利記控股有限公司
LEE KEE HOLDINGS LIMITED

SINCE 1947

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2015

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the year ended 31st March 2015 (the "Financial Year") together with the comparative figures for the 15 months ended 31st March 2014 (the "Comparative Period") as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2015

	Note	**Year ended 31st March 2015** *HK$'000*	Fifteen months ended 31st March 2014 *HK$'000*
Revenues	*4*	**2,493,703**	2,886,467
Cost of sales		**(2,363,195)**	(2,768,798)
Gross profit		**130,508**	117,669
Other income		**971**	1,009
Distribution and selling expenses		**(21,456)**	(24,400)
Administrative expenses		**(83,739)**	(94,928)
Other gains, net		**10,193**	293
Operating profit/(loss)	*5*	**36,477**	(357)
Finance income		**3,584**	6,479
Finance costs		**(6,750)**	(1,811)
Finance (costs)/income, net	*6*	**(3,166)**	4,668
Share of profit of a joint venture		**731**	945

	Note	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Profit before income tax		**34,042**	5,256
Income tax expense	*7*	**(6,689)**	(1,388)
Profit for the year/period		**27,353**	3,868
Profit attributable to:			
Equity holders of the Company		**27,353**	3,868
Earnings per share for profit attributable to equity holders of the Company during the year/period			
— basic and diluted (Hong Kong cents)	*8*	**3.30**	0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2015

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Profit for the year/period	**27,353**	3,868
Other comprehensive income/(loss)		
Items that have been reclassified or may be subsequently reclassified to income statement		
Exchange translation differences	**(313)**	403
Share of other comprehensive income of a joint venture	**226**	49
Movement of available-for-sale financial assets revaluation reserve	**10,121**	(4,241)
Items that will not be subsequently reclassified to income statement		
Re-measurement of employment benefit obligation	**(172)**	—
Other comprehensive income/(loss) for the year/period	**9,862**	(3,789)
Total comprehensive income for the year/period	**37,215**	79
Total comprehensive income attributable to:		
Equity holders of the Company	**37,215**	79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
Non-current assets			
Leasehold land	*10*	**20,330**	14,567
Property, plant and equipment	*11*	**52,283**	35,336
Interest in a joint venture		**—**	19,137
Deferred income tax assets		**2,770**	2,856
Available-for-sale financial assets	*12*	**31,951**	21,855
Prepayment for investment properties		**13,029**	—
Prepayment for property, plant and equipment		**1,172**	—
		121,535	93,751
Current assets			
Inventories		**1,144,633**	852,505
Trade and other receivables	*13*	**195,473**	198,534
Amount due from related companies		**—**	1,493
Income tax recoverable		**867**	517
Derivative financial instruments		**2,296**	1,972
Bank balances and cash		**131,058**	241,445
Total current assets		**1,474,327**	1,296,466
Total assets		**1,595,862**	1,390,217
Capital and reserves attributable to equity holders of the Company			
Share capital		**82,875**	82,875
Share premium		**478,717**	495,293
Other reserves		**580,544**	543,329
Total equity		**1,142,136**	1,121,497

	Note	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred income tax liabilities		**2,106**	1,617
Other non-current liabilities		**1,679**	1,299
		3,785	2,916
Current liabilities			
Trade and other payables	*14*	**38,222**	80,732
Borrowings		**405,187**	184,995
Income tax payable		**496**	77
Derivative financial instruments		**6,036**	—
		449,941	265,804
Total liabilities		**453,726**	268,720
Total equity and liabilities		**1,595,862**	1,390,217
Net current assets		**1,024,386**	1,030,662
Total assets less current liabilities		**1,145,921**	1,124,413

Notes:

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 Ugland 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 the trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy, stainless steel and other electroplating chemical products in Hong Kong and Mainland China.

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

The consolidated financial statements are presented in units of Hong Kong dollars ("HK dollars"), unless otherwise stated, and have been approved for issue by the Board of Directors on 9th June 2015.

Pursuant to a resolution of the Board of Directors dated 24th October 2013, the Company's financial year end date had been changed from 31st December to 31st March for better allocation of the Group's resources. Accordingly, these consolidated financial statements cover a twelve months period from 1st April 2014 to 31st March 2015 whilst the comparative financial period covers a fifteen months period from 1st January 2013 to 31st March 2014.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and derivative financial instruments, which are carried at fair values.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

3 ACCOUNTING POLICIES

(i) The following amendments to standards and interpretation are mandatory for the Group's financial year beginning 1st April 2014. The adoption of these amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group.

Amendments to HKFRSs 10, 12 and HKAS 27 (2011)	Investment Entities
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
HK(IFRIC)-Int 21	Levies

The Group has not applied any new standards or amendments to standards that have been issued but are not effective for the current accounting period.

(ii) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1st April 2014 and have not been early adopted by the Group.

HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment entities: applying the consolidation exception[2]
Amendments to HKFRS 11	Accounting for Acquisition of Interest in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendment to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amorisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[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 still assessing the impact on adoption of the above new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

In addition, the disclosure requirements of the new Hong Kong Companies Ordinance (Cap. 622) will become effective for the Company's financial year ending 31st March 2016. The Group is in the process of making an assessment of expected impact of the changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4 REVENUES AND SEGMENT REPORTING

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

	Year ended 31st March 2015	Fifteen months ended 31st March 2014
	HK$'000	*HK$'000*
Revenues		
Sales of goods	**2,493,703**	2,886,467

(a) Segment information

The segment information for the reporting segments for the year ended 31st March 2015 is as follows:

	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenues	**1,861,977**	**631,726**	**2,493,703**
Segment results	**12,184**	**13,129**	**25,313**
Other segment expenditure items included in the segment results as follows:			
Cost of inventories recognised as expense	**1,735,387**	**598,442**	**2,333,829**
Depreciation of property, plant and equipment	**6,966**	**1,066**	**8,032**
Amortisation of leasehold land	**446**	**67**	**513**
Provision for impairment of inventories	**27,955**	**810**	**28,765**
Segment assets	**1,372,740**	**223,122**	**1,595,862**
Segment liabilities	**308,639**	**145,087**	**453,726**

The segment information for the reporting segments as at and for the fifteen months ended 31st March 2014 is as follows:

	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenues	2,272,408	614,059	2,886,467
Segment results	(4,734)	3,075	(1,659)
Other segment expenditure items included in the segment results as follows:			
Cost of inventories recognised as expense	2,178,817	590,792	2,769,609
Depreciation of property, plant and equipment	12,231	236	12,467
Amortisation of leasehold land	546	—	546
Provision for/(reversal of provision for) impairment of inventories	320	(1,131)	(811)
Provision for impairment of trade receivables	584	295	879
Segment assets	1,178,008	212,209	1,390,217
Segment liabilities	160,848	107,872	268,720

(b) Reconciliation of segment results, segment assets and segment liabilities

	Year ended 31st March 2015	Fifteen months ended 31st March 2014
	HK$'000	*HK$'000*
Segment results		
Total segment results	**25,313**	(1,659)
Other income	**971**	1,009
Other gains, net	**10,193**	293
Finance (costs)/income, net	**(3,166)**	4,668
Share of profit of a joint venture	**731**	945
Profit before income tax	**34,042**	5,256

5 OPERATING PROFIT/(LOSS)

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

	Year ended 31st March 2015 *HK$'000*	Fifteen months ended 31st March 2014 *HK$'000*
Depreciation of property, plant and equipment	**8,032**	12,467
Amortisation of leasehold land	**513**	546
Cost of inventories recognised as expense	**2,333,829**	2,769,609
Provision for/(reversal of provision for) impairment of inventories	**29,366**	(811)
Provision for impairment of trade receivables	**—**	879
Additional charge payable on factory premises	**—**	3,419
Gain on disposal of property, plant and equipment	**(229)**	(187)
Gain on remeasurement of previously held interest in a joint venture upon acquisition as a subsidiary	**(1,050)**	—
Gain on acquisition of remaining interest in a joint venture as a subsidiary	**(13,784)**	—
Unrealised loss/(gain) on metal future trading contracts	**3,740**	(1,972)
Realised loss/(gain) on metal future trading contracts	**2,825**	(695)
Net exchange loss/(gain)	**503**	(1,101)
Impairment of available-for-sale financial assets	**—**	3,662

6 FINANCE (COSTS)/INCOME, NET

	Year ended 31st March 2015 *HK$'000*	Fifteen months ended 31st March 2014 *HK$'000*
Interest income	**3,584**	6,479
Interest expense on short-term bank borrowings	**(6,750)**	(1,811)
Finance (costs)/income, net	**(3,166)**	4,668

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year/period. Income tax on profits arising from operations in the Mainland China has been calculated on the estimated assessable profit for the year/period at the rates of income tax prevailing in the places in which the Group's entities operate.

	Year ended 31st March 2015 *HK$'000*	Fifteen months ended 31st March 2014 *HK$'000*
Current income tax		
— Hong Kong profits tax	**3,364**	398
— Mainland China corporate income tax	**3,374**	1,033
Deferred income tax	**(125)**	(270)
Under-provision in prior years	**76**	227
Income tax expense	**6,689**	1,388

8 EARNINGS PER SHARE

(a) Basic

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

	Year ended 31st March 2015	Fifteen months ended 31st March 2014
Profit attributable to equity holders of the Company *(HK$'000)*	**27,353**	3,868
Number of ordinary shares in issue *('000)*	**828,750**	828,750
Basic earnings per share *(Hong Kong cents per share)*	**3.30**	0.47

Diluted earnings per share for the year ended 31st March 2015 and the fifteen months period ended 31st March 2014 are the same as basic earnings per share as there are no potential dilutive ordinary shares outstanding during the year/period.

9 DIVIDENDS

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Interim dividend, paid, of HK$0.01 (Fifteen months ended 31st March 2014: HK$nil) per ordinary share *(note (a))*	**8,288**	—
Final dividend, proposed, of HK$0.01 (Fifteen months ended 31st March 2014: HK$0.01) per ordinary share *(notes (b) and (c))*	**8,288**	8,288
	16,576	8,288

Notes:

(a) At a meeting held on 25th November 2014, the directors declared an interim dividend of HK$0.01 per share (totalling HK$8,288,000) for the year ended 31st March 2015, which was paid during the year and has been reflected as a distribution out of the share premium account.

(b) At a meeting held on 12th June 2014, the directors recommended a final dividend of HK0.01 per ordinary share (totalling HK$8,288,000) for the fifteen months ended 31st March 2014, which was paid during the year and has been reflected as a distribution out of the share premium account during the year ended 31st March 2015.

(c) At a meeting held on 9th June 2015, the directors recommended a final dividend of HK$0.01 per ordinary share (totalling HK$8,288,000) for the year ended 31st March 2015. This proposed final dividend is not reflected as dividend payable in the financial statements, but will be distributed out of the share premium account during the year ending 31st March 2016.

10 LEASEHOLD LAND

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
At beginning of the year/period	**14,567**	15,113
Acquisition of remaining interest in a joint venture as a subsidiary *(Note 15)*	**6,277**	—
Amortisation	**(513)**	(546)
Exchange Difference	**(1)**	—
At end of the year/period	**20,330**	14,567

The Group's interests in leasehold land represent prepaid operating lease payments and their net book values are analysed as follows:

	2015	2014
	HK$'000	*HK$'000*
Held on leases of between 10 and 50 years		
In Hong Kong	**14,130**	14,567
Outside Hong Kong	**6,200**	—
	20,330	14,567

11 PROPERTY, PLANT AND EQUIPMENT

	Year ended 31st March 2015	Fifteen months ended 31st March 2014
	HK$'000	*HK$'000*
At beginning of the year/period	**35,336**	34,671
Exchange Difference	**(125)**	4
Additions	**14,469**	13,128
Acquisition of remaining interest in a joint venture as a subsidiary *(Note 15)*	**10,648**	—
Depreciations	**(8,032)**	(12,467)
Disposals	**(13)**	—
At end of the year/period	**52,283**	35,336

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	HK$'000	*HK$'000*
Available-for-sale financial assets		
— equity securities, at fair value listed in Hong Kong	**31,951**	21,855
— unlisted limited partnership, at fair value	**—**	—
	31,951	21,855

The equity securities listed in Hong Kong are denominated in Hong Kong dollars while the investment in an unlisted limited partnership is denominated in United Kingdom Pounds.

During the period ended 31st March 2014, the unlisted limited partnership of HK$7,046,000 was fully impaired as management assessed that the amount is expected to be irrecoverable as a result of the financial difficulties experienced by the investee. Consequently, the relevant available-for-sale financial assets revaluation reserve amounting to HK$3,384,000 was released from equity and an impairment charge of HK$3,662,000 was made in the consolidated income statement.

13 TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables, net of provision *(note (a))*	**149,162**	136,333
Prepayments to suppliers	**27,410**	34,799
Deposits	**1,338**	1,158
Other receivables	**17,563**	26,244
	195,473	198,534

The carrying values of the Group's trade and other receivables approximate their fair values.

Notes:

(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:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**135,894**	115,187
31 to 60 days	**6,351**	13,389
61 to 90 days	**3,773**	2,888
Over 90 days	**3,144**	4,869
	149,162	136,333

14 TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables		
— to third parties	**12,132**	45,172
— to a related company	**—**	13,875
Prepayments from customers	**9,231**	10,394
Accrued expenses and other payables	**16,516**	11,291
Other payables to a related Company	**343**	—
	38,222	80,732

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

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**11,425**	54,415
31 to 60 days	**686**	83
Over 60 days	**21**	4,549
	12,132	59,047

15 BUSINESS COMBINATIONS

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 Genesis Recycling Technology (BVI) Limited ("GRTL"); and for the assignment of a shareholder's loan and certain other indebtedness, and the novation of certain outstanding debt of GRTL ("Acquisition"). The Acquisition was completed in October 2014 and GRTL has become a wholly owned subsidiary of the Group.

GRTL and its subsidiaries (the "GRTL Group") are principally engaged in the manufacturing and trading of zinc alloy products. As a result of the Acquisition, the Group expects to reduce costs through economies of scale and benefit from the facilities of the GRTL Group.

16 EVENTS AFTER THE DATE OF FINANCIAL REPORTING

During the year, the Group proposed to acquire certain office premises and car parks as investment properties at a total consideration of HK$46,630,000. As at 31st March 2015, prepayments for acquisition of these properties amounting to HK$13,029,000 had been made. The proposed acquisition of these properties had been completed in April 2015.

MESSAGE FROM THE CEO

"Creating value" has been the central theme of our business in 2014 and 2015. This focus was particularly timely as metal users around the world seek value-added solutions with a higher effectiveness for new challenges that are arising from the changing global economy, including the continued economic slowdown in China, economic resurgence in the United States and fluctuating global commodities prices.

Every time I have sat down with a customer, it became increasingly clear now, more than ever, metal users are seeking professional, reliable and quality business partners who can align with various growth opportunities they are seeing in the market of China and ASEAN. They can expect LEE KEE to continue building value with our bespoke metal alloys, our expanding range of technical consultancy services and our upcoming new commodities brokerage service — Horizon Commodities and Futures Company Limited.

These services mentioned above are just examples of how LEE KEE is creating value in ways that many of our peers cannot.

We also create value by producing a broad range of branded metals and metal alloys that can be tailored for the individual needs of our customers; offering unparalleled expertise and knowledge at each stage of the manufacturing process, from metal testing to technical consulting; and by displaying leadership wherever we can in the global metals industry.

In particular, we specialise in serving the end users of zinc and nickel (which together are responsible for around 85% of LEE KEE's revenue), as well as users of aluminium and stainless steel. These metals are key inputs for a wide range of products, from automobiles, bathroom appliances, luxury goods, mobile phones, furniture, electronics and household appliances, just to name a few.

It is encouraging to see that our effort to provide more ways to create value for our customers has had a positive impact on our bottom line. As we explore additional growth opportunities and bring more innovation to our product and service offerings, our Company is in a better position to weather changes in the global zinc and nickel markets.

In the past year, the prices for commodities of zinc and nickel have fluctuated considerably as the market balances conflicting supply and demand forces. The scheduled closure of major zinc mines in Australia and Canada during the period pushed that market further into deficit. However, the upside effect on the price was contained by uncertainty among manufacturers in China (by far the largest market for zinc) caused by the slowing domestic economy. The global price for nickel also swung considerably after an expected deficit failed to materialise.

We expect the demand for metals will still be challenging, given the continuous slowdown in the Chinese economy. But we are optimistic that our business will continue to thrive as we have a clear strategy and our focus for the year ahead will be building a foundation for sustainable long-term growth.

My team and I will continue to work hard to further grow our value-adding attributes and discover more growth opportunities to deliver sustainable returns to our shareholders well into the future. We thank you for your continued support.

CHAN Yuen Shan, Clara
Vice-Chairman and Chief Executive Officer

9th June 2015

OVERALL BUSINESS PERFORMANCE

Financial performance

LEE KEE's financial performance improved during the twelve months ended 31st March 2015 ("the Financial Year" or the "year under review") as the Group's proactive marketing efforts boosted demand for its value-added services.

Revenue for the Financial Year was HK$2,494 million, compared to HK$2,887 million in the fifteen months ended 31st March 2014 ("the Comparative Period"). Tonnage sold by the Group in the Financial Year was 124,260 tonnes, compared to 153,830 tonnes in the Comparative Period.

Gross profit for the Financial Year was HK$130 million, compared to HK$118 million in the Comparative Period. Gross profit margin for the Financial Year was 5.23%, compared to 4.07% in the Comparative Period. The Group recorded a profit attributable to equity holders of the Company of HK$27.4 million during the Financial Year, compared to a profit of $3.87 million during the Comparative Period.

The growth in gross profit margin and profit attributable to equity holders of the Company was mainly due to stronger demand for LEE KEE's reliable value-added services and an increase in metal prices, as well as a gain from negative goodwill arising from an acquisition.

Global prices for zinc (LEE KEE's main product) and nickel rose 6.08% and fell 20.7% respectively during the Financial Year. However, these figures mask the considerable price volatility experienced over the period. The price of zinc rose strongly in the first half of the Financial Year, only to decline in the second half of the Financial Year due to weaker sentiment concerning the economies of the PRC and Europe. The price for nickel rose at an even higher pace during the beginning of the year under review, before stabilising and eventually falling in the second half of the Financial Year.

Selling and distribution expenses and administrative expenses in the Financial Year were HK$21.4 million and HK$83.7 million respectively, compared to HK$24.4 million and HK$94.9 million in the Comparative Period respectively. The decline was attributable to the shorter period of time under review. On an adjusted basis, selling and distribution expenses rose because of the increasing proportion of revenue arisen in the China mainland, of which selling and distribution expenses is higher than that of Hong Kong. Administrative expenses rose mainly due to the increment in staff cost which is variable in nature and proportionate to the Group's annual performance.

The Group recorded other gain, net of HK$10.2 million during the Financial Year, primarily due to a gain of HK$13.8 million arising from the Group's recent acquisition of GRTL Group remaining 50% shareholding interest and shareholder's loan, such other gain was set off partially by metal future trading contracts loss incurred during the year. The Group recorded a net financing cost of HK$3.17 million during the Financial Year, compared to net financing income of HK$4.67 million during the Comparative Period, which was mainly attributed to a net increase in the Group's bank borrowing during the year under review.

The Group continues to maintain a healthy balance sheet, with net gearing ratio at 24.0% as of 31st March 2015.

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.

In January 2014, LEE KEE joined the ranks of renowned international metal players by becoming the first company in Hong Kong 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 membership allows it to leverage up-to-the minute information on the global metals market, greatly enhancing the value of the solutions it provides to its customers.

The Group's primary focus during the Financial Year under review has been "creating value" — a commitment that has seen LEE KEE further extend its range of technical and consulting services, make significant strides in developing new branded metal products and introduce a new commodities futures brokerage service to better meet the needs of its customers.

New commodities futures brokerage service adds to total range of solutions for metals industry

The Hong Kong Securities and Futures Commission ("SFC") granted a license to LEE KEE's indirect wholly-owned subsidiary — Horizon Commodities and Futures Company Limited — to conduct Type 2 (dealing in futures contracts) regulated activity under the Hong Kong Securities and Futures Ordinance.

The license allows LEE KEE to become one of the few metals companies with both physical metal experience and brokerage services, further underscoring the Group's leadership in providing a full-range of services and solutions to metal industry. It also positions LEE KEE at forefront of Hong Kong's development as a commodities trading centre.

Growing range of branded metal products

LEE KEE has continued to invest in its ability to provide high-quality metal products and speciality alloys in order to expand into new markets and create value for different market segments. In particular, this investment was directed towards expanding the range of LEE KEE's own brand metal products during the Financial Year.

LEE KEE's own brand metal products — Mastercast, GZ, SA and LMP — represent premium quality and reliability, years of experience and product expertise. Customers recognise the premium quality, reliability and strong production control these metals deliver.

Mastercast, LEE KEE's special alloy brand, is a zinc alloy smelted from high quality pure metal. Manufactured at the Group's Hong Kong production facility with LEE KEE's flexible design process and small to medium batch production. Mastercast has successfully obtained both quality and environmental qualifications, including RoHS, ISO9001, ISO 14001 and ISO/TS 16949.

LEE KEE's GZ brand incorporates tightened production technology from industry experts and includes both general types of zinc alloys and special alloys. The Group's LMP brand is an aluminium alloy, which meets the requirements of ISO/TS 16949.

Expanded metal testing services pushing LEE KEE up the value chain

LEE KEE continued to invest in expanding the range of metal testing services provided by its wholly owned subsidiary Promet Metals Testing Laboratory Limited ("Promet") during the Financial Year. This included the introduction of RoHS certification services, allowing customers to demonstrate their compliance with the statutory requirements of the European Union's Restriction of Hazardous Substances Directive.

With a team of experienced technical experts in the fields of materials engineering, manufacturing optimisation solutions, process design, quality control and failure analysis, Promet delivers effective solutions and advice to die-casters and manufacturers that enhance their operational efficiency.

Green measures and environmental accreditations brings LEE KEE's products to a wider pool of customers

Contributing to sustainable development is integral to the way LEE KEE conducts business. The Group has received numerous recognitions and accreditations from government departments and professional groups for its efforts to conserve energy and natural resources, adopt greener production technologies, monitor carbon emissions and implement other measures to improve its environmental footprint.

For instance, the Group is an active participant of the Carbon Footprint Repository developed by the Environment Bureau and became one of the first companies to report the carbon emissions of its alloy production and reduce the carbon footprint of its OEM plants. The Group has also been recognized as a Carbon Audit Green Partner by the Environmental Protection Department.

Strong focus on values supporting LEE KEE's growing leadership in the international metals industry

LEE KEE is committed to contributing to its customers' success by providing premium products and integrated services such as market intelligence, technical consultancy, alloy customization, quality support and supply chain management. LEE KEE is the trusted choice of brand owners, manufacturers and die-casters who demand performance leadership and quality supply.

- *Tier-2 HKAEO status further strengthens LEE KEE's competitive advantages*

  LEE KEE[1] was accredited as a "Hong Kong Authorized Economic Operator" ("HKAEO") by the Customs and Excise Department of the Hong Kong Government ("CED"), allowing the Group to enjoy reduced or prioritised customs inspections. This status enables LEE KEE to more quickly transport its metal products to customers outside of Hong Kong, enhancing the overall competitiveness of the Group's solutions and products.

- *Award-winning knowledge management system*

  LEE KEE was recently recognised as a Top Winner of the Hong Kong Most Admired Knowledge Enterprise Awards (SME) 2014 ("MAKE Awards") for its new knowledge management system. The MAKE Awards was created by the Knowledge Management and Innovation Research Centre of The Hong Kong Polytechnic University and recognises local Hong Kong companies which demonstrate a strong commitment to knowledge management.

  As a learning organisation, LEE KEE encourages knowledge sharing. The new knowledge management system has helped LEE KEE foster its knowledge-driven culture, retain and make best use of the expertise and know-how of its people, and transform market information into valuable intellectual capital. It has also greatly increased the Group's ability to develop and deliver knowledge-based solutions, contributing to the growth of new products and services.

- *Growing capacity at upstream and downstream businesses*

  LEE KEE continued to carry out a further expansion of its zinc and stainless steel production capacity during the year.

  The expanding United States economy pushed up demand for bathroom appliances, toys and mobile phones, supporting demand for zinc alloys produced by Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), the Group's wholly-owned zinc alloy production subsidiary based in Ningbo, China.

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[1] Accredited companies include: Lee Kee Metal Co., Ltd.; Lee Fung Metal Co., Ltd.; Lee Sing Materials Co., Ltd.; Essence Metal (Asia) Co., Ltd.

Genesis Ningbo has gained a reputation as one of the most reliable and high-quality zinc alloy producers in the non-ferrous metals industry. In October 2014, LEE KEE effectively completed the acquisition of the remaining 50% stake and shareholder's loan in Genesis Group for a total consideration of US$650,000. After Genesis Group became the wholly-owned subsidiary, it reported revenue approximately HK$49.2 million and tonnage sold of 2,490 tonnes.

Prospects

Slowing growth in the PRC to impact global demand for metal products and solutions

In the absence of any significant stimulus measures by the PRC government, the Group expects that global demand for quality metal products, particularly those used in luxury products, will decline in line with slowing economic growth in the PRC. However, prospects for certain markets that are more dependent on Western consumers, such as mobile phones, toys and bathroom appliances — for which LEE KEE's metals are a key component — still remains strong.

The Group also expects that its strong balance sheet and earlier proactive investments in value-added services will maintain its overall market share, while limiting the effect that lower overall demand may have on its margins.

LEE KEE cautiously expects that zinc and nickel prices in the coming financial year will be supported by limited global supply.

Introduction of more 'green' metal solutions

LEE KEE will continue to create value for its customers by further expanding the range of environmentally-friendly alloys. The Group's proactiveness and leadership in the area industry placed it in a strong position to win more customers seeking to demonstrate their compliance with tightening environmental standards being introduced around the world.

Long-term strategic focus on delivering value and moving up the value chain

LEE KEE will continue to invest in providing metal solutions and services at every stage of the manufacturing process. In addition, the Group will leverage the successful launch of Horizon Commodities and Futures Company Limited in order to more closely embed its customers into the rest of LEE KEE's service offerings through cross-selling.

Stringent controls on cost and purchases

Given the likely downturn in demand for its metal products, LEE KEE will focus on further streamlining its metal purchasing protocols, while also continuing to take steps to contain costs and protect margins.

The management, assisted by LEE KEE's advisor team, will prudently explore high-potential investment opportunities, including selected acquisitions, during the coming periods in order to strengthen LEE KEE's market share, open up additional growth opportunities and deliver long-term returns to shareholders.

DIVIDEND

The Directors, after consideration of the development of the Group, the financial results and position of the Company, recommended a payment of a final dividend of HK1 cent per share for the Financial Year (Comparative Period: HK1 cent per share) amounting to HK$8,287,500 (Comparative Period: HK$8,287,500) to the shareholders whose names appear on the Register of Members of the Company on 28th August 2015. Subject to the approval at the forthcoming Annual General Meeting of the Company, the dividend is expected to be paid on or around 11th September 2015.

ANNUAL GENERAL MEETING

It was proposed that the Annual General Meeting of the Company (the "AGM") will be held on 20th August 2015. Notice of the AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 17th August 2015 to Thursday, 20th August 2015, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for voting at the forthcoming Annual General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong 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 Friday, 14th August 2015.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company (the "Register of Members") be closed from Thursday, 27th August 2015 to Friday, 28th August 2015, both days inclusive, during which period no transfers of shares will be effected. In order to establish entitlements to the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong 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 Wednesday, 26th August 2015.

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

The Group primarily financed its operation through internal resources, borrowings from banks and capital contributions from its shareholders. As at 31st March 2015, the Group had unrestricted cash and bank balances of approximately HK$131 million (as at 31st March 2014: HK$241 million) and bank borrowings of approximately HK$405 million (as at 31st March 2014: HK$184 million). The borrowings, which are short term in nature, were substantially made in United States dollars and Hong

Kong dollars with interest chargeable at market rates and the gearing ratio (total borrowings to total equity) as at 31st March 2015 was 35.5% (as at 31st March 2014: 16.5%). The Group has a current ratio of 328% as at 31st March 2015 (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$716 million to certain subsidiaries, of which approximately HK$405 million had been utilised as of 31st March 2015.

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 and Renminbi.

EMPLOYEES

As at 31st March 2015, the Group had approximately 200 employees (Comparative Period: 200 employees which included 50 employees of Genesis Ningbo). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include 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 option schemes and training schemes. During the Financial Year, staff costs (including directors' emoluments) were approximately HK$58 million (Comparative Period: HK$59 million).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor its subsidiaries has purchased or sold any of the Company's shares during the Financial Year.

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 contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange. The Directors are not aware of any non-compliance with the code provisions of the CG Code during the Financial Year.

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 Financial Year.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters, including a review of the financial statements and annual results for the year ended 31st March 2015.

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income and consolidated statement of financial position and the related notes thereto for the year ended 31st March 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 9th June 2015

As at the date of this announcement, the Directors of the Company are Mr. CHAN Pak Chung, Ms. CHAN Yuen Shan, Clara, Ms. MA Siu Tao, Mr. CHUNG Wai Kwok, Jimmy, Mr. HU Wai Kwok* and Mr. HO Kwai Ching, Mark*.*

* *Independent non-executive Directors*