



利記控股有限公司 LEE KEE 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 : 637

Interim Report 2014 中期報告

**POWERING
GROWTH**

Directors

Executive Directors

CHAN Pak Chung
(Chairman of the Board)
CHAN Yuen Shan, Clara
(Vice Chairman of the Board & CEO)
MA Siu Tao

Independent non-executive Directors

CHUNG Wai Kwok, Jimmy
HU Wai Kwok
HO Kwai Ching, Mark

Company Secretary

CHEUK Wa Pang
(CPA (HKICPA), FCCA, ACA)

Audit Committee

CHUNG Wai Kwok, Jimmy *(Chairman of the Audit Committee)*
HU Wai Kwok
HO Kwai Ching, Mark

Remuneration Committee

HO Kwai Ching, Mark *(Chairman of the Remuneration Committee)*
CHAN Pak Chung
CHUNG Wai Kwok, Jimmy

Nomination Committee

CHAN Pak Chung *(Chairman of the Nomination Committee)*
CHUNG Wai Kwok, Jimmy
HU Wai Kwok

Authorised Representatives

CHAN Yuen Shan, Clara
CHEUK Wa Pang

Registered Office

P.O. Box 309 GT, Ugland House,
South Church Street, George Town,
Grand Cayman, Cayman Islands

Head Office and Principal Place of Business in Hong Kong

16 Dai Fat Street
Tai Po Industrial Estate
New Territories
Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Legal Advisers to the Company

As to Hong Kong Law:
Kwok Yih & Chan
Suites 2103-05, 21st Floor
9 Queen's Road Central
Hong Kong

As to Cayman Islands Law:
Maples and Calder Asia
1504 One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited

Website of the Company

www.leekeegroup.com

Stock Code

637

Interim Results (Unaudited)

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the six months' period ended 30th September 2014 (the "Interim Period" or "6-month Period") together with the comparative figures for the same period in 2013 (the "Comparative Period" or "Corresponding Period of last year" as follows:

Condensed Consolidated Income Statement

For the six months ended 30th September 2014

| | Note | Six months ended 30th September | |
|---|------|------------------------------------|---------------------------------|
| | | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Revenues | 5 | 1,273,378 | 1,267,549 |
| Cost of sales | | (1,182,715) | (1,232,518) |
| Gross profit | | 90,663 | 35,031 |
| Other income | | 587 | 399 |
| Distribution and selling expenses | | (9,928) | (8,921) |
| Administrative expenses | | (36,895) | (36,950) |
| Other gains/(losses), net | | 4,055 | (822) |
| Operating profit/(loss) | 6 | 48,482 | (11,263) |
| Finance income | | 2,176 | 2,441 |
| Finance costs | | (2,603) | (289) |
| Finance (costs)/income, net | 7 | (427) | 2,152 |
| Share of profit of a joint venture | | 875 | 571 |
| Profit/(loss) before income tax | | 48,930 | (8,540) |
| Income tax expense | 8 | (7,888) | (297) |
| Profit/(loss) for the period | | 41,042 | (8,837) |
| Profit/(loss) attributable to: | | | |
| Equity holders of the Company | | 41,042 | (8,837) |
| Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period | | | |
| — basic (Hong Kong cents) | 9 | 4.95 | (1.07) |
| — diluted (Hong Kong cents) | 9 | 4.95 | (1.07) |

The notes on pages 7 to 22 are an integral part of this condensed consolidated interim financial information.

Details of the interim dividend payable to equity holders of the Company attributable to profit for the period are set out in Note 10.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September 2014

| | Six months ended 30th September | |
|---|------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Profit/(loss) for the period | 41,042 | (8,837) |
| Other comprehensive income/(loss) for the period: <i>Items that have been reclassified or may be subsequently reclassified to income statement</i> | | |
| Exchange translation differences | 1,059 | 1,034 |
| Share of other comprehensive income of a joint venture | 235 | 223 |
| Movement of available-for-sale financial assets revaluation reserve | 18,569 | (4,098) |
| Other comprehensive income/(loss) for the period, net of tax | 19,863 | (2,841) |
| Total comprehensive income/(loss) for the period | 60,905 | (11,678) |
| Total comprehensive income/(loss) attributable to equity holders of the Company | 60,905 | (11,678) |

The notes on pages 7 to 22 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30th September 2014

| | Note | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|---|------|--|--|
| Non-current assets | | | |
| Leasehold land | 11 | 14,348 | 14,567 |
| Property, plant and equipment | 12 | 34,875 | 35,336 |
| Interest in a joint venture | 17 | 20,247 | 19,137 |
| Deferred income tax assets | | 2,657 | 2,856 |
| Available-for-sale financial assets | 13 | 40,424 | 21,855 |
| Prepayments for property, plant and equipment | | 5,191 | — |
| | | 117,742 | 93,751 |
| Current assets | | | |
| Inventories | | 929,811 | 852,505 |
| Trade and other receivables | 14 | 239,553 | 198,534 |
| Amounts due from related companies | 19 | 1,586 | 1,493 |
| Income tax recoverable | | 339 | 517 |
| Derivative financial instruments | | 1,327 | 1,972 |
| Bank balances and cash | | 331,478 | 241,445 |
| | | 1,504,094 | 1,296,466 |
| Total assets | | 1,621,836 | 1,390,217 |
| Capital and reserves attributable to the equity holders of the Company | | | |
| Share capital | 15 | 82,875 | 82,875 |
| Share premium | 15 | 495,293 | 495,293 |
| Other reserves | | 595,946 | 543,329 |
| Total equity | | 1,174,114 | 1,121,497 |
| Non-current liabilities | | | |
| Deferred income tax liabilities | | 1,987 | 1,617 |
| Other non-current liabilities | | 1,299 | 1,299 |
| | | 3,286 | 2,916 |
| Current liabilities | | | |
| Trade and other payables | 16 | 80,633 | 80,732 |
| Borrowings | | 357,456 | 184,995 |
| Income tax payable | | 5,146 | 77 |
| Derivative financial instruments | | 1,201 | — |
| | | 444,436 | 265,804 |
| Total liabilities | | 447,722 | 268,720 |
| Total equity and liabilities | | 1,621,836 | 1,390,217 |
| Net current assets | | 1,059,658 | 1,030,662 |
| Total assets less current liabilities | | 1,177,400 | 1,124,413 |

The notes on pages 7 to 22 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September 2014

| | Attributable to the equity holders of the Company | | | Total equity HK\$'000 (Unaudited) |
|--|---|--|---|---|
| | Share capital HK\$'000 (Unaudited) | Share premium HK\$'000 (Unaudited) | Other reserves HK\$'000 (Unaudited) | |
| Balance as at 1st April 2014 | 82,875 | 495,293 | 543,329 | 1,121,497 |
| Total comprehensive income for the period ended 30th September 2014 | — | — | 60,905 | 60,905 |
| Total transaction with owners, recognised directly in equity: Dividends relating to March 2014 paid in September 2014 | — | — | (8,288) | (8,288) |
| At 30th September 2014 | 82,875 | 495,293 | 595,946 | 1,174,114 |
| Balance as at 1st April 2013 | 82,875 | 495,293 | 543,953 | 1,122,121 |
| Total comprehensive loss for the period ended 30th September 2013 | — | — | (11,678) | (11,678) |
| At 30th September 2013 | 82,875 | 495,293 | 532,275 | 1,110,443 |

The notes on pages 7 to 22 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September 2014

| | Six months ended 30th September | |
|---|------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Cash flows from operating activities | | |
| Net cash used in operations | (66,587) | (217,396) |
| Interest paid | (2,398) | (269) |
| Hong Kong profits tax refunded | — | 2,612 |
| Mainland China corporate income tax paid | (2,072) | — |
| Net cash used in operating activities | (71,057) | (215,053) |
| Cash flows from investing activities | | |
| Interest received | 2,176 | 2,441 |
| Prepayments for property, plant and equipment | (5,191) | — |
| Proceeds from disposal of property, plant and equipment | 220 | 27 |
| Acquisition of property, plant and equipment | (3,012) | (2,447) |
| Net cash (used in)/generated from investing activities | (5,807) | 21 |
| Cash flows from financing activities | | |
| Dividends paid | (8,288) | — |
| Addition of short-term bank borrowings, net | 172,461 | 144,083 |
| Net cash generated from financing activities | 164,173 | 144,083 |
| Net increase/(decrease) in cash and cash equivalents | 87,309 | (70,949) |
| Cash and cash equivalents at beginning of the period | 241,445 | 466,698 |
| Exchange gain on cash and cash equivalents | 2,724 | 2,233 |
| Cash and cash equivalents at end of the period | 331,478 | 397,982 |

The notes on pages 7 to 22 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30th September 2014

1. General Information

The Company was incorporated in the Cayman Islands on 11th November 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The address of the Company's registered office is Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (the "Group") are trading of zinc, zinc alloy, nickel, nickel-related products, aluminum, aluminum alloy, stainless steel and other electroplating chemical products in Hong Kong and Mainland China.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK dollars"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 25th November 2014.

This condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of Preparation

This unaudited condensed consolidated interim financial information for the six months ended 30th September 2014 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Group previously had its financial period ended on 31st December. The Group has prepared the condensed consolidated interim financial information for the first time for the six-month period from 1st April 2014 to 30th September 2014 as a result of the change in financial reporting period end date from 31st December to 31st March during the fifteen months period from 1st January 2013 to 31st March 2014. The interim financial information includes comparative information as required by Hong Kong Accounting Standard 34, "Interim Financial Reporting". The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial information as at 31st March 2014 included in the annual financial statements of the Group for the fifteen months ended 31st March 2014. The comparative information for the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30th September 2013 has not been audited or reviewed.

This condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the fifteen months ended 31st March 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Accounting Policies and Estimates

The preparation of 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 this condensed consolidated interim financial information, the significant judgements 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 fifteen months ended 31st March 2014.

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

3. Accounting Policies and Estimates (continued)

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

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements for the fifteen months ended 31st March 2014, except as mentioned below.

The following amendments and interpretation to standards are mandatory for the Group's financial period beginning 1st April 2014. The adoption of these amendments and interpretation to standards has not had any significant impact on the reported results and financial position of the Group.

| | |
|--|--|
| HKAS 32 Amendment | Offsetting Financial Assets and Financial Liabilities |
| HKAS 36 Amendment | Recoverable Amount Disclosures for Non-Financial Assets |
| HKAS 39 Amendment | Novation of Derivatives and Continuation of Hedge Accounting |
| Amendments to HKFRSs 10, 12 and HKAS 27 (2011) | Investment Entities |
| HK(IFRIC)-Int 21 | Levies |

The following new standards and amendments to existing standards have been issued but are not effective for the financial period beginning 1st April 2014 and have not been early adopted.

| | |
|--------------------------------|---|
| HKFRS 9 (2014) | Financial Instruments ⁴ |
| HKAS 10 and HKAS 28 Amendments | Sale or contribution of assets between an investor and its associates or joint venture ² |
| HKFRS 11 Amendment | Accounting for acquisitions of interests in Joint Operations ² |
| HKFRS 14 | Regulatory Deferral Accounts ² |
| HKFRS 15 | Revenue from Contracts with Customers ³ |
| HKAS 16 and HKAS 38 Amendments | Acceptable Methods of Depreciation and Amortisation ² |
| HKAS 16 and HKAS 41 Amendments | Agriculture: bearer plants ² |
| HKAS 19 Amendment | Defined Benefit Plans: Employee Contributions ¹ |
| HKAS 27 Amendment | Equity method in separate financial statements ² |
| HKFRSs Amendments | Annual Improvements 2010–2012 Cycle ¹ |
| HKFRSs Amendments | Annual Improvements 2011–2013 Cycle ¹ |
| HKFRSs Amendments | Annual Improvements 2012–2014 Cycle ² |

¹ effective for annual periods beginning on or after 1st April 2015

² effective for annual periods beginning on or after 1st April 2016

³ effective for annual periods beginning on or after 1st April 2017

⁴ effective for annual periods beginning on or after 1st April 2018

Management is in the process of making an assessment of the likely impact of these changes but is not yet in a position to state whether these will result in any substantial changes to the Group's significant accounting policies and/or the presentation of its financial statements.

4. Financial Risk Management and Financial Instruments

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated 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 for the fifteen months period ended 31st March 2014.

There have been no changes in the risk management policies since 31st March 2014.

4.2 Fair value estimation

The determinations of the fair values of the Group's assets and liabilities are classified into three levels of the fair value measurement hierarchy according to HKFRS 7 and HKFRS 13 requirements as below:

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

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30th September 2014:

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
|-------------------------------------|---------------------|---------------------|---------------------|-------------------|
| Assets | | | | |
| Derivative financial instruments | — | 1,327 | — | 1,327 |
| Available-for-sale financial assets | | | | |
| — listed securities | 40,424 | — | — | 40,424 |
| | 40,424 | 1,327 | — | 41,751 |
| Liabilities | | | | |
| Derivative financial instruments | — | 1,201 | — | 1,201 |

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

4. Financial Risk Management and Financial Instruments (continued)

4.2 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31st March 2014:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|----------------|----------------|----------------|--------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Assets | | | | |
| Derivative financial instruments | — | 1,972 | — | 1,972 |
| Available-for-sale financial assets | | | | |
| — listed securities | 21,855 | — | — | 21,855 |
| | 21,855 | 1,972 | — | 23,827 |

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of metal future trading contracts is determined based on quoted future prices of the relevant metals at the end of the reporting period. There were no changes in valuation techniques during the period.

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

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

5. Revenues and Segment Reporting

The Group is principally engaged in the trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy, stainless steel and other electroplating chemical products. Revenues recognised during the period are as follows:

| | Six months ended 30th September | |
|----------------|------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Revenues | | |
| Sales of goods | 1,273,378 | 1,267,549 |

The chief operating decision-maker has been identified as the Group's most senior executive management collectively, who review the Group's internal reporting in order to assess performance, allocate resources and make strategic decisions.

The chief operating decision-maker reviews the performance of the Group mainly from a geographical perspective. The Group is organised into two operating segments, namely (i) Hong Kong and (ii) Mainland China. Both operating segments represent trading of different types of metal products.

(a) Segment information

The chief operating decision-maker assesses the performance of the operating segments based on a measure of operating results (before income tax expense) of each segment which excludes the effects of other income, other gains/(losses), net, finance (costs)/income, net and share of profit of a joint venture in the results for each operating segment.

| | Six months ended 30th September 2014 | | Six months ended 30th September 2013 | |
|----------------|---|--|---|--|
| | Revenues HK\$'000 (Unaudited) | Segment results HK\$'000 (Unaudited) | Revenues HK\$'000 (Unaudited) | Segment results HK\$'000 (Unaudited) |
| Hong Kong | 973,602 | 34,571 | 1,001,868 | (11,747) |
| Mainland China | 299,776 | 9,269 | 265,681 | 907 |
| | 1,273,378 | 43,840 | 1,267,549 | (10,840) |

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

5. Revenues and Segment Reporting (Continued)

(a) Segment information (Continued)

An analysis of the Group's segment assets and segment liabilities by reporting segment is set out below:

| | As at 30th September 2014 | | |
|---------------------|--------------------------------------|---|----------------------------------|
| | Hong Kong HK\$'000 (Unaudited) | Mainland China HK\$'000 (Unaudited) | Total HK\$'000 (Unaudited) |
| Segment assets | 1,422,918 | 198,918 | 1,621,836 |
| Segment liabilities | 351,197 | 96,525 | 447,722 |

| | As at 31st March 2014 | | |
|---------------------|------------------------------------|---|--------------------------------|
| | Hong Kong HK\$'000 (Audited) | Mainland China HK\$'000 (Audited) | Total HK\$'000 (Audited) |
| Segment assets | 1,178,008 | 212,209 | 1,390,217 |
| Segment liabilities | 160,848 | 107,872 | 268,720 |

(b) Reconciliation of segment results

| | Six months ended 30th September | |
|------------------------------------|------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Total segment results | 43,840 | (10,840) |
| Other income | 587 | 399 |
| Other gains/(losses), net | 4,055 | (822) |
| Finance (costs)/income, net | (427) | 2,152 |
| Share of profit of a joint venture | 875 | 571 |
| Profit/(loss) before income tax | 48,930 | (8,540) |

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

6. Operating profit/(loss)

The following items have been charged/(credited) to the operating profit/(loss) during the period:

| | Six months ended 30th September | |
|---|------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Depreciation of property, plant and equipment | 3,483 | 5,090 |
| Amortization of leasehold land | 219 | 219 |
| Cost of inventories recognised as expense | 1,167,901 | 1,229,447 |
| Gain on disposal of property, plant and equipment | (220) | (27) |
| Gain on metal future trading contracts | (638) | (1,052) |
| Staff costs, including directors' remuneration | 24,794 | 24,123 |
| Impairment of available-for-sale financial assets | — | 3,662 |
| Provision for impairment of inventories | 12,661 | 643 |
| Provision for impairment of trade receivables | — | 829 |
| Net exchange gain | (3,197) | (1,761) |

7. Finance (costs)/income, net

| | Six months ended 30th September | |
|--|------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Interest income | 2,176 | 2,441 |
| Interest on short-term bank borrowings | (2,603) | (289) |
| Finance (costs)/income, net | (427) | 2,152 |

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the period. Income tax on profits arising from operations in Mainland China has been calculated on the estimated assessable profit for the period at the rates of income tax prevailing in the places in which the Group's entities operate.

| | Six months ended 30th September | |
|---------------------------------------|------------------------------------|---------------------------------|
| | 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
| Current income tax | | |
| — Hong Kong profits tax | (5,332) | (172) |
| — Mainland China corporate income tax | (2,072) | (293) |
| Deferred income tax | (569) | 168 |
| Over provision in prior year | 85 | — |
| Income tax expense | (7,888) | (297) |

9. Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the number of ordinary shares in issue during the period.

| | Six months ended 30th September | |
|--|------------------------------------|---------------------|
| | 2014 (Unaudited) | 2013 (Unaudited) |
| Profit/(loss) attributable to equity holders of the Company (HK\$'000) | 41,042 | (8,837) |
| Number of ordinary shares in issue ('000) | 828,750 | 828,750 |
| Basic earnings/(loss) per share (Hong Kong cents per share) | 4.95 | (1.07) |

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the period (2013: Nil).

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

10. Interim dividend

A dividend of HK\$8,288,000 that relates to the period to 31st March 2014 was paid in September 2014 (2013: Nil).

On 25th November 2014, the board of directors resolved to declare an interim dividend of HK\$1 cent per share (2013: Nil). This interim dividend, amounting to approximately HK\$8,288,000 (2013: Nil), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year ending 31st March 2015.

11. Leasehold land

| Six months ended 30th September 2014 (Unaudited) | HK\$'000 |
|---|-----------------|
| Opening net book amount as at 1st April 2014 | 14,567 |
| Amortisation | (219) |
| Closing net book amount as at 30th September 2014 | 14,348 |
| Six months ended 30th September 2013 (Unaudited) | HK\$'000 |
| Opening net book amount as at 1st April 2013 | 15,004 |
| Amortisation | (219) |
| Closing net book amount as at 30th September 2013 | 14,785 |

The Group's interests in leasehold land represent prepaid operating lease payments.

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

12. Property, plant and equipment

| Six months ended 30th September 2014 (Unaudited) | HK\$'000 |
|---|----------|
| Opening net book amount as at 1st April 2014 | 35,336 |
| Exchange difference | 10 |
| Additions | 3,012 |
| Depreciation | (3,483) |
| Closing net book amount as at 30th September 2014 | 34,875 |
| <hr/> | |
| Six months ended 30th September 2013 (Unaudited) | HK\$'000 |
| Opening net book amount as at 1st April 2013 | 37,988 |
| Exchange difference | 7 |
| Additions | 2,447 |
| Depreciation | (5,090) |
| Closing net book amount as at 30th September 2013 | 35,352 |

13. Available-for-sale financial assets

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|--|--|--|
| Available-for-sale financial assets | | |
| — equity securities, at fair value listed in Hong Kong | 40,424 | 21,855 |

The equity securities listed in Hong Kong are denominated in Hong Kong dollars.

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

14. Trade and other receivables

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|--|---|--|
| Trade receivables, net of provision (note (a)) | 154,517 | 136,333 |
| Prepayments to suppliers | 55,766 | 34,799 |
| Deposits | 1,259 | 1,158 |
| Other receivables | 28,011 | 26,244 |
| | 239,553 | 198,534 |

Note (a):

The Group offers credit terms to its customers ranging from cash on delivery to 90 days. The ageing of trade receivables, based on invoice date, is as follows:

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|---------------|---|--|
| 0 to 30 days | 123,386 | 115,187 |
| 31 to 60 days | 24,299 | 13,389 |
| 61 to 90 days | 5,610 | 2,888 |
| Over 90 days | 1,222 | 4,869 |
| | 154,517 | 136,333 |

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

15. Share capital and share premium

| | Number of ordinary shares | Nominal amount HK\$'000 | |
|---|------------------------------|----------------------------|---------------------------|
| Authorised: | | | |
| As at 31st March 2014 and 30th September 2014 | 8,000,000,000 | 800,000 | |
| | | | |
| | Number of ordinary shares | Share capital HK\$'000 | Share premium HK\$'000 |
| Issued and fully paid: | | | |
| As at 31st March 2014 and 30th September 2014 | 828,750,000 | 82,875 | 495,293 |

16. Trade and other payables

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|----------------------------------|--|--|
| Trade payables | | |
| — to third parties | 38,183 | 45,172 |
| — to a related company (Note 19) | 20,402 | 13,875 |
| Prepayments from customers | 14,121 | 10,394 |
| Accrued expenses | 7,927 | 11,291 |
| | 80,633 | 80,732 |

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

16. Trade and other payables (continued)

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

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|---------------|---|--|
| 0 to 30 days | 15,987 | 54,415 |
| 31 to 60 days | 17,249 | 83 |
| Over 60 days | 25,349 | 4,549 |
| | 58,585 | 59,047 |

17. Interest in a joint venture

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|--|---|--|
| Unlisted shares | 9,782 | 9,782 |
| Loans to a joint venture (note) | 29,060 | 29,060 |
| | 38,842 | 38,842 |
| Share of undistributed post acquisition reserves | (18,595) | (19,705) |
| | 20,247 | 19,137 |

Note: Loans to the joint venture are denominated in United States dollars, unsecured, non-interest bearing and are regarded as equity contribution by the Group.

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

17. Interest in a joint venture (continued)

The Group has a 50% interest in a joint arrangement that is structured as a limited liability company and provides the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangement. Therefore, the entity is classified as a joint venture of the Group. The following are the particulars of the joint venture at 30th September 2014:

| Company name | Place of incorporation/ operation | Issued capital | Percentage of equity interest attributable to the Group | Principal activities |
|---|--------------------------------------|-----------------------------------|--|---|
| Genesis Recycling Technology (BVI) Limited ("GRTL") | British Virgin Islands/ The PRC | 2,100,000 shares of US\$1 each | 50% | Manufacturing and trading of alloy products |

18. Commitments

(a) Operating lease commitments – as a lessee

The Group's future aggregate minimum rental expense in respect of land and buildings under non-cancellable operating leases is payable as follows:

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|--|--|--|
| Within one year | 1,052 | 1,091 |
| In the second to fifth years inclusive | 426 | 600 |
| | 1,478 | 1,691 |

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

18. Commitments (continued)

(b) Capital commitments

The Group's capital commitments in respect of property, plant and equipment at the end of the reporting period but not yet incurred are as follows:

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|------------------------------------|---|--|
| Authorised but not contracted for: | 5,017 | 11,364 |
| Contracted but not provided for: | 4,137 | 636 |

19. Related party transactions

(a) Transactions with related parties

Related party transactions carried out during the period were as follows:

| | Note | Six months ended 30th September 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
|---|-------|--|---------------------------------|
| Income | | | |
| Management fee from Genesis Alloys (Ningbo) Limited ("Genesis Ningbo") | (i) | 70 | 70 |
| Expense | | | |
| Purchases of goods from Genesis Ningbo | (ii) | 43,023 | 58,649 |
| Rental paid to Sonic Gold Limited | (iii) | 270 | 250 |

Notes:

- (i) The Group received a management fee from Genesis Ningbo, a wholly owned subsidiary of GRTL, pursuant to the terms of management services agreement entered into with the related company for the provision of operating support services at fixed monthly service fee.
- (ii) The Group purchased goods from Genesis Ningbo at prices as agreed by both parties for each transaction.
- (iii) The Group paid rental expenses for directors' quarters to Sonic Gold Limited, a company controlled by Ms Chan Yuen Shan, Clara, a director of the Company, at fixed sums as agreed by both parties.

Notes to the Condensed Consolidated Financial Information (continued)

For the six months ended 30th September 2014

19. Related party transactions (continued)

(b) Balances with related parties

| | As at 30th September 2014 HK\$'000 (Unaudited) | As at 31st March 2014 HK\$'000 (Audited) |
|--|--|--|
| <i>Amounts due from related companies</i> | | |
| Genesis Alloy (HK) Limited (a wholly owned subsidiary of GRTL) | 1,560 | 1,472 |
| GRTL | 26 | 21 |
| | 1,586 | 1,493 |
| <i>Trade payables to a related company</i> | | |
| Genesis Ningbo | 20,402 | 13,875 |
| <i>Prepayment for purchases to</i> | | |
| Genesis Ningbo | 11,293 | 9,825 |

Amounts due from/(to) related companies are unsecured, interest-free and repayable on demand or according to the relevant trading terms, as appropriate.

(c) Key management compensation

| | Six months ended 30th September 2014 HK\$'000 (Unaudited) | 2013 HK\$'000 (Unaudited) |
|---|---|---------------------------------|
| Salaries and other short term employee benefits | 8,389 | 8,732 |
| Post employment benefits — pension | 63 | 60 |
| | 8,452 | 8,792 |

20. Subsequent Event

- (a) On 26th June 2014, the Company entered into a sale and purchase agreement with Nyrstar Netherlands (Holdings) BV, a limited company incorporated in the Netherlands, to acquire the remaining 50% shareholding interest in GRTL; and for the assignment of a shareholder's loan and certain other indebtedness, and the novation of certain outstanding debt of GRTL, for a total consideration of US\$650,000. The transaction was completed in October 2014 and GRTL has become a wholly owned subsidiary of the Group. The excess of net assets acquired over the consideration paid is estimated to be approximately HK\$14 million.
- (b) In October 2014, the Group entered into a number of agreements with an independent third party to acquire certain office properties and car parks for an aggregate consideration of approximately HK\$46,630,000. Up to the date of this report, approximately HK\$4,663,000 deposits have been paid and the transactions are expected to be completed in April 2015.

Management Discussion and Analysis

Overall Business Performance

Financial performance

The growth-powering services and initiatives introduced by LEE KEE continued to boost its financial performance in the Interim Period.

The Group's revenue for the Interim Period was HK\$1,273 million, up 0.46% compared to the Corresponding Period of last year. Tonnage sold by the Group in the 6-month Period was 64,070 tonnes, compared to 68,660 tonnes sold during the Corresponding Period of last year.

Despite the slight decline in tonnage sold, gross profit for the 6-month Period was HK\$90.7 million, up 159% compared to the Corresponding Period of last year. Gross profit margin for the 6-month Period was 7.1%, compared to the Comparative Period of 2.8%. The Group recorded a profit attributable to equity holders of the Company of HK\$41.0 million in the 6-month Period, compared to a loss of HK\$8.8 million for the Corresponding Period of last year.

The rise in gross profit and profit attributable to equity holders of the Company was partially attributed to higher global metal prices and the improved performance of LEE KEE's professional value-added services. The Group's performance in the 6-month Period was also supported by its resilient business model, particularly its ability to trade metal from both inside and outside China which helped mitigate the impact of lower metal prices in China.

During the 6-month Period, the LME 3-month price for zinc (LEE KEE's main product) rose 11%, despite a slight weakening of prices towards the end of the Period. The price of nickel over the period was more volatile, rising 11% over the 6-month Period, with an initial price spike in May followed by a drop in price towards the end of the Interim Period. While following a similar trend, domestic zinc and nickel prices in China fell below LME prices during the 6-month Period due to weaker demand. Zinc traded on the Shanghai Futures Exchange rose 11% during the 6-month Period.

Selling and distribution expenses in the 6-month Period rose to HK\$9.9 million as a result of LEE KEE's expanded efforts to market its quality metal products to a wider range of customers.

The Group's administrative expenses in the 6-month Period fell slightly to HK\$36.9 million, compared to HK\$37.0 million for the Corresponding Period of last year.

The Group also recorded a net additional gain of HK\$4.1 million during the 6-month Period, which was primarily attributed to an exchange gain on the Group's Renminbi assets in Hong Kong.

The Group's net finance cost for the 6-month Period was HK\$0.4 million, compared to net finance income of HK\$2.2 million in the Corresponding Period of last year. The net finance cost incurred during the Interim Period was mostly attributed to the higher level of trade loans maintained during the 6-month Period, compared to the Corresponding Period of last year.

The Group continues to retain a healthy balance sheet, with HK\$331 million cash on hand as of 30th September 2014.

Business Review

A leading solutions provider for metals

LEE KEE is a leading solutions provider for the metals industry which specialises in providing quality metal materials and value-added solutions to its customers. Since its founding more than 60 years ago, it has built a strong reputation based on innovation, professionalism and its strong network across all facets of the global metals industry.

LEE KEE continued to focus on “powering growth” during the 6-months, introducing a number of measures that have strengthened the Group’s reputation as a leading solution provider for metals in Greater China and the ASEAN region. These included further investments in the Group’s manufacturing capabilities, including new equipment and production capacity, as well as in new professional talent and research and development.

The Group has also continued to concentrate on developing new metal products that are able to meet the needs of a wider range of manufacturing industries during the 6-months under review. LEE KEE is currently the trusted partner of around 1,100 customers from more than 20 industries in the Greater China and ASEAN regions.

It also continued to invest in its sales and distribution centres in China’s key industrial centres of Hong Kong, Shenzhen, Guangzhou, Wuxi and Chengdu in order to better serve customers in the Greater China and ASEAN regions — both key sources of growth for LEE KEE.

LME membership boosts LEE KEE’s recognition in the international metals market

In January 2014, LEE KEE joined the ranks of renowned international metal players by becoming the first company in Hong Kong, China and Taiwan to be admitted as a Category 5 Associate Trade Member of the London Metal Exchange (“LME”), the world’s premier metals trading platform.

The Group’s Chief Executive Officer Ms. Clara Chan was recently appointed as a member of Lead and Zinc Committee of the London Metal Exchange, as well as a member of the Board Risk Committee of LME Clear Limited (“LME Clear”), the new clearing house of the LME.

LME’s Lead and Zinc Committee advises the Board of the LME on matters such as specifications for LME’s standard lead and zinc contracts, LME’s lead and zinc brand applications and consultations on various warehousing matters, among other areas. LME Clear’s Board Risk Committee advises the Board of the LME Clear on matters such as risk management policies, procedures and systems, among other areas.

Ms. Chan’s appointment is recognition of LEE KEE’s ability to act as a bridge between LME and the zinc industry — across both the upstream and downstream of the value-chain — as well as LEE KEE’s strong positioning and contribution to the global zinc market. Her extensive knowledge of the industry and experience with downstream end users in Asia will ensure that their suggestions are reflected to the international metal platform.

Acquisition of remaining 50% interest in Genesis Alloys (Ningbo) Limited (“Genesis Ningbo”)

In June 2014, LEE KEE’s board approved the acquisition of the remaining 50% stake and shareholder’s loan in Genesis Ningbo, its zinc alloy production venture based in Ningbo, China for a total consideration of US\$650,000. Genesis Ningbo was established in 2001 as a joint venture with Nyrstar. It was the first foreign invested zinc alloy producer in China and has quickly built a reputation as one of the most reliable and high-quality zinc alloy producers in the non-ferrous metals industry.

The acquisition is in line with LEE KEE’s “We Create Value Solutions for Metals” commitment. It has also increased synergies within the Group, enhanced its supply chain and logistics hubs in Eastern China, strengthened the production capability of LEE KEE’s branded zinc alloys and improved its competitiveness and positioning within the metals industry.

Research and development capabilities powered by new appointments

LEE KEE enhanced its internal research and development capability with the recent hiring of engineers, including the appointment of industry experts as Lee Kee's advisors. These appointments will help LEE KEE capture rising demand for customised metals from industries that are looking for creative ways to differentiate themselves from their competitors.

The research specialists will focus on developing more customised alloys and solutions that meet the changing needs of metal end users.

Investments in technical services to better serve existing customers

The Group has continued to place a top priority on expanding the capabilities of its technical services team by investing in new technology. LEE KEE's technical department has helped many customers identify and rectify problems over the years in areas such as mould design and production. Recently introduced technical services have also proved popular with customers by helping them reduce production costs and increase production efficiency.

Innovative solutions provider for the metals industry

LEE KEE is committed to being the partner of choice for metals companies during every stage of the manufacturing process — from metal supply to supply chain management, from technical consulting and risk control to buyer management. It is for this reason that more and more of the world's leading miners, die-casters, metal stampers and electroplating specialists are turning to LEE KEE for value-adding solutions, including metal sourcing and production, supply chain and logistics services, market intelligence, technical support and consultancy services, technical development and metal customisation, metal testing services and buyer management.

- Growing zinc and stainless steel production capacity

LEE KEE oversaw a further expansion of its zinc and stainless steel production capacity during the 6-month Period.

Continued investment was made in new machinery and logistics capabilities at Lee Yip Metal Products Company Limited ("Lee Yip") with revenue and tonnage of stainless steel sold during the 6-month Period of approximately HK\$37 million and 2,370 tonnes respectively (Comparative Period: HK\$49 million and 2,630 tonnes respectively). Lee Yip is LEE KEE's wholly-owned stainless steel processing and distribution subsidiary, based at the Group's Tai Po Technology and Logistics Centre in Hong Kong (with operations in the PRC and Hong Kong).

The performance of Genesis Ningbo in the 6-month Period was boosted by rising global demand for zinc, as well as by the synergies achieved following LEE KEE's acquisition. It produced approximately 6,390 tonnes of zinc alloy and contributing a net profit of approximately HK\$0.87 million during the Interim Period (Comparative Period: 7,010 tonnes and HK\$0.57 million in contributed profit).

- Expanding metals testing capabilities winning high-profile customers

LEE KEE's wholly-owned metals testing subsidiary Promet Metals Testing Laboratory Limited ("Promet") is Hong Kong's first Hong Kong Laboratory Accreditation Scheme (HOKLAS) facility. It provides a growing range of chemical testing and verification services that help customers meet their quality control and accreditation requirements and ensure that their metal products comply with international standards. Promet's unique expertise distinguishes LEE KEE from other solutions providers and bonds customers through the provision of value-adding services, helping the Group stay ahead of the competition.

The Group continued to further expand the scope of Promet's testing services with investments in new technology and machinery during the 6-month Period. These investments have greatly enhanced Promet's appeal to major customers.

Management Discussion and Analysis (continued)

Expert advisors on board to advise on strategic growth opportunities

LEE KEE continued to work with its team of experienced advisors throughout the 6-month Period in order to identify and take advantage of new markets and growth opportunities that will power the Group's growth into the future.

Prospects

Demand for value-added services and favourable market conditions to support future financial performance

The Group expects that demand for its value-added services will continue to grow during the rest of the fiscal year with more metal end-users seeking value solutions for metals in order to meet rising demand for quality metals and premium products in the Greater China and ASEAN regions.

LME membership to reinforce LEE KEE status in the metals industry

The Group will capitalise on its LME membership to expand its marketing in the Greater China and ASEAN regions and enhance the value of its solutions. It will also take advantage of the global reach of the LME platform to explore new opportunities and avenues for growth.

Creation of more value-adding solutions

LEE KEE will utilise its upgraded research and development capabilities to create more innovative value-adding solutions and tailored metal alloys that meet the specific and evolving needs of its customers. The Group will also leverage on these new innovations to expand into new business sectors and further grow its business.

Ongoing expansion of production capacity and metals testing services

LEE KEE will continue to invest in its upstream and downstream businesses — Lee Yip and Genesis Ningbo — to further expand its production capacity and ensure a reliable supply of high-quality stainless steel and zinc alloy products. It will also continue to invest in new technology and equipment to further expand the scope of services offered by Promet and attract more customers.

Continued commitment to investor returns

LEE KEE, assisted by its team of expert advisors, will further explore new business streams, selected acquisitions and other high-potential investment opportunities in order to expand the Group's product range, its long-term growth and its ability to deliver long-term returns to shareholders.

The Group will also take steps to streamline its operations and contain costs to support its future profitability.

Liquidity, Financial Resources and Commodity Price Risk

The Group primarily financed its operation through internal resources, borrowings from banks and capital contributions from our shareholders. As at 30th September 2014, the Group had unrestricted cash and bank balances of approximately HK\$331 million (as at 31st March 2014: HK\$241 million) and bank borrowings of approximately HK\$357 million (as at 31st March 2014: HK\$185 million). The borrowings, which are short term in nature, were substantially denominated in US and Hong Kong dollars with interest chargeable at market rates and the gearing ratio (total borrowings to total equity) as at 30th September 2014 was 30.4% (as at 31st March 2014: 16.5%). The Group has a current ratio of 338% as at 30th September 2014 (as at 31st March 2014: 488%).

The Company had issued guarantees to the extent of approximately HK\$745 million to banks to secure general banking facilities of approximately HK\$695 million to certain subsidiaries, of which approximately HK\$357 million had been utilised as of 30th September 2014.

The Group constantly evaluates and monitors its risk exposure to metals prices with reference to the market conditions. In order to control the exposure efficiently and to capitalise on direction of price trends, the Group's management will employ appropriate operating strategies and set inventory levels accordingly.

The Group's foreign exchange exposure mainly resulted from the exchange rate between Hong Kong dollars to United States dollars and Renminbi.

Dividend

The Board has resolved to declare an interim dividend of HK1 cent per share for the Interim Period (Comparative Period: Nil) to shareholders of the Company whose names appear on the register of members of the Company on 19th December 2014. The interim dividend will be paid on or around 30th December 2014.

Closure of Register of Members

The Register of Members of the Company (the "Register of Members") will be closed from Wednesday, 17th December 2014 to Friday, 19th December 2014, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 16th December 2014.

Employees

As at 30th September 2014, the Group had approximately 160 employees (Comparative Period: 170 employees) and Genesis Ningbo had approximately 40 employees (Comparative Period: 40 employees). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experience and prevailing industry practices. The key components of the Group's remuneration package includes basic salary, and where appropriate, other allowances, incentive bonuses and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). Other benefits include share options granted or to be granted under the share option schemes and training schemes. During the Interim Period, staff costs (including directors' emoluments) were approximately HK\$24.8 million (Comparative Period: HK\$24.1 million).

Disclosure of Interests

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated corporations

At 30th September 2014, the interests and short positions of each Director and Chief Executive in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long Position in Shares of the Company

| Name of Director | Capacity | Number of Shares in which interested | Approximate percentage of issues Shares |
|-------------------------------------|----------------------------------|--------------------------------------|---|
| Mr. CHAN Pak Chung (Note 1) | Founder of a discretionary trust | 600,000,000 | 72.40% |
| Ms. MA Siu Tao (Note 2) | Beneficiary of a trust | 600,000,000 | 72.40% |
| Ms. CHAN Yuen, Shan, Clara (Note 3) | Beneficiary of a trust | 600,000,000 | 72.40% |
| Mr. HO Kwai Ching, Mark (Note 4) | Interest held by spouse | 50,000 | 0.006% |

Notes:

- The 600,000,000 Shares are held by Gold Alliance Global Services Limited ("GAGSL") whose entire share capital is held by Gold Alliance International Management Limited ("GAIML"), which is in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the P.C. CHAN Family Trust. The P.C. CHAN Family Trust is an irrevocable discretionary trust set up by Mr. CHAN Pak Chung as settlor and HSBC Trustee as trustee on 6th March 2006. The discretionary objects of which include Ms. MA Siu Tao and the other family members of Mr. CHAN Pak Chung. Mr. CHAN Pak Chung is the settlor of the P.C. CHAN Family Trust and is deemed to be interested in the 600,000,000 Shares held by GAGSL under the SFO.
- Ms. MA Siu Tao, the spouse of Mr. CHAN Pak Chung and an Executive Director, is deemed to be interested in the 600,000,000 Shares held by GAGSL as she is one of the discretionary objects under the P.C. CHAN Family Trust under the SFO.
- Ms. CHAN Yuen Shan, Clara, the daughter of Mr. CHAN Pak Chung and an Executive Director and Chief Executive Officer, is deemed to be interested in the 600,000,000 Shares held by GAGSL as she is one of the discretionary objects under the P.C. CHAN Family Trust under the SFO.
- Mr. HO Kwai Ching, Mark is deemed to be interested in the 50,000 shares held by his spouse.

Save as disclosed above, as at 30th September 2014, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest in or short position in the Shares or underlying Shares in, or debentures of, of the Company and its associated corporations required to be disclosed pursuant to the SFO.

Substantial Shareholders' Interests and/or Short Positions in the Shares, Underlying Shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2014, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

| Name of Shareholder | Capacity | Number of Ordinary Shares in which interested | Approximate percentage of issued Shares |
|--|------------------------------------|---|---|
| Gold Alliance Global Service Limited | Registered owner | 600,000,000 | 72.40% |
| Gold Alliance International Management Limited | Interest of controlled corporation | 600,000,000 | 72.40% |
| HSBC International Trustee Limited | Trustee | 600,000,000 | 72.40% |

Note:

The entire share capital of GAGSL is held by GAIML, which is in turn held by HSBC Trustee acting as the trustee of the P.C. CHAN Family Trust. The P.C. CHAN Family Trust is an irrevocable discretionary trust set up by Mr. CHAN Pak Chung as settlor and HSBC Trustee as trustee on 6th March 2006. The discretionary objects of which include Ms. MA Siu Tao and other family members of Mr. CHAN Pak Chung.

Save as disclosed above, at 30th September 2014, no person, other than the Directors and Chief Executive (including their spouse and children under 18 years of age) had any interest or short positions in the Shares or underlying shares of the Company recorded in the register to be kept under section 336 of the SFO.

Share of Options

The Company adopted the Pre-IPO Share Option Plan which has lapsed and Share Option Scheme (the "Share Option Scheme") on 15th September 2006. No options had been granted under the Share Option Scheme since the adoption date on 15th September 2006 and up to 30th September 2014.

Purchase, Sale or Redemption of Shares

During the Interim Period, there was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries.

Corporate Governance

To the knowledge and belief of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange and are not aware of any non-compliance with the code provisions of the CG Code during the Interim Period.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the Model Code by the Directors during the Interim Period.

On behalf of the Board of Directors

CHAN Pak Chung

Chairman

Hong Kong, 25th November 2014

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