LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 255)

Website: http://www.irasia.com/listco/hk/lkm

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

FINANCIAL HIGHLIGHTS

	growth
➢ Turnover — approximately HK$1,248 million	26%
➢ Profit attributable to equity holders of the Company — approximately HK$124 million	100%
➢ Basic earnings per share — HK20.03 cents	100%

FINANCIAL RESULTS

The directors (the ''Directors'') of Lung Kee (Bermuda) Holdings Limited (the ''Company'') are pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the ''Group'') for the six months ended 30th June, 2007 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

		Six months ended 30th June,	
		2007	2006
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*4*	**1,248,492**	992,907
Other income		**4,168**	6,751
Changes in inventories of finished goods and work in progress		**(10,198)**	29,165
Raw materials and consumables used		**(606,112)**	(519,629)
Employee benefits expenses		**(208,027)**	(177,313)
Depreciation and amortisation of property, plant and equipment		**(86,032)**	(69,938)
Other expenses		**(178,392)**	(169,449)
Finance costs		**(17,916)**	(14,504)
Profit before taxation	*5*	**145,983**	77,990
Taxation	*6*	**(21,142)**	(14,142)
Profit for the period		**124,841**	63,848

	Notes	Six months ended 30th June, **2007** **(unaudited)** ***HK$'000***	2006 (unaudited) *HK$'000*
Attributable to:			
Equity holders of the Company		**124,170**	62,215
Minority interests		**671**	1,633
Profit for the period		**124,841**	63,848
Dividends paid/payable	*7*	**40,301**	68,180
Earnings per share (HK cents)	*8*		
— Basic		**20.03 cents**	10.04 cents
— Diluted		**20.03 cents**	10.04 cents

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th June, 2007

	Notes	30th June, 2007 (unaudited) HK$'000	31st December, 2006 (audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**38,800**	38,800
Property, plant and equipment		**814,243**	846,360
Prepaid lease payments — non-current portion		**43,724**	42,760
Deposit paid for acquisition of property, plant and equipment		**12,311**	6,426
Deferred consideration receivable — non-current portion		**5,023**	7,622
		914,101	941,968
Current assets			
Inventories		**756,080**	623,680
Trade and other receivables	*9*	**622,978**	543,351
Bills receivable	*9*	**41,459**	42,242
Deferred consideration receivable — current portion		**5,262**	5,391
Prepaid lease payments — current portion		**1,035**	1,000
Taxation recoverable		**3,117**	3,114
Bank balances and cash		**221,043**	149,938
		1,650,974	1,368,716
Current liabilities			
Trade and other payables	*10*	**290,828**	278,105
Bills payable	*10*	**33,111**	35,823
Taxation payable		**34,759**	34,263
Dividend payable		**32**	25
Unsecured bank borrowings — due within one year		**593,974**	480,720
		952,704	828,936
Net current assets		**698,270**	539,780
Total assets less current liabilities		**1,612,371**	1,481,748

	30th June, 2007 (unaudited) HK$'000	31st December, 2006 (audited) HK$'000
Non-current liability		
Unsecured bank borrowings — due after one year	**230,000**	240,000
	1,382,371	1,241,748
CAPITAL AND RESERVES		
Share capital	**62,002**	62,001
Reserves	**1,321,046**	1,182,350
Equity attributable to equity holders of the Company	**1,383,048**	1,244,351
Minority interests	**(677)**	(2,603)
	1,382,371	1,241,748

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have 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 and with the Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain investment properties which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "new HKFRSs"), which are effective for the Group's accounting period beginning 1st January, 2007. The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Standards or interpretations issued but not yet effective

The Group has not early applied the new standards, amendments or interpretations that have been issued but are not yet effective.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are presented. These new HKFRSs may result in changes in the future as to how the results and financial position are presented.

3. CHANGE OF ACCOUNTING ESTIMATE

Prior to 1st January, 2007, buildings of the Group were depreciated over the term of the relevant lease or land use right, or 50 years, whichever is shorter. As part of the annual review process, management has reassessed the useful life of the buildings and considers that it is more appropriate to use 20 years as the estimated useful life. With effect from 1st January, 2007, buildings were depreciated over the term of the relevant lease or land use right, or 20 years, whichever is shorter. This change in accounting estimate has increased the depreciation charge for the current period by approximately HK$7,900,000.

4. SEGMENT INFORMATION

For management purposes, the Group is currently organised into two operating divisions — manufacture and marketing of mould bases, metal and parts. These divisions are the basis on which the Group reports its primary segment information.

Six months ended 30th June, 2007

	Mould bases *HK$'000*	**Metal and parts** *HK$'000*	**Total** *HK$'000*
TURNOVER			
External sales	**1,160,229**	**88,263**	**1,248,492**
RESULTS			
Segment results	**172,919**	**15,831**	**188,750**
Unallocated income			**4,168**
Unallocated expenses			**(29,019)**
Finance costs			**(17,916)**
Profit before taxation			**145,983**
Taxation			**(21,142)**
Profit for the period			**124,841**

Six months ended 30th June, 2006

	Mould bases *HK$'000*	Metal and parts *HK$'000*	Total *HK$'000*
TURNOVER			
External sales	909,975	82,932	992,907
RESULTS			
Segment results	99,395	10,338	109,733
Unallocated income			6,751
Unallocated expenses			(23,990)
Finance costs			(14,504)
Profit before taxation			77,990
Taxation			(14,142)
Profit for the period			63,848

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	Six months ended 30th June,	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**908,809**	752,174
Gain on disposal of property, plant and equipment	**(244)**	(1,629)
Interest income	**(1,350)**	(1,665)

6. TAXATION

	Six months ended 30th June,	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**—**	28
Taxation in jurisdictions outside Hong Kong	**21,142**	14,114
	21,142	14,142

Hong Kong Profits Tax was calculated at 17.5% on the estimated assessable profit for the six months ended 30th June, 2006. No provision for Hong Kong Profits Tax has been made for the six months ended 30th June, 2007 as there are no assessable profit for the period.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated annual tax rate used for the six months ended 30th June, 2007 is ranged from 12% to 27% (2006: 12% to 27%).

Pursuant to an approval by the People's Republic of China (the "PRC") tax authority, one of the Company's PRC subsidiaries is granted advanced-technology exemption from 50% PRC income tax for three years commencing 1st January, 2005.

7. DIVIDENDS

On 17th May, 2007, a dividend of HK6.5 cents per share was paid to shareholders as final dividend for the year ended 31st December, 2006 (2006: HK11 cents per share).

The Directors have determined that an interim dividend of HK8 cents per share (2006: HK4.5 cents per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on 28th September, 2007.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30th June,	
	2007	2006
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company for the purpose of basic and diluted earnings per share	**124,170**	62,215

	Six months ended 30th June,	
	2007	2006
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**620,008,132**	619,827,403
Effect of dilutive potential ordinary shares on exercise of share options of the Company	**11,702**	74,543
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**620,019,834**	619,901,946

9. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLE

The Group allows an average credit period of 30 days to 90 days to its trade customers.

Included in trade and other receivables are trade receivables of approximately HK$546,467,000 (31st December, 2006: HK$466,015,000).

An aged analysis of the Group's trade receivables and bills receivable at the balance sheet are as follows:

	30th June, 2007	31st December, 2006
	(unaudited)	(audited)
	HK$'000	*HK$'000*
0 to 60 days	**401,346**	342,926
61 to 90 days	**115,409**	94,885
Over 90 days	**71,171**	70,446
	587,926	508,257

10. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

Included in trade and other payables are trade payables of approximately HK$123,579,000 (31st December, 2006: HK$133,771,000).

An aged analysis of the Group's trade payables and bills payable at the balance sheet are as follows:

	30th June, 2007 (unaudited) ***HK$'000***	31st December, 2006 (audited) *HK$'000*
0 to 60 days	**118,380**	120,409
61 to 90 days	**19,327**	29,194
Over 90 days	**18,983**	19,991
	156,690	169,594

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover for the six months ended 30th June, 2007 was approximately HK$1,248 million (2006: approximately HK$993 million). Profit attributable to equity holders of the Company for the six months ended 30th June, 2007 was approximately HK$124 million (2006: approximately HK$62 million). Basic earnings per share for the six months ended 30th June, 2007 was HK20.03 cents (2006: HK10.04 cents).

The Group's profit for the six months ended 30th June, 2007 registered substantial growth as compared with that of the same period in the year of 2006.

In response to the strong domestic consumption in China, the market continued to prosper with satisfactory growth in manufacturing industry. Together with the rapid development of automobile industry, the Group enjoyed promising growth in orders from automobile parts and accessories manufacturers, accounting for an increased share of the Group's turnover. As fueled by the stable growth of global demand for consumer products, the Group overseas business developed smoothly, contributing to a steady return for the Group. As a whole, the Group achieved a favorable growth in sales turnover during the period under review.

Expansion of the Heyuan plant in Guangdong province had been completed. Coupled with the successful merge of production facilities of the Dongguan plant in Guangdong Province into the Heyuan plant, the production capacity of the Group are further fortified. During the review period, the Group received abundant orders demanding the production lines of Heyuan plant to operate fully in order to meet the production schedule; as a result, some improvement projects on the production process could not be put forward as scheduled. Although the production lines had not been fully enhanced, the Group can still enjoy the benefit of improved economy of production scale, which helps in lowering the production cost. As a result, the Group's operation cost was effectively under controlled.

During the period under review, price of steel required for production remained at a high level; nevertheless, the fluctuation of price was relatively mild, allowing the Group to control its production cost more easily. On the other hand, in response to the surging steel price, the Group had moderately adjusted its selling price which accommodates partly the rising cost of material, alleviated the pressure of uplifted cost laid upon the Group.

As for the steel trading business, the Group reinforces its sales activities in Eastern China and actively develops new customer base, the mould steel turnover recorded moderate growth as compared with that of last year.

To conclude, the Group's profitability and cost control performance during the period under review was satisfactory as compared with that of last year.

PROSPECTS

In view of the gradual amelioration of global economic condition, the market atmosphere is favorable. Furthermore, taking the benefit of improved economy of scale after its recent plant expansion, with effective cost control and its passion in the pursuit of excellence, the Group anticipates a further improvement on overall performance and turnover. Yet the Group maintains a prudent view toward the ever-changing global market situations.

China economy still experiences rapid growth and the domestic market keeps on booming. Persistent growth in demand in consumer products in China together with the speedy evolution of design and style of consumer products offers great opportunities for development. In particular, there is great potential for market growth as more and more parts and components of the automobile industry made in China. As a result of keen competition in the automobile industry, its production volume and quality have been uplifted, further nourishes its ability to export. Since the quality requirements for automobile products are more stringent, the demand for quality moulds is boosted up. The quality mould products promoted by the Group nicely suit the market needs. It is anticipated that the flourishing of automobile industry will bring fruitful business opportunities to the Group.

Through active exploration of oversea markets with participation in major international exhibitions, the Group's brand name is increasingly recognised and its direct sales business to Europe and the United States will progress steadily. Furthermore, America and European manufacturers also prefer to specify their vendors in China to use the Group's products. The quality of the Group's products has reached international standard and the Group's international status further consolidated.

Facing such a vast market potential in China, the Group will fortify its competitive edge and leading position through persistently developing its distribution and logistic network in order to serve its customers' needs more closely and to secure larger market coverage. Through years of effort, the business in Southern China has progressed steadily. The Group has set up a sales and distribution office in Fujian Province of China to provide quality comprehensive services to local customers, with a view to deriving benefits from the upcoming opportunity of "three direct linkages of trade, mail, and air and shipping services" across the Straits. Turning to the Eastern markets of China, the rapid growth of private-owned enterprises in Zhejiang Province elevates demand for quality moulds that will be favorable to the business development of the Group. For the market in Northern China, business is gradually developed and the set up of distribution center in Tianjin seeks to further explore new business opportunities in this area. The Central

Western part of China, though located in remote area with economic development at burgeoning stage, its market potential cannot be neglected. The Group will co-operate with local agents to lay the foundation for future business development.

The production capacity of the Heyuan plant is further enlarged after the expansion. The Group will devote to streamline its production process and management system to fully support the production needs of the Group and leverage the benefit of economy of scale. Capitalizing on its advantageous location, part of the Dongguan plant will serve as sales order processing and logistic base to co-ordinate the operations of all plants in China. The Guangzhou plant still dedicates in the production of high precision mould base and its overseas customers base will be expanded following the continual improvement in its product quality. The Group will keep improving the production technique and management system in its Shanghai and Taizhou plants in Eastern China, aiming at enhancing overall performance of the Group. Plants located in Southern and Eastern China will complement each other to build up a sound and efficient production base for the Group. The overseas plants located in Japan, Taiwan and Malaysia will continue to provide quality products and services to their local customers, bringing satisfactory contribution to the Group. Moreover, the Group will constantly monitor the market change and customers needs in different regions and will act appropriately by investing in manufacturing plants and facilities if deemed necessary.

The steel price remains unstable and it is expected that the prices of both imported and China mould steels will continue to rise. The Group will formulate appropriate material procurement strategies in view of the fluctuation of steel prices. Labor cost is also expected to go up, the Group will strive to tighten its cost control by devising manpower and time saving production workflows. Coupled with manpower restructuring and training, the Group endeavors to adopt an effective production and management mode that can achieve "high quality at optimal cost with speedy delivery".

Looking ahead, the business environment is challenging. The Group will adhere to its positive and pragmatic principles in achieving a steady development and healthy growth in its future business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2007, the Group had a net cash deficit of approximately HK$603 million. The Group had cash balance of approximately HK$221 million. The cash balance was placed in short term deposits with major banks in Hong Kong.

Total debts of the Group were approximately HK$824 million, equal to approximately 60% of equity attributable to equity holders of the Company of approximately HK$1,383 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June, 2007, the Group employed a total of approximately 10,060 employees, including approximately 9,730 employees in its PRC production sites and approximately 330 employees in Hong Kong and other countries. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to staff with reference to the individual's performance.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed with management and the external auditor, Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements.

INTERIM DIVIDENDS

The Directors have declared an interim dividend of HK8 cents per share (2006: HK4.5 cents per share) in respect of the six months ended 30th June, 2007 to be payable on or about 16th October, 2007 to shareholders whose names appear in the Register of Members on 28th September, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 27th September, 2007 to 28th September, 2007, both days inclusive, during which period no share transfer will be effected.

In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar and Transfer Office of the Company, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 25th September, 2007.

Shareholders whose securities accounts with The Central Depository (Pte) Limited in Singapore are credited with shares in the Company as at 5:00 p.m. on 26th September, 2007 will be entitled to the interim dividend.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or any of its subsidiaries during the six months ended 30th June, 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the review period.

On behalf of the Board
Siu Yuk Lung
Managing Director

Hong Kong, 7th September, 2007

As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Mak Koon Chi, Mr. Wai Lung Shing and Mr. Fung Wai Hing, the non-executive director of the Company is Mr. Chan Chun Sing, Colin and the independent non-executive directors of the Company are Mr. Liu Wing Ting, Stephen, Dr. Lee Tat Yee and Mr. Lee Joo Hai.