LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 255)

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

FINAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2007

FINANCIAL HIGHLIGHTS

	growth
➢ Turnover — approximately HK$2,702 million	26.5%
➢ Profit attributable to equity holders of the Company — approximately HK$306 million	103.3%
➢ Basic earnings per share — HK49.33 cents	103.3%

RESULTS

The directors of Lung Kee (Bermuda) Holdings Limited (the ''Company'') (the ''Directors'') have pleasure in submitting the audited consolidated results of the Company and its subsidiaries (collectively the ''Group'') for the year ended 31st December, 2007, together with comparative figures for the year ended 31st December, 2006 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Turnover	*3*	**2,702,099**	2,135,360
Other income		**45,636**	20,954
Increase in fair value of investment properties		**4,700**	6,900
Changes in inventories of finished goods and work in progress		**(26,197)**	53,086
Raw materials and consumables used		**(1,289,623)**	(1,128,127)
Employee benefits expenses		**(439,070)**	(371,020)
Depreciation and amortisation of property, plant and equipment		**(173,621)**	(144,495)
Other expenses		**(423,489)**	(359,778)
Finance costs	*4*	**(37,554)**	(30,791)
Profit before taxation		**362,881**	182,089
Income tax expense	*5*	**(55,381)**	(31,021)
Profit for the year		**307,500**	151,068

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Attributable to:			
Equity holders of the Company		**305,851**	150,463
Minority interests		**1,649**	605
		307,500	151,068
Dividends recognised as distribution during the year	*6*	**89,902**	96,080
Proposed final dividend of HK**15** cents (2006: HK6.5 cents) per share		**93,002**	40,300
Earnings per share	*7*	***HK cents***	*HK cents*
— Basic		**49.33**	24.27
— Diluted		**49.32**	24.27

CONSOLIDATED BALANCE SHEET
At 31st December, 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**43,500**	38,800
Property, plant and equipment		**813,969**	846,360
Prepaid lease payments — non-current portion		**44,946**	42,760
Deposits paid for acquisition of property, plant and equipment		**8,951**	6,426
Deferred consideration receivable — non-current portion		**-**	7,622
		911,366	941,968
Current assets			
Inventories	*8*	**800,843**	623,680
Trade and other receivables	*9*	**687,983**	543,351
Bills receivable	*9*	**40,349**	42,242
Prepaid lease payments — current portion		**1,077**	1,000
Deferred consideration receivable — current portion		**7,622**	5,391
Taxation recoverable		**3,032**	3,114
Bank balances and cash		**261,115**	149,938
		1,802,021	1,368,716
Current liabilities			
Trade and other payables	*10*	**412,038**	278,105
Bills payable	*10*	**36,334**	35,823
Taxation payable		**40,183**	34,263
Dividend payable		**39**	25
Derivative financial instruments		**1,468**	-
Unsecured bank borrowings — due within one year		**416,664**	480,720
		906,726	828,936
Net current assets		**895,295**	539,780
Total assets less current liabilities		**1,806,661**	1,481,748

	2007	2006
	HK$'000	*HK$'000*
Non-current liabilities		
Unsecured bank borrowings — due after one year	**220,000**	240,000
Deferred tax liabilities	**1,634**	-
	221,634	240,000
	1,585,027	1,241,748
CAPITAL AND RESERVES		
Share capital	**62,002**	62,001
Reserves	**1,522,095**	1,182,350
Equity attributable to equity holders of the Company	**1,584,097**	1,244,351
Minority interests	**930**	(2,603)
	1,585,027	1,241,748

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1st January, 2007. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[3]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1]Effective for annual periods beginning on or after 1st January, 2009
[2]Effective for annual periods beginning on or after 1st July, 2009
[3]Effective for annual periods beginning on or after 1st March, 2007
[4]Effective for annual periods beginning on or after 1st January, 2008
[5]Effective for annual periods beginning on or after 1st July, 2008

The Directors anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

2. CHANGE IN ACCOUNTING ESTIMATE

Prior to 1st January, 2007, buildings of the Group were depreciated over the shorter of 50 years or the term of the relevant land use right. As part of the annual review process, management has assessed 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 shorter of 20 years or the term of the relevant land use right. This change in accounting estimate has increased the depreciation charge for the current year by approximately HK$16,742,000.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of returns, allowances, discounts and sales related taxes and is analysed as follows:

By business segments

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

Segmental information about the two businesses is presented below.

For the year ended 31st December, 2007

	Mould bases *HK$'000*	**Metal and parts** *HK$'000*	**Total** *HK$'000*
TURNOVER			
External sales	**2,520,152**	**181,947**	**2,702,099**
RESULTS			
Segment results	**400,364**	**14,157**	**414,521**
Increase in fair value of investment properties			**4,700**
Unallocated income			**45,636**
Unallocated expenses			**(64,422)**
Finance costs			**(37,554)**
Profit before taxation			**362,881**
Income tax expense			**(55,381)**
Profit for the year			**307,500**

For the year ended 31st December, 2006

	Mould bases *HK$'000*	Metal and parts *HK$'000*	Total *HK$'000*
TURNOVER			
External sales	1,962,712	172,648	2,135,360
RESULTS			
Segment results	218,347	18,661	237,008
Increase in fair value of investment properties			6,900
Unallocated income			20,954
Unallocated expenses			(51,537)
Finance costs			(30,791)
Loss on disposal of subsidiaries			(445)
Profit before taxation			182,089
Income tax expense			(31,021)
Profit for the year			151,068

By geographical segments

The Group operates in the following geographical market segments – the People's Republic of China (the "PRC") (including Hong Kong) and other countries.

The following table shows an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Turnover	
	2007	2006
	HK$'000	*HK$'000*
The PRC (including Hong Kong)	**2,317,309**	1,789,638
Other countries	**384,790**	345,722
	2,702,099	2,135,360

4. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on		
- bank borrowings wholly repayable within five years	**37,554**	29,564
- floating rate notes	**-**	927
Arrangement fee for bank loans	**-**	300
	37,554	30,791

5. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Hong Kong Profits Tax		
- current year	**45**	128
- underprovision in prior year	**-**	4,223
	45	4,351
Taxation in jurisdictions outside Hong Kong		
- current year	**53,003**	29,872
- under(over)provision in prior year	**699**	(3,202)
	53,702	26,670
Deferred taxation	**1,634**	-
	55,381	31,021

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

Taxation in jurisdictions outside Hong Kong is calculated based on the applicable rates in those jurisdictions. The domestic tax rate applicable to the jurisdictions where the operation of the Group is substantially based for both years is 24%.

Pursuant to the relevant laws and regulations in the PRC, one (2006: one) of the Company's PRC subsidiaries is entitled to an exemption from PRC income tax for next two years starting from their first profit-making year, followed by a 50% reduction in tax rate for the next three years. 2007 is the first year of tax exemption granted to that subsidiary.

Pursuant to approvals by the relevant PRC tax authority, two (2006: one) of the Company's PRC subsidiaries are granted advanced-technology exemption from 50% PRC income tax for three years commenced from the respective year of grant. While the tax exemption granted to one of the two subsidiaries ended in 2007, the another subsidiary continues to be under the tax exemption in the coming two years by enjoying the concessionary tax rate of 10%.

One 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 24% to 25% for all subsidiaries in the PRC from 1st January, 2008, except for the two continuing tax exemption cases as mentioned above.

6. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2007 interim dividend of HK8 cents per share	**49,602**	-
2006 final dividend of HK6.5 cents per share	**40,300**	-
2006 interim dividend of HK4.5 cents per share	**-**	27,900
2005 final dividend of HK11 cents per share	**-**	68,180
	89,902	96,080

The Directors have determined that a final dividend of HK15 cents (2006: HK6.5 cents) per share amounting to approximately HK$93,002,000 (2006: HK$40,300,000) should be paid to the shareholders of the Company whose names appear in the register of members on 5th May, 2008.

7. EARNINGS PER SHARE

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

	2007	2006
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**305,851**	150,463

	2007	2006
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**620,010,761**	619,917,084
Effect of dilutive potential ordinary shares on exercise of share options	**79,267**	71,399
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**620,090,028**	619,988,483

8. INVENTORIES

	2007	2006
	HK$'000	*HK$'000*
Raw materials	**688,279**	484,919
Work in progress	**91,935**	122,726
Finished goods	**20,629**	16,035
	800,843	623,680

The cost of inventories recognised as an expense during the year by the Group amounted to approximately HK$1,966,749,000 (2006: HK$1,620,015,000).

9. TRADE, BILLS AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK$580,146,000 (2006: HK$466,015,000).

The Group allows a credit period ranging from 30 days to 90 days to its trade customers. An aged analysis of trade and bills receivables is presented below:

	2007	2006
	HK$'000	*HK$'000*
0 to 60 days	**413,665**	342,926
61 to 90 days	**128,450**	94,885
Over 90 days	**78,380**	70,446
	620,495	508,257

10. TRADE, BILLS AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$196,118,000 (2006: HK$133,771,000).

An aged analysis of trade and bills payables is presented below:

	2007	2006
	HK$'000	*HK$'000*
0 to 60 days	**200,772**	120,409
61 to 90 days	**22,160**	29,194
Over 90 days	**9,520**	19,991
	232,452	169,594

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31st December, 2007, the Group continued to focus on the manufacturing and marketing of mould bases, metal and parts.

The Group's turnover in the year ended 31st December, 2007 was approximately HK$2,702 million (2006: approximately HK$2,135 million). Profit attributable to equity holders of the Company in the year ended 31st December, 2007 was approximately HK$306 million (2006: approximately HK$150 million). Basic earnings per share in the year ended 31st December, 2007 was HK49.33 cents (2006: HK24.27 cents).

The Group's profit for the year ended 31st December 2007 experienced a substantial growth as compared with that of 2006.

During the year under review, the manufacturing industry in China generally registered a satisfactory growth, being fueled by the robust domestic consumption. The continuous rapid development of the automobile part and accessories industry pushed up the demand for high quality mould base, which represented an increasing share of the Group's total turnover. Besides, the Group achieved overall favorable growth in business. The Group had successfully established new direct sales outlets and distributors in the Southern, Eastern and Northern parts of China. These helped to strengthen the promotion of the LKM brand, broaden customer base, and bring fruitful return to the Group. During this year, the Group suitably adjusted its product prices to accommodate part of the increased materials cost. In spite of the price movement, the Group still managed to sustain its sales growth, thus demonstrating its value and its leading position in the market. Moreover, the overseas operations of the Group attained a parallel growth and brought a steady profit to the Group.

At the beginning of the year 2007, following the completion of expansion work of the Guangdong Heyuan plant, administration and production operations were moved into the new administration tower and new workshops. The operating environment was enhanced owing to the addition of supporting facilities and well-planned space utilization, allowing more rational operational management, with better coordination and cooperation among related departments. At the same time, the Group took effort to reengineer its production workflow. Together with the new machineries and new workshops, production efficiency had been greatly enhanced. Making use of its strategic location, the Dongguan plant in Guangdong Province was converted into a logistic center with a view to further strengthening the distribution network of the Group. The Guangzhou plant in Guangdong Province continued to dedicate to the production of high precision mould base for the European, North America, Japanese and other overseas markets with satisfactory growth. This also contributed to fortifying the quality image of the LKM brand. Production technique of both Shanghai and Taizhou plants in Eastern China had improved considerably, leading to steady growth in production output. Through successful implementation of productivity improvement policies and measures, including ameliorating of workflow and production technique, reengineering of organization and manufacturing processes, the Group had significantly uplifted its operational efficiency and effectiveness.

During the year under review, the price of its major raw materials-tool steels was being pushed up in the second half of the year, driven by the escalating cost of energy and iron ore. In response to the surging steel price, the Group had moderately adjusted its product price to lessen the pressure of cost increment as imposed to the Group.

Regarding steel trading business, the Group strategically enlarged its sales network in Eastern China and kept exploring new customer segments. As a result, the mould steel business reported a steady growth in sales turnover.

To conclude, the Group' s performance was substantially improved as compared with that of last year.

Liquidity and Capital Resources

As at 31st December, 2007, the Group had bank balances of approximately HK$261 million. The bank balances were placed in short term deposits with major banks in Hong Kong and the PRC.

The Group adopted conservative measures to hedge any exchange fluctuation if the exposure is considered significant by the management.

The Group continues to incur capital expenditure for the plant expansion and factory construction, which is financed by internal resources.

Gearing Ratio

Total debts of the Group were approximately HK$637 million, equal to approximately 40% of equity attributable to equity holders of the Company of approximately HK$1,584 million.

Employees and Remuneration Policies

As at 31st December, 2007, the Group employed a total of approximately 9,000 employees, including approximately 8,700 employees in its PRC production sites and approximately 300 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 employees with reference to the individual's performance.

PROSPECTS

The global economy is clouded by the U.S.A. Subprime Mortgage Crises, uncertainty and potential risk has increased. With the surge of oil and raw material prices, together with the rise of transportation cost, China faces growing pressure of inflation, which may eventually drags down its domestic consumption and economic growth. The launch of new policies in China, such as the new Labor Contract Law and the Unification of Income Tax Rate for foreign and domestic enterprises, has further pushed up both labor cost and tax burden laid onto enterprises. In view of these unfavorable factors and keen market competition, the Group faces greater challenges in the coming year. Yet, the Group still holds a cautious and optimistic view and will endeavor to reduce operation risks and explore new business opportunities.

Although the China domestic market has been slowed down by the recent severe snowstorm struck in Mid-Eastern region of China and the implementation of marco-economic control by the Central Government, there is still room for market development in China. The Group seeks to continuously explore new market and customers to sustain its steady growth. As directed by preferential policies granted to investors who choose to invest in the Central part of China, economic development is moving to inland cities where manufacturing industries gradually emerges and offers vast market opportunities. The Group will co-operate with local distributors in Sichuan and Hubei Province to seize market opportunities in these emerging markets. The Group will also put greater emphasis on the North China market and had already set up a distribution center and a sales office in Tianjin. The aim is to offer more intimate services to customers, secure larger market coverage and eventually embrace the market opportunity in the latest development of the Bohai Sea Region. Relatively speaking, the Group's operation in Southern China is more firmly established and it will further fortify its sales and distribution channel in the Fujian Province of China. Through providing quality and comprehensive services to local customers, the Group seeks to prepare itself to capitalize the business opportunities in the upcoming "Three Direct Linkages of trade (mail, and air and shipping services) across the Taiwan Straits". The steady growth of private-owned enterprises in Zhejiang Province has boosted the demand for quality moulds and the potential in gaining further development in the Eastern market in China is still notable. The Group will, on the one hand, strive to uplift its product and service quality and on the other hand, be alert to the changes in the market and customer needs in order to devise a suitable market strategy to maintain its competitive edge and leading position.

With the prevailing strong Euro dollars, European countries are becoming more active to look for high quality products made in China. The products of the Group will match perfectly with such market needs. Through active participation in international exhibitions, the LKM brand has been increasingly recognized. Manufacturers in China, who are producing goods to be exported to Europe and the United States, incline to give priority to purchase the Group's products in order to suit the high quality requirement of their customers. Such trend demonstrates that the quality of the Group's products has already reached international standard and enjoys a favorable market position.

The Group will adopt policies for effective cost control to enhance its operational effectiveness by advocating "Excel Production, Excel Management and Quality Services" and to strive for a stable business progress with satisfactory financial results. The expansion of production capacity of the Heyuan plant has been completed and started to operate smoothly. The Group will persistently streamline its production process in accordance with the market needs. To seek for better performance, the Group continues to meliorate the production capability and the management system in the Guangzhou plant in Guandong Province and in the plants of Shanghai and Taizhou in Eastern China. The overseas operations, including plants in Japan, Taiwan and Malaysia, will continue to provide quality products and value added services to their local clients, reinforcing the Group's competitive edge and market coverage.

As driven by the surge of price in iron ore, it is expected that the prices of both imported and local made tool steels will remain high and fluctuate persistently. The Group will cautiously devise an effective material procurement strategy in response to the ever-changing steel market. In view of the rise in labor costs, the Group will strive to control its operation cost by adopting a systematic "manpower and time saving" production workflow. In addition, the Group will continuously upgrade the management and technical knowledge of its staffs and to further cultivate the sense of belonging of its employees in order to establish an effective team, aiming to achieve " High Quality at Optimal Cost " as its management objective.

Looking ahead, the business environment is full of uncertainty as well as opportunity. The Group will face every challenge in a positive way. Equipped with ample experience and pragmatic attitude, the Group expects to hold a steady and healthy growth in its future business.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed with management and the Group's external auditor, Messrs. 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 consolidated financial statements.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated income statement, consolidated balance sheet and the related notes thereto for the year ended 31st December, 2007 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

FINAL DIVIDEND

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting the payment of a final dividend of HK15 cents per share for the year ended 31st December, 2007 to shareholders whose names appear on the Register of Members on 5th May, 2008. Subject to the approval by the shareholders at the forthcoming Annual General Meeting, the proposed final dividend will be despatched to shareholders on or about 15th May, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 30th April, 2008 to 5th May, 2008, both days inclusive during which period no share transfers will be effected.

In order to qualify for the proposed final dividend, all share certificates accompanied by the completed transfer forms either overleaf or separate or standard transfer forms, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 29th April, 2008.

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 29th April, 2008 will be entitled to the proposed final 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 year ended 31st December, 2007.

CORPORATE GOVERNANCE

During the year ended 31st December, 2007, the Company complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
Siu Tit Lung
Chairman

Hong Kong, 28th March, 2008

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.