23 September 2031	

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.

Subject to the terms and conditions of the Scheme and/or unless otherwise determined by the Board at its absolute discretion, awarded shares (and the related income derived from the shares held upon the trust of the Scheme (the “Trust”) in the form of shares, if any) held by the trustee of the Scheme upon the Trust and which are referable to a selected employee shall vest in the selected employee in accordance with a vesting schedule determined at the discretion of the Board (the “Vesting Date”), provided that the selected employee remains at all times after the date of award and on the Vesting Date an employee.

Notwithstanding any provision of the deed constituting the Trust, the Scheme and the terms and conditions of any award, the Board (or where the relevant selected employee is a director of the Company, the Remuneration Committee) in its sole and absolute discretion may determine from time to time on a general or case by case basis that an award may be vested at such time determined by the Board (or the Remuneration Committee, as the case may be) subsequent to and notwithstanding a termination of employment of a selected employee (including but not limited to as a result of the selected employee’s retirement or death) or following a change in control of the Company.

OTHER INFORMATION

The Scheme does not prescribe an amount payable on application or acceptance of the award, nor the amount payable on application or acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid. The basis of determining the purchase price of shares awarded is not applicable as there is no purchase price under the Scheme.

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 of 1,133,265,000 shares as at the Adoption Date, i.e. not exceeding 113,326,500 shares. 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 of 1,133,265,000 shares as at the Adoption Date, i.e. not exceeding 11,332,650 shares.

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 2023 ("Period"), 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.

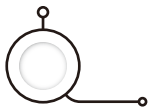
There were no unvested awards at the beginning and at the end of the Period, nor awards vested, cancelled or lapsed during the Period.

USE OF PROCEEDS

On 26 April 2021, Girgio Industries Limited (the "Vendor"), a controlling shareholder of the Company and the Company entered into the placing and subscription agreement with the placing agent in relation to placing of 60,000,000 ordinary shares of the Company at HK\$9.50 per share to no less than six independent placees, while the Vendor conditionally agreed to subscribe for new ordinary shares of the Company, the number of which is equal to the number of the placing shares. Completion of the placing and the subscription of shares took place on 29 April 2021 and 3 May 2021, respectively. The net proceeds from the subscription were approximately HK\$562,546,000 ("2021 Top-Up Placing and Subscription of Shares Proceeds"). Details of the placing and the subscription are set out in the announcements dated 26 April 2021 and 3 May 2021.

Below table sets out the use of net proceeds for the 2021 Top-Up Placing and Subscription of Shares Proceeds as at 30 September 2023:

Items	Net proceeds HK\$'000	Utilisation as at	Unutilised as at
		30 September 2023 HK\$'000	30 September 2023 HK\$'000
For increasing production efficiency and capacity	386,150	377,548	8,602
General working capital	176,396	176,396	–
	562,546	553,944	8,602



OTHER INFORMATION

The following table illustrates the net proceeds utilised for increasing production efficiency and capacity as at 30 September 2023:

HK\$'000

Purchases of property, plant and equipment

Fuxin Jinda Precision Machinery Co., Ltd.* 阜新勁達精密機械有限公司	33,640
Fu Xin L.K. Northern Machinery Co. Ltd.* 阜新力勁北方機械有限公司	84,411
Fuxin Lida Steel Casting Co. Ltd. 阜新力達鋼鐵鑄造有限公司	64,120
L.K. Technology (Kunshan) Co. Ltd.* 力勁科技(昆山)有限公司	35,234
Shenzhen Shenshan Special Cooperation Zone L.K. Technology Co. Ltd.* 深汕特別合作區力勁科技有限公司	60,240
	277,645

Purchases of land use rights and deposit paid

Ningbo LK Intelligent Machinery Co. Ltd.* 寧波力勁智能裝備有限公司	99,903
	377,548

There was no change in the intended use of net proceeds as previously disclosed, and the Company will gradually utilise the residual amount of the net proceeds of HK\$8,602,000, for purchases of property, plant and equipment on Fuxin Jinda Precision Machinery Co. Ltd in accordance with such intended purposes within the upcoming 6 months. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

L.K. HIGH-TECH INDUSTRIAL PARK URBAN RENEWAL PROJECT* (力勁高新科技工業園城市更新項目)

L.K. High-tech Industrial Park Urban Renewal Project* (力勁高新科技工業園城市更新項目) (the "Urban Renewal Project") was terminated on 26 July 2023 as the Urban Renewal Approval (立項完成) finally had not been obtained by the Purchaser, Shenzhen Wanjin Investment Co., Ltd.* (深圳市萬勁投資有限公司). Upon such termination, the Vendor, L.K. Machinery (Shenzhen) Co. Ltd.* (力勁機械(深圳)有限公司) regains full rights and interest over the properties involved in the Urban Renewal Project. As at 30 September 2023, the Company's operation was still on-going at the properties, no demolition nor relocation works had begun.

Details of the Urban Renewal Project are set out in the announcements dated 28 December 2020, 12 January 2021, 18 January 2021, 27 January 2021, 18 January 2023, 26 July 2023, the circular dated 4 March 2021 and annual report of 2021/2022 and 2022/2023.

DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY (SHENZHEN L.K. TECHNOLOGY CO., LTD.* (深圳力勁科技有限公司))

On 14 September 2023, the Company, Shenzhen L.K. Technology Co., Ltd.* (深圳力勁科技有限公司) ("Shenzhen LK"), Shenzhen Leadwell Technology Co. Ltd.* (深圳領威科技有限公司) ("Shenzhen Leadwell"), Ningbo L.K. Technology Co., Ltd. (寧波力勁科技有限公司), ("Ningbo LK"), L.K. Machinery (Shenzhen) Co., Ltd. (力勁機械(深圳)有限公司) ("L.K. Machinery"), Power Excel International Limited ("Power Excel"), Miss Liu Ying Ying ("Miss Liu") (a daughter of Ms. Chong and Mr. Liu SS, a sister of Mr. Liu ZM), Mr. Liu Zhuo Ming ("Mr. Liu ZM") (the Chief Executive Officer and Executive Director of the Company, a son of Ms. Chong and Mr. Liu SS, a brother of Miss Liu), Mr. Liu Siang Song ("Mr. Liu SS") (spouse of Ms. Chong and father of Miss Liu and Mr. Liu ZM) and Ms. Chong Siw Yin ("Ms. Chong") (the Chairperson of the Board and Executive Director of the Company, the spouse of

* English translation or transliteration of Chinese name for identification purpose only.

OTHER INFORMATION

Mr. Liu SS and mother of Miss Liu and Mr. Liu ZM) entered into a capital injection agreement and other transaction documents with Future Industry Investment Fund II (先進製造產業投資基金二期(有限合夥)) (“FIIF”), pursuant to which FIIF had conditionally agreed to subscribe for not less than approximately 9.47% and not more than 12% of the enlarged registered capital of Shenzhen LK by way of capital injection in cash for the sum of not less than RMB1,150 million and not more than RMB1,500 million into Shenzhen LK (the “Capital Injection”) to increase its registered capital and capital reserve.

On the same date, the Company, Shenzhen LK, Shenzhen Leadwell, Ningbo LK, L.K. Machinery, Power Excel, Miss Liu, Mr. Liu ZM, Mr. Liu SS and Ms. Chong entered into the shareholders agreement with FIIF, pursuant to which, among others, the repurchase option was granted by Shenzhen LK and its subsidiaries and the Company to FIIF.

On 24 October 2023, the aforesaid parties and FIIF entered into a supplemental agreement to the capital injection agreement, as all conditions precedent had been fulfilled, and the completion took place on 24 October 2023. Upon the completion, but before the capital injection of the employee stock ownership platform, the registered capital of Shenzhen LK was increased to RMB553,479,949, of which approximately 76.34% of the enlarged equity interest of Shenzhen LK was owned by the Company (through Power Excel), approximately 13.77% of the enlarged equity interest of Shenzhen LK was owned by the Company (through LK Machinery), and approximately 9.89% of the total equity interest of Shenzhen LK was owned by FIIF.

On 5 December 2023, the Company, Shenzhen Leadwell, Ningbo LK, Shenzhen LK, L.K. Machinery, Power Excel, Miss Liu, Mr. Liu ZM, Mr. Liu SS and Ms. Chong entered into capital injection agreement and other transaction documents with 5 investors, pursuant to which the investors had conditionally agreed to subscribe for, in aggregate, RMB34,752,600 newly increased registered capital of Shenzhen LK, representing approximately 5.91% of the enlarged registered capital of Shenzhen LK (or approximately 5.67%, assuming the capital increase by the employee stock ownership platforms is completed as at completion), by way of capital injection in cash for the sum of, in aggregate, RMB730 million into Shenzhen LK to increase its registered capital and capital reserve.

On the same date, the Company, Shenzhen LK, Shenzhen Leadwell, Ningbo LK, L.K. Machinery, Power Excel, Miss Liu, Mr. Liu ZM, Mr. Liu SS and Ms. Chong and FIIF entered into the shareholders agreement with the investors, pursuant to which the repurchase options had been granted by the Shenzhen LK and its subsidiaries or the Company to each of the investors separately.

Another announcement upon completion will be published on the HKExnews website of HKEx and the Company’s website accordingly.

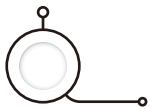
Details of a major transaction regarding the above deemed disposal are set out in the announcements dated 14 September, 29 September, 24 October, 29 November and 5 December 2023.

EVENT AFTER REPORTING PERIOD

Proposed Adoption of The Share Incentive Scheme of Shenzhen LK

On 9 November 2023, the Board of the Company had resolved to propose the adoption of a Share Incentive Scheme of Shenzhen L.K. Technology Co., Ltd* (深圳力勁科技有限公司) (“Shenzhen LK”). An extraordinary general meeting (“EGM”) will be held on 22 December 2023 by the Company for shareholders’ approval. The purpose of the Scheme is to (i) reward and recognise the directors and/or employees of Shenzhen LK and/or its subsidiaries (the “Shenzhen LK Group”); (ii) enhance the sense of ownership and corporate belonging among employees, especially core employees of the Shenzhen LK Group; (iii) enable employees to share the returns of the enterprise; (iv) establish an excellent management team with clear goals, united in their efforts and with a strong cohesion, enhance the core competitiveness of the enterprise, and ensure the realization of corporate development strategy and business objectives; and (v) further improve Shenzhen LK’s governance structure and incentive mechanism. The Board of the Company (including the independent non-executive Directors) was of the view that the adoption of the Share Incentive Scheme by Shenzhen LK would realise the aforesaid goals, and that the terms and conditions of the Share Incentive Scheme were on normal commercial terms, and were fair and reasonable and in the interests of the Company and the Shareholders as a whole. Poll results announcement of the EGM will be published on the HKExnews website of HKEx and the Company’s website accordingly.

Summary of the rules of the Scheme and Notice of EGM are set out in the circular dated 6 December 2023.



OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK4.5 cents per share for the six months ended 30 September 2023 (2022: HK4 cents per share) to the shareholders whose names appear on the register of members of the Company on Friday, 22 December 2023. The interim dividend will be paid on or about Tuesday, 9 January 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 December 2023 to Friday, 22 December 2023, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all shares transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2023, 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 Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Period under Review.

AUDIT COMMITTEE

The Audit Committee consists of four independent non-executive Directors, namely Mr. Tsang Yiu Keung, Paul, Dr. Lui Ming Wah, Dr. Low Seow Chay and Mr. Look Andrew. Mr. Tsang Yiu Keung, Paul is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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 2023. PricewaterhouseCoopers, the Group's external auditor, also reviewed the unaudited condensed interim financial information for the six months ended 30 September 2023 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 2023

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of L.K. Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 52, which comprises the interim condensed consolidated statement of financial position of L.K. Technology Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected 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” issued by the Hong Kong Institute of Certified Public Accountants. 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.

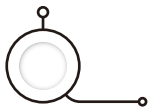
CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group 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 2023



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

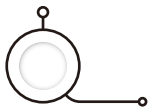
	Notes	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Non-current assets			
Intangible assets	7	15,067	15,191
Property, plant and equipment	8	1,959,754	1,818,955
Investment properties	8	409,200	514,690
Right-of-use assets	8	373,250	387,996
Interests in associates		14,767	15,725
Other receivables and deposits		126,255	123,970
Deferred income tax assets		87,840	92,511
Trade and bills receivables	9	18,898	19,948
Financial asset at fair value through other comprehensive income	5.3	5,435	5,682
Total non-current assets		3,010,466	2,994,668
Current assets			
Inventories		1,848,663	1,851,882
Trade and bills receivables	9	2,522,257	2,520,720
Other receivables, prepayments and deposits		419,804	349,611
Restricted bank balances		194,487	217,632
Cash and cash equivalents		666,635	605,365
Total current assets		5,651,846	5,545,210
Total assets		8,662,312	8,539,878
Equity			
Share capital	10	137,640	137,640
Reserves		1,372,334	1,513,723
Retained earnings		2,321,230	2,204,353
Total equity		3,831,204	3,855,716

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Notes</i>	(Unaudited) 30 September 2023 HK\$'000	(Audited) 31 March 2023 HK\$'000
Non-current liabilities			
Deferred income tax liabilities		79,673	86,254
Borrowings	11	235,172	253,514
Lease liabilities		8,573	4,462
Other payables	12	68,508	70,504
Total non-current liabilities		391,926	414,734
Current liabilities			
Trade and bills payables	12	1,794,289	1,810,562
Other payables and contract liabilities	12	1,049,961	1,021,585
Borrowings	11	1,536,467	1,387,532
Lease liabilities		4,836	7,616
Current income tax liabilities		53,629	42,133
Total current liabilities		4,439,182	4,269,428
Total liabilities		4,831,108	4,684,162
Total equity and liabilities		8,662,312	8,539,878

The notes on pages 27 to 52 are integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

	Notes	(Unaudited)	
		2023	2022
		HK\$'000	HK\$'000
Revenue	13	2,753,733	2,860,238
Cost of sales	15	(2,033,245)	(2,074,080)
Gross profit		720,488	786,158
Other income	13	106,376	77,282
Other losses – net	14	(7,360)	(10,928)
Selling and distribution expenses	15	(252,133)	(268,311)
General administrative expenses	15	(291,396)	(241,116)
(Provision for)/reversal of provision for impairment of trade receivables – net	15	(3,117)	79
Operating profit		272,858	343,164
Finance income		3,134	3,031
Finance costs		(41,318)	(21,944)
Finance costs – net	17	(38,184)	(18,913)
Share of losses of associates		(280)	(21)
Profit before income tax		234,394	324,230
Income tax expenses	18	(29,192)	(53,037)
Profit for the period attributable to owners of the Company		205,202	271,193
		HK cents	HK cents
Earnings per share for profit attributable to owners of the Company during the period			
– Basic	19(a)	14.9	19.7
– Diluted	19(b)	14.9	19.7

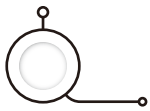
The notes on pages 27 to 52 are integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Profit for the period attributable to owners of the Company	205,202	271,193
Other comprehensive loss for the period:		
Item that may be reclassified to profit or loss		
Currency translation difference	(169,402)	(361,630)
Total comprehensive income/(loss) for the period, net of tax, attributable to owners of the Company	35,800	(90,437)

The notes on pages 27 to 52 are integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

Attributable to owners of the Company (Unaudited)

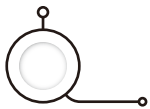
	Share capital HK\$'000	Share premium HK\$'000	Share reserve HK\$'000	Exchange translation reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Financial assets at fair value through other comprehensive income reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2023	137,640	1,123,842	13,771	(85,937)	18,837	313,409	129,433	368	2,204,353	3,855,716
Profit for the period	-	-	-	-	-	-	-	-	205,202	205,202
Other comprehensive loss										
Currency translation difference	-	-	-	(169,402)	-	-	-	-	-	(169,402)
Total comprehensive (loss)/income	-	-	-	(169,402)	-	-	-	-	205,202	35,800
Employees' incentive programmes (Note 10)	-	-	-	-	1,626	-	-	-	-	1,626
Transfer to statutory reserve	-	-	-	-	-	26,387	-	-	(26,387)	-
Transaction with owners in their capacity as owners										
Dividend paid	-	-	-	-	-	-	-	-	(61,938)	(61,938)
At 30 September 2023	137,640	1,123,842	13,771	(255,339)	20,463	339,796	129,433	368	2,321,230	3,831,204

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	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	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2022	137,640	1,123,842	13,771	183,969	15,055	304,693	129,433	368	1,794,228	3,702,999
Profit for the period	-	-	-	-	-	-	-	-	271,193	271,193
Other comprehensive loss										
Currency translation difference	-	-	-	(361,630)	-	-	-	-	-	(361,630)
Total comprehensive loss	-	-	-	(361,630)	-	-	-	-	271,193	(90,437)
Employees' incentive programmes (Note 10)	-	-	-	-	1,964	-	-	-	-	1,964
Transaction with owners in their capacity as owners										
Dividend paid	-	-	-	-	-	-	-	-	(55,056)	(55,056)
At 30 September 2022	137,640	1,123,842	13,771	(177,661)	17,019	304,693	129,433	368	2,010,365	3,559,470

The notes on pages 27 to 52 are integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	236,687	2,998
Interest paid	(42,399)	(28,534)
Income tax paid	(18,567)	(57,827)
Net cash generated from/(used in) operating activities	175,721	(83,363)
Cash flows from investing activities		
Payments for intangible assets	(3,130)	(2,353)
Purchases of property, plant and equipment	(171,066)	(167,505)
Deposits for purchases of property, plant and equipment	(59,517)	(62,945)
Proceeds from disposals of property, plant and equipment	4,121	5,248
Advance compensation for disposal of property, plant and equipment	–	2,777
Purchases of land use rights	(4,150)	(27,905)
Deposits returned for Urban Renewal Project	(38,043)	–
Interest received	3,134	3,031
Net cash used in investing activities	(268,651)	(249,652)
Cash flows from financing activities		
Inception of new bank borrowings	649,017	836,483
Repayment of bank borrowings	(466,055)	(366,807)
Net (decrease)/increase in trust receipt loans	(330)	16,347
Payment of lease liabilities	(4,766)	(5,197)
Dividend paid	–	(55,056)
Net cash generated from financing activities	177,866	425,770
Net increase in cash and cash equivalents	84,936	92,755
Cash and cash equivalents at beginning of period	605,365	576,790
Exchange differences on cash and cash equivalents	(23,666)	(58,568)
Cash and cash equivalents at end of period	666,635	610,977

The notes on pages 27 to 52 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 (the “Board”) of directors (the “Directors”) on 29 November 2023.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

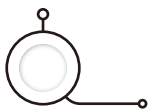
The condensed consolidated interim financial information for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. In addition, the condensed 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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 and interpretation as set out below.

Income tax expenses in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES *(Continued)*

3.1 Amendments to standards adopted by the Group

The following sets out amended standards which have become applicable for the current reporting period:

- Presentation of Financial Statements – Amendments to HKAS 1
- Making Materiality Judgement – Amendments to HKFRS Practice Statement 2
- Accounting Policies, Changes in Accounting Estimates and Errors – Amendments to HKAS 8
- Income Taxes – Amendments to HKAS 12
- Insurance Contracts – HKFRS 17 and amendments to HKFRS 17

These amendments to existing 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

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, 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 2023.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate 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 2023.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

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 that are measured at fair value at 30 September 2023 and 31 March 2023.

As at 30 September 2023

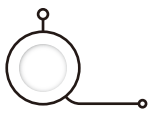
	(Unaudited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial asset at fair value through other comprehensive income <i>(Note i)</i>	–	–	5,435	5,435

As at 31 March 2023

	(Audited)			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial asset at fair value through other comprehensive income <i>(Note i)</i>	–	–	5,682	5,682

Note i: As at 30 September 2023 and 31 March 2023, financial asset at fair value through other comprehensive income consist of an unlisted equity investment which is denominated in RMB and its fair value estimated by market approach.

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

Level 3 fair value

Reconciliation of Level 3 fair value measurement of financial assets:

	(Unaudited) Six months ended 30 September 2023 Financial asset at fair value through other comprehensive income HK\$'000
Financial assets	
Balance at 1 April 2023	5,682
Exchange difference	(247)
Balance at 30 September 2023	5,435
	(Unaudited) Six months ended 30 September 2022 Financial asset at fair value through other comprehensive income HK\$'000
Financial assets	
Balance at 1 April 2022	6,173
Exchange difference	(617)
Balance at 30 September 2022	5,556

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

The Group's 'trade, bills and other receivables', 'deposits', 'restricted bank balances', 'cash and cash equivalents' and 'trade, bills and other payables' are financial assets and liabilities not carried at fair value. As at both 30 September 2023 and 31 March 2023, the carrying values of these financial assets and liabilities approximated their respective fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 before corporate expenses 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 tax expenses. To arrive at the profit/(loss) from operations, the Group’s profit is further adjusted for items not specifically attributed to individual segments.

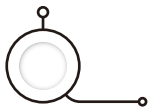
The Group is organised into three main reportable segments.

- (i) Die-casting machine
- (ii) Plastic injection moulding machine
- (iii) CNC machining centre

For the six months ended 30 September 2023, none of the customers of the Group individually accounted for 10% or more of the Group’s total revenue (2022: same).

The segment results for the six months ended 30 September 2023 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	1,996,628	677,626	79,479	2,753,733	–	2,753,733
Inter-segments sales	29,213	–	5,757	34,970	(34,970)	–
	2,025,841	677,626	85,236	2,788,703	(34,970)	2,753,733
Results						
Segment results	241,576	19,207	(7,205)	253,578	–	253,578
Forfeited deposit in relation to Urban Renewal Project (Note 8)						38,889
Administrative expenses						(19,609)
Finance income						3,134
Finance costs						(41,318)
Share of losses of associates						(280)
Profit before income tax						234,394



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

The segment results for the six months ended 30 September 2022 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	2,050,390	659,510	150,338	2,860,238	–	2,860,238
Inter-segments sales	44,271	–	13,078	57,349	(57,349)	–
	2,094,661	659,510	163,416	2,917,587	(57,349)	2,860,238
Results						
Segment results	318,286	24,957	17,904	361,147	–	361,147
Administrative expenses						(17,983)
Finance income						3,031
Finance costs						(21,944)
Share of losses of associates						(21)
Profit before income tax						324,230

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated income statement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

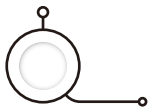
The following is an analysis of the Group's assets and liabilities by reportable segments.

As at 30 September 2023

	(Unaudited)			Total HK\$'000
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	
Assets				
Segment assets	6,153,251	1,546,736	932,525	8,632,512
Unallocated assets				29,800
Total assets				8,662,312
Liabilities				
Segment liabilities	3,595,836	1,003,854	215,318	4,815,008
Unallocated liabilities				16,100
Total liabilities				4,831,108

As at 31 March 2023

	(Audited)			Total HK\$'000
	Die-casting machine HK\$'000	Plastic injection moulding machine HK\$'000	CNC machining centre HK\$'000	
Assets				
Segment assets	6,059,037	1,454,059	996,242	8,509,338
Unallocated assets				30,540
Total assets				8,539,878
Liabilities				
Segment liabilities	3,513,134	914,118	247,208	4,674,460
Unallocated liabilities				9,702
Total liabilities				4,684,162



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 except for corporate assets and financial assets at fair value through other comprehensive income;
- 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

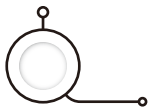
	Trademarks, patents, development cost and others HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 September 2023			
Opening net book amount as at 1 April 2023	12,391	2,800	15,191
Additions	3,130	–	3,130
Amortisation <i>(Note 15)</i>	(2,908)	–	(2,908)
Exchange difference	(346)	–	(346)
Closing net book amount as at 30 September 2023 (unaudited)	12,267	2,800	15,067
	Trademarks, patents, development cost and others HK\$'000	Goodwill HK\$'000	Total HK\$'000
Six months ended 30 September 2022			
Opening net book amount as at 1 April 2022	12,001	2,800	14,801
Additions	2,353	–	2,353
Amortisation <i>(Note 15)</i>	(2,631)	–	(2,631)
Exchange difference	(1,245)	–	(1,245)
Closing net book amount as at 30 September 2022 (unaudited)	10,478	2,800	13,278

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Right-of-use assets HK\$'000
Six months ended 30 September 2023			
Opening net book amount as at 1 April 2023	1,818,955	514,690	387,996
Additions	244,410	–	10,277
Disposals	(4,226)	–	–
Depreciation (<i>Note 15</i>)	(106,174)	–	(8,674)
Transfer of investment properties to property, plant and equipment (<i>Note i</i>)	83,600	(83,600)	–
Decrease in fair value (<i>Note 14</i>)	–	(272)	–
Exchange difference	(76,811)	(21,618)	(16,349)
Closing net book amount as at 30 September 2023 (unaudited)	1,959,754	409,200	373,250
	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Right-of-use assets HK\$'000
Six months ended 30 September 2022			
Opening net book amount as at 1 April 2022	1,476,984	651,754	408,912
Additions	234,796	–	29,935
Disposals	(4,974)	–	–
Depreciation (<i>Note 15</i>)	(79,471)	–	(9,712)
Increase in fair value (<i>Note 14</i>)	–	11,015	–
Exchange difference	(142,107)	(64,039)	(40,527)
Closing net book amount as at 30 September 2022 (unaudited)	1,485,228	598,730	388,608

Note i: During the six months ended 30 September 2023, investment properties of HK\$83,600,000 has been reclassified to property, plant and equipment as a result of change in usage. The fair value of the investment properties at the date of transfer was HK\$83,600,000.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS *(Continued)*

Urban Renewal Project

On 12 January 2021, L.K. Machinery (Shenzhen) Co., Ltd. (“L.K. (Shenzhen)”), a wholly-owned subsidiary of the Group, entered into a cooperation agreement (“Cooperation Agreement”) with Shenzhen Wanjin Investment Co., Ltd. (“Shenzhen Wanjin”/the “Purchaser”), pursuant to which L.K. (Shenzhen) agreed to sell, and Shenzhen Wanjin agreed to purchase, primarily the land use rights of certain industrial lands and properties located in Shenzhen Longhua, the PRC, for a total consideration comprising monetary consideration of RMB350 million and certain resettlement properties. The Purchaser was responsible for obtaining approval from relevant government authorities for the redevelopment and reconstruction works contemplated under the Urban Renewal Project (“Urban Renewal Approval”). As stipulated by the terms of the Cooperation Agreement, the Urban Renewal Approval shall be obtained by the Purchaser within two years after the Company’s shareholders’ approval (i.e., on or before 17 January 2023). As at 18 January 2023, such Urban Renewal Approval had not been obtained by the Purchaser. Pursuant to the terms of the Cooperation Agreement, where the Urban Renewal Approval is not obtained within the abovementioned timeframe, L.K. (Shenzhen) may unilaterally terminate the Cooperation Agreement, and upon which L.K. (Shenzhen) shall return 50% of the paid deposit (i.e. RMB35 million) to the Purchaser.

On 26 July 2023, L.K. (Shenzhen) and the Purchaser entered into a termination agreement. 50% of the paid deposit shall be returned to the Purchaser without interest. The remaining balance had been recognised as an “other income” during the period ended 30 September 2023.

Investment properties

The fair values of the investment properties have been arrived at on the basis of valuations carried out by LCH (Asia-Pacific) Surveyors Limited (“LCH”), independent professional surveyor and valuer. LCH 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.

Description	Fair value measurements at 30 September 2023 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)	–	–	409,200

Description	Fair value measurements at 31 March 2023 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)	–	–	514,690

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS *(Continued)*

Investment properties *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3)

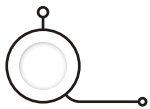
	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Balance at 1 April	514,690	651,754
Transfer to property, plant and equipment	(83,600)	–
(Decrease)/increase in fair value <i>(Note 14)</i>	(272)	11,015
Exchange difference	(21,618)	(64,039)
Balance at 30 September	409,200	598,730
Total unrealised (losses)/gains recognised in the condensed consolidated income statement for assets held at the end of the reporting period <i>(Note 14)</i>	(272)	11,015

The valuations, which conform to the HKIS valuation standards, 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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 TRADE AND BILLS RECEIVABLES

	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000
Trade receivables	2,177,336	2,136,075
Less: Provision for impairment	(125,374)	(125,642)
	2,051,962	2,010,433
Bills receivables	489,193	530,235
	2,541,155	2,540,668
Less: Balance due after one year shown as non-current assets	(18,898)	(19,948)
Trade and bills receivables, net	2,522,257	2,520,720

As at 30 September 2023, the amount of provision for impaired trade receivables was HK\$125,374,000 (31 March 2023: HK\$125,642,000). The provision for impairment of trade receivables made during the current period was HK\$3,117,000 (30 September 2022: reversal of provision for impairment of trade receivables of HK\$79,000). 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 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000
Within 90 days	1,076,092	1,201,343
91–180 days	401,952	320,501
181–365 days	356,394	317,134
Over one year	342,898	297,097
	2,177,336	2,136,075

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 terms ranging from one to six months. The Group also sells goods to certain customers with sales proceeds payable by installments which normally range from six to twelve months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 SHARE CAPITAL AND SHARE OPTION

(a) Share capital of the Company

	Authorised: Number of ordinary shares of HK\$0.1 each	Issued and fully paid HK\$'000
As at 31 March 2022, 30 September 2022, 31 March 2023 and 30 September 2023	1,376,391,500	137,640

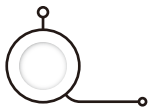
(b) Share option scheme

Pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 8 September 2016, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimize their future performance and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. The Share Option Scheme is valid and effective for a period of 10 years commencing on 8 September 2016. The Share Option Scheme was classified as an equity-settled share-based payment arrangement.

On 24 September 2021, 27,540,000 share options have been granted to certain directors and employees (the "Grantees") of the Group under the Share Option Scheme.

The vesting of the share options is mainly subject to fulfilment of certain performance targets, the Grantees remaining at all times after the offer date and on each vesting date as an employee of the Group, as well as the Grantees achieving a specified level in annual personal performance evaluations. Fulfilment of the performance and service conditions is subject to the review of the Administration Committee of the Share Option Scheme. The Administration Committee of the Share Option Scheme has absolute discretion in approving the exercise of the share options and sale of shares request from the Grantees.

The fair value of the share options of equity-settled share-based payment transactions is expensed over the vesting period with a corresponding increase in equity, taking into account the best available estimate by management of the number of shares expected to vest under the service and performance conditions at the end of each reporting period.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 SHARE CAPITAL AND SHARE OPTION *(Continued)*

(b) Share option scheme *(Continued)*

Set out below are summaries of options granted under the plan:

Name	Date of grant	Exercise price	Exercisable period	Number of share options held as at 1 April 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of share options held as at 30 September 2023
Directors (in aggregate)	24 September 2021	HK\$19.86	25 September 2023 to 23 September 2031	520,000	-	-	-	-	520,000
		HK\$19.86	25 September 2024 to 23 September 2031	390,000	-	-	-	-	390,000
		HK\$19.86	25 September 2025 to 23 September 2031	390,000	-	-	-	-	390,000
Employees (in aggregate)	24 September 2021	HK\$19.86	25 September 2023 to 23 September 2031	9,688,000	-	-	-	-	9,688,000
		HK\$19.86	25 September 2024 to 23 September 2031	7,266,000	-	-	-	-	7,266,000
		HK\$19.86	25 September 2025 to 23 September 2031	7,266,000	-	-	-	-	7,266,000
				25,520,000	-	-	-	-	25,520,000

Name	Date of grant	Exercise price	Exercisable period	Number of share options held as at 1 April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of share options held as at 30 September 2022
Directors (in aggregate)	24 September 2021	HK\$19.86	25 September 2023 to 23 September 2031	520,000	-	-	-	-	520,000
		HK\$19.86	25 September 2024 to 23 September 2031	390,000	-	-	-	-	390,000
		HK\$19.86	25 September 2025 to 23 September 2031	390,000	-	-	-	-	390,000
Employees (in aggregate)	24 September 2021	HK\$19.86	25 September 2023 to 23 September 2031	10,066,000	-	-	(150,000)	-	9,916,000
		HK\$19.86	25 September 2024 to 23 September 2031	7,549,500	-	-	(112,500)	-	7,437,000
		HK\$19.86	25 September 2025 to 23 September 2031	7,549,500	-	-	(112,500)	-	7,437,000
				26,465,000	-	-	(375,000)	-	26,090,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 SHARE CAPITAL AND SHARE OPTION *(Continued)*

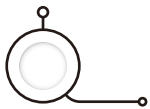
(c) Employees' incentive plan of a subsidiary

On 29 July 2021, the Company approved the employees' incentive plan of 廣東力勁塑機智造股份有限公司 LK Injection Molding Machine Co., Ltd. ("LK Injection"), a PRC subsidiary of the Group. Following the Board approval on 29 July 2021, LK Injection entered into five subscription agreements ("Subscription Agreements") with three individuals, being Mr. Tse Siu Sze, an executive director of the Company, Mr. Huang Xi, an employee of LK Injection and Ms. Liu Ying Ying, daughter of Ms. Chong Siw Yin (an executive director and the Chairperson of the Company) and Mr. Liu Siong Song (a controlling shareholder of the Company) and two limited liability partnerships ("LLP"), namely 中山市睿力企業管理合夥企業(有限合夥) Zhongshan City Ruili Corporate Management Partnership (Limited Partnership) ("Zhongshan Ruili") and 寧波市鑄力企業管理合夥企業(有限合夥) Ningbo City Zhuli Corporate Management Partnership (Limited Partnership) ("Ningbo Zhuli") in connection with the employees' incentive plan of LK Injection. The general partner of Zhongshan Ruili is Ms. Ke Ai Rong (an employee of LK Injection); the general partner of Ningbo Zhuli is Mr. Tan Ying Shi (an employee of 寧波力勁機械有限公司 Ningbo LK Machinery Co. Ltd.). The LLP were established in the PRC in July 2021 solely for the purpose of holding the equity interests in LK Injection in connection with the employees' incentive plan of LK Injection.

The qualified employees participating the employees' incentive plan contribute the capital at the specified grant price and become the limited partners of the LLP. Pursuant to the Subscription Agreements, LK Injection transferred 8.69% of enlarged registered capital in LK Injection to the abovementioned three qualified individuals and two LLPs at consideration of RMB2.75 per share.

Each participating employee in the employees' incentive plan shall remain in service with LK Injection or any of its subsidiaries for six years from the date of granting the restricted shares (the "Service Period"). The restricted shares granted pursuant to the employees' incentive plan are personal to each participating employee, and are not transferrable during the Service Period, unless otherwise approved as stipulated under the Subscription Agreements. If any of the participating employees resign from LK Injection or any of its subsidiaries before the end of the Service Period or if LK Injection failed to be listed in any qualified Stock Exchange by 29 July 2027 (i.e. six years from the date of granting the restricted shares), the participating employees have the right to request Power Excel International Limited, the immediate holding company of LK Injection, to repurchase all of the restricted shares of LK Injection held by the participating employees at an consideration of the initial investment cost plus 5% interest per annum.

The above transaction was considered as an equity-settled share-based payment to employees in exchange for their services. The fair value of the share-based payment expenses was determined by the difference between the fair value of the equity transferred on date of grant (determined by an independent professional valuer) and the capital contribution by incentive targets.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 BORROWINGS

	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000
Non-current:		
Bank borrowings	235,172	253,514
Current:		
Bank borrowings	1,523,582	1,373,501
Trust receipt loans	12,885	14,031
	1,536,467	1,387,532
	1,771,639	1,641,046
Secured:		
Bank borrowings	176,009	220,686
Unsecured:		
Bank borrowings	1,582,745	1,406,329
Trust receipt loans	12,885	14,031
	1,595,630	1,420,360
	1,771,639	1,641,046

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

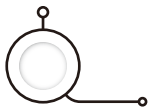
11 BORROWINGS (Continued)

At 30 September 2023 and 31 March 2023, the Group's borrowings were repayable as follows:

	Trust receipt loans		Bank borrowings		Total	
	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000
Within 1 year	12,885	14,031	1,203,526	1,308,376	1,216,411	1,322,407
Bank borrowings due for repayment after one year (Note):						
After 1 year but within 2 years	-	-	245,581	56,517	245,581	56,517
After 2 years but within 5 years	-	-	96,739	13,617	96,739	13,617
After 5 years	-	-	212,908	248,505	212,908	248,505
	-	-	555,228	318,639	555,228	318,639
	12,885	14,031	1,758,754	1,627,015	1,771,639	1,641,046

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

At 30 September 2023, borrowings of approximately HK\$1,231,941,000 (31 March 2023: HK\$1,286,811,000), were borrowed from banks in the PRC by subsidiaries of the Group that are established in the PRC.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000
Current portion		
Trade payables	1,103,143	1,192,733
Bills payables	691,146	617,829
Trade and bills payables	1,794,289	1,810,562
Contract liabilities	492,229	432,348
Other deposits (<i>Note i</i>)	7,564	89,119
Accrued salaries, bonuses and staff benefits	109,995	114,912
Accrued sales commission	148,982	144,019
Value added tax payable	16,751	20,763
Others	274,440	220,424
Other payables and contract liabilities	1,049,961	1,021,585
Non-current portion		
Obligation in relation to an employees' incentive plan (<i>Note ii</i>)	64,008	65,146
Others	4,500	5,358
	68,508	70,504

Note i: As at 31 March 2023, the balance included the deposits of RMB70,000,000 (equivalent to approximately HK\$79,545,000) received in relation to the Urban Renewal Project located in the PRC (Note 8).

Note ii: The balance represents the Group's obligation to repurchase all restricted shares of LK Injection, a PRC subsidiary of the Group in connection with an employees' incentive plan (Note 10(c)). The balance is denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 TRADE AND BILLS PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUALS *(Continued)*

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

	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000
Within 90 days	920,665	992,550
91–180 days	116,189	158,174
181–365 days	41,342	15,061
Over one year	24,947	26,948
	1,103,143	1,192,733

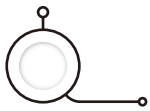
The maturity dates of the bills payables are generally between one to six months.

13 REVENUE AND OTHER INCOME

	(Unaudited) Six months ended 30 September 2023 HK\$'000	2022 HK\$'000
Revenue for sales of goods recognised under HKFRS 15		
Die-casting machine	1,996,628	2,050,390
Plastic injection moulding machine	677,626	659,510
CNC machining centre	79,479	150,338
	2,753,733	2,860,238

	(Unaudited) Six months ended 30 September 2023 HK\$'000	2022 HK\$'000
Other income		
Value added taxes refund	23,979	15,609
Other subsidies from government <i>(Note)</i>	18,637	37,673
Rental income	17,772	15,291
Forfeited deposit in relation to Urban Renewal Project <i>(Note 8)</i>	38,889	–
Sundry income	7,099	8,709
	106,376	77,282

Note: Other subsidies from government recognised were primarily related to grants received from government in relation to sales and research and development of self-developed products in the PRC. There were no unfulfilled condition and other contingencies attached to the receipts of those subsidies.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 OTHER LOSSES – NET

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Net foreign exchange losses	(6,983)	(22,217)
(Decrease)/increase in fair value of investment properties (Note 8)	(272)	11,015
(Loss)/gain on disposals of property, plant and equipment	(105)	274
	(7,360)	(10,928)

15 EXPENSES BY NATURE

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Raw materials and consumables used	1,576,578	1,777,665
Change in inventories of finished goods and work in progress	2,075	(128,556)
Staff costs (Note 16)	511,355	462,309
Amortisation of intangible assets (Note 7)	2,908	2,631
Depreciation of property, plant and equipment (Note 8)	106,174	79,471
Depreciation of right-of-use assets (Note 8)	8,674	9,712
Research costs	26,862	13,435
Utilities	39,314	39,668
Auditor's remuneration		
– Audit services	1,807	1,706
– Non-audit services	438	459
Provision for/(reversal of provision for) impairment of trade receivables – net (Note 9)	3,117	(79)
Provision for inventories write-down – net	9,411	81
Reversal of loss on financial guarantee contracts (Note 21)	(478)	(12)
Other expenses	291,656	324,938
	2,579,891	2,583,428
Represented by:		
Cost of sales	2,033,245	2,074,080
Selling and distribution expenses	252,133	268,311
General administrative expenses	291,396	241,116
Provision for/(reversal of provision for) impairment of trade receivables – net	3,117	(79)
	2,579,891	2,583,428

For the six months ended 30 September 2023, the staff costs related to research and development activities were HK\$60,234,000 (2022: HK\$51,890,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

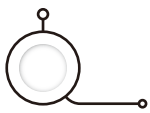
16 EMPLOYEES' BENEFITS COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Wages and salaries	456,589	414,930
Retirement scheme contributions	35,068	31,393
Other allowances and benefits	18,036	13,907
Employees' incentive programmes	1,662	2,079
	511,355	462,309

17 FINANCE COSTS – NET

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Finance income:		
Interest income on short-term bank deposits	(3,134)	(3,031)
Finance costs:		
Interests on bank borrowings	39,120	26,277
Less: Capitalised into property, plant and equipment (<i>Note</i>)	(2,551)	(8,147)
Interest on an employees' incentive plan of a subsidiary	1,470	1,557
Interest on lease liabilities	155	639
Charges on bills receivables discounted without recourse	3,124	1,618
	41,318	21,944
	38,184	18,913

Note: Borrowing costs capitalised during the six months ended 30 September 2023 arose from general borrowing pool and were calculated by applying a capitalisation rate of 3.8% (2022: 3.7%) to expenditure on qualifying assets.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 INCOME TAX EXPENSES

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– PRC income tax	32,082	50,158
– Hong Kong profits tax	–	–
– Overseas tax	13	1,662
– Withholding tax on dividend income	–	7,364
	32,095	59,184
Deferred income tax	(2,903)	(6,147)
Tax charge	29,192	53,037

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 established in the PRC are taxed at statutory rate of 25% (2022: same).

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.

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 PRC. Provision for withholding tax is included in deferred taxation.

As at 30 September 2023, deferred income tax liabilities of HK\$34,417,000 (31 March 2023: HK\$30,689,000) 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 amounted to HK\$688,344,000 at 30 September 2023 (31 March 2023: HK\$613,780,000). Such amounts are not intended to be distributed in the foreseeable future to the Group companies outside of the PRC. For the subsidiaries that we have an intention to distribute their respective retained earnings, we have recognised deferred tax liabilities of HK\$29,940,000 (31 March 2023: HK\$34,650,000) for the withholding tax as at 30 September 2023 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% (2022: same) 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on the consolidated profit attributable to the owners of the Company of HK\$205,202,000 (2022: HK\$271,193,000) and on the weighted average number of approximately 1,376,392,000 (2022: 1,376,392,000) ordinary shares in issue.

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
Profit attributable to owners of the Company (HK\$'000)	205,202	271,193
Weighted average number of ordinary shares in issue (thousands)	1,376,392	1,376,392
Basic earnings per share (HK cents)	14.9	19.7

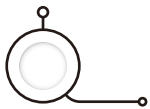
(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares.

For the six months ended 30 September 2023, the Group has two categories of potentially dilutive ordinary share: share options issued by the Company and share-based payment scheme of a subsidiary of the Group. These unvested potentially dilutive ordinary shares were not included in the calculation of diluted earnings per share as they would have an antidilutive impact to the basic earnings per share (2022: same).

20 INTERIM DIVIDEND

At a meeting held on 29 November 2023, the board of directors has resolved to declare an interim dividend of HK4.5 cents per share (2022: HK4 cents per share) amounting to HK\$61,938,000 (2022: HK\$55,056,000). 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 2024.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 FINANCIAL GUARANTEES

	(Unaudited) As at 30 September 2023 HK\$'000	(Audited) As at 31 March 2023 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	4,770	21,991

The Group has provided guarantees to banks in respect of credit facilities up to the maximum amount of HK\$4,770,000 (31 March 2023: HK\$21,991,000) which are granted to certain customers of the Group to purchase its products. Pursuant to the terms of the guarantees, the Group is required to deposit a portion of the sales proceeds received from these customers with the banks. Upon default in repayments by these customers, the Group is responsible to repay the outstanding loan principals together with accrued interest and related costs owed by the defaulted customers to the banks, and the Group is entitled to take over the legal title and possession of the related products.

The Group's guarantee period starts from the dates of grant of the relevant bank loans and ends when these customers have fully repaid their bank loans.

During the six months period ended 30 September 2023, the Group recognised a reversal of loss of approximately HK\$478,000 (30 September 2022: HK\$12,000), as a result of repayment by customers of certain loans that defaulted in repayments in the prior years.

The Company has provided guarantees in respect of banking facilities of its subsidiaries of approximately HK\$956,173,000 (31 March 2023: HK\$701,894,000). The facilities utilised by the subsidiaries as at 30 September 2023 amounted to HK\$412,147,000 (31 March 2023: HK\$257,233,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 COMMITMENTS

(a) Capital commitment

	As at 30 September 2023 HK\$'000	As at 31 March 2023 HK\$'000
Capital expenditure contracted for at the end of the reporting period but not provided for are as follows:		
Property, plant and equipment	192,650	178,850

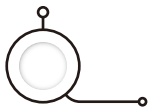
(b) Operating lease commitments

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 2023 HK\$'000	(Audited) As at 31 March 2023 HK\$'000
Leases receivable:		
Within one year	23,916	25,294
In the second to fifth year	30,616	51,207
	54,532	76,501



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 CONTINGENT LIABILITY

During the year ended 31 March 2023, a wholly-owned subsidiary of the Group received a product-related claim from a customer. As at 30 September 2023, the relevant legal process is still in the preliminary stages and management do not presently have sufficient information to assess the validity and the potential exposure of the claim. Accordingly, no further information has been disclosed concerning estimates of financial impact and the contingent liabilities in relation to this legal case. This is so as to not compromise the results of the possible proceedings or the interests of the Company. By taking account of all available evidence, management considered there was no present obligation as at 30 September 2023.

24 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Except for those disclosed below and other than those disclosed elsewhere in the condensed consolidated interim financial information, the Group has no other significant transactions with related parties during the six months ended 30 September 2023 (2022: same).

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Consultancy fee (Note i)	3,000	3,000

Note i: On 1 December 2020, the Company entered into a consultancy agreement with Mr. Liu Siang Song to appoint him as the strategic and technical consultant of the Company for the term from 1 December 2020 to 30 November 2023. This related party transaction was also the continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Key management compensation

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

	(Unaudited)	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Wages and salaries, other allowances and benefits	11,812	11,118
Retirement scheme contributions	902	890
Employees' incentive programmes	520	532
	13,234	12,540

25 EVENTS AFTER THE REPORTING PERIOD

On 24 October 2023, the capital injection to Shenzhen L.K. Technology Co., Ltd ("Shenzhen LK") by Future Industry Investment Fund II ("FIIF") has been completed and immediately after which Shenzhen LK is owned as to approximately 90.53% by the Group. A repurchase option has been granted by Shenzhen LK and the Company to FIIF whereby, if any of the specified repurchase events occurs during the period when FIIF holds equity interest in Shenzhen LK, FIIF shall be entitled to require Shenzhen LK and the Company (with Shenzhen LK prioritised for performance of such repurchase obligation) to purchase all or part of its equity interest in Shenzhen LK at the repurchase price as contemplated by the capital injection agreement.

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