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 15 MONTHS ENDED 31ST MARCH 2014

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the fifteen months period ended 31st March 2014 (the "15-month Period") together with the comparative figures for the year ended 31st December 2012 (the "Previous 12-month Period") as follows:

CONSOLIDATED INCOME STATEMENT

For the fifteen months period ended 31st March 2014

	Note	**Fifteen months ended 31st March 2014**	Year ended 31st December 2012 (Restated) *(Note 3)*
		HK$'000	*HK$'000*
Revenues	*5*	**2,886,467**	2,470,562
Cost of sales		**(2,768,798)**	(2,418,599)
Gross profit		**117,669**	51,963
Other income		**1,009**	951
Distribution and selling expenses		**(24,400)**	(18,548)
Administrative expenses		**(94,928)**	(72,183)
Other gains, net		**293**	8,043
Operating loss	*6*	**(357)**	(29,774)
Finance income		**6,479**	5,045
Finance costs		**(1,811)**	(2,842)
Finance income, net	*7*	**4,668**	2,203
Share of profit/(loss) of a joint venture		**945**	(2,169)

	Note	**Fifteen months ended 31st March 2014** **HK$'000**	Year ended 31st December 2012 (Restated) *(Note 3)* *HK$'000*
Profit/(loss) before income tax		**5,256**	(29,740)
Income tax (expense)/credit	*8*	**(1,388)**	37
Profit/(loss) for the period/year		**3,868**	(29,703)
Profit/(loss) attributable to:			
Equity holders of the Company		**3,868**	(29,703)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period/year			
— basic and diluted (Hong Kong cents)	*9*	**0.47**	(3.58)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the fifteen months period ended 31st March 2014

	Fifteen months ended 31st March 2014	Year ended 31st December 2012 (Restated) *(Note 3)*
	HK$'000	*HK$'000*
Profit/(loss) for the period/year	**3,868**	(29,703)
Other comprehensive income/(loss)		
Items that have been reclassified or may be subsequently reclassified to income statement		
Exchange translation differences	**403**	934
Share of other comprehensive income of a joint venture	**49**	332
Movement of available-for-sale financial assets revaluation reserve	**(4,241)**	16,201
Other comprehensive (loss)/income for the period/year	**(3,789)**	17,467
Total comprehensive income/(loss) for the period/year	**79**	(12,236)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**79**	(12,236)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2014

	Note	As at 31st March 2014 HK$'000	As at 31st December 2012 (Restated) (Note 3) HK$'000	As at 1st January 2012 (Restated) (Note 3) HK$'000
Non-current assets				
Leasehold land	11	**14,567**	15,113	15,549
Property, plant and equipment	12	**35,336**	34,671	45,228
Interest in a joint venture		**19,137**	18,143	—
Deferred income tax assets		**2,856**	2,696	1,950
Available-for-sale financial assets	13	**21,855**	29,758	26,412
Prepayment for property, plant and equipment		**—**	3,089	400
		93,751	103,470	89,539
Current assets				
Inventories		**852,505**	532,746	826,514
Trade and other receivables	14	**198,534**	156,639	199,106
Amount due from related companies		**1,493**	1,313	1,156
Income tax recoverable		**517**	3,930	9,948
Derivative financial instruments		**1,972**	374	1,344
Bank balances and cash		**241,445**	421,816	435,858
Total current assets		**1,296,466**	1,116,818	1,473,926
Total assets		**1,390,217**	1,220,288	1,563,465
Capital and reserves attributable to equity holders of the Company				
Share capital		**82,875**	82,875	82,875
Share premium		**495,293**	495,293	495,293
Other reserves		**543,329**	543,250	555,486
Total equity		**1,121,497**	1,121,418	1,133,654

	Note	As at 31st March 2014	As at 31st December 2012 (Restated) *(Note 3)*	As at 1st January 2012 (Restated) *(Note 3)*
		HK$'000	*HK$'000*	*HK$'000*
Non-current liabilities				
Deferred income tax liabilities		**1,617**	1,727	2,501
Other non-current liabilities		**1,299**	2,657	2,629
		2,916	4,384	5,130
Current liabilities				
Trade and other payables	*15*	**80,732**	91,430	108,556
Amount due to a joint venture		**—**	—	7,325
Borrowings	*16*	**184,995**	2,492	307,243
Income tax payable		**77**	450	1,109
Derivative financial instruments		**—**	114	448
		265,804	94,486	424,681
Total liabilities		**268,720**	98,870	429,811
Total equity and liabilities		**1,390,217**	1,220,288	1,563,465
Net current assets		**1,030,662**	1,022,332	1,049,245
Total assets less current liabilities		**1,124,413**	1,125,802	1,138,784

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 12th June 2014.

Pursuant to a resolution of the Board of Directors dated 24th October 2013, the Company's financial year end date has been changed from 31st December to 31st March for better allocation of the Group's resources. Accordingly, these consolidated financial statements cover a fifteen months period from 1st January 2013 to 31st March 2014 whilst the comparative financial period covers a twelve months period from 1st January 2012 to 31st December 2012.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (which include Hong Kong Accounting Standards ("HKASs")). 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. Certain comparative figures have been reclassified to conform to the current period's presentation.

3 ACCOUNTING POLICIES

(i) The following new standard, which is relevant to the Group, has been adopted by the Group for the first time for the financial period beginning 1 January 2013:

HKFRS 11, "Joint arrangements". Under HKFRS 11 Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture.

Before 1st January 2013, the Group's interest in its joint venture was proportionately consolidated. HKFRS 11 does not permit proportionate consolidation of joint ventures and requires equity accounting. The Group has applied the new policy for interests in joint ventures occurring on or after 1st January 2012 in accordance with the transition provisions of HKFRS 11. The Group recognised its interest in a joint venture at the beginning of the earliest period presented (1st January 2012), as the total of the carrying amounts of the assets and liabilities were previously proportionately consolidated by the Group. This is the deemed cost of the Group's interest in a joint venture for applying equity accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1st January 2012. There is no impact on the net assets of the periods presented.

The effects of the change in accounting policies on the consolidated financial statements are shown in the tables below. The change in accounting policy has had no impact on earnings per share.

Impact on consolidated income statement
For the year ended 31st December 2012

	As previously reported	**Effect of adopting HKRFS 11**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*
Revenues	2,515,730	(45,168)	2,470,562
Cost of sales	2,460,508	(41,909)	2,418,599
Other income	1,242	(291)	951
Distribution and selling expenses	19,452	(904)	18,548
Administrative expenses	74,652	(2,469)	72,183
Other gains, net	7,942	101	8,043
Finance (costs)/income, net	(42)	2,245	2,203
Share of loss of a joint venture	—	2,169	2,169
Income tax credit	37	—	37
Loss attributable to equity holders of the company	29,703	—	29,703

Impact on consolidated statement of financial position

As at 31st December 2012

	As previously reported *HK$'000*	Effect of adopting HKRFS 11 *HK$'000*	As restated *HK$'000*
Leasehold land	15,658	(545)	15,113
Property, plant and equipment	42,476	(7,805)	34,671
Interest in a joint venture	—	18,143	18,143
Deferred income tax assets	2,696	—	2,696
Available-for-sale financial assets	29,758	—	29,758
Prepayment for property, plant and equipment	3,089	—	3,089
Inventories	536,107	(3,361)	532,746
Trade and other receivables	158,810	(2,171)	156,639
Amount due from a joint venturer of a joint venture	180	(180)	—
Amounts due from related parties	—	1,313	1,313
Income tax recoverable	3,930	—	3,930
Derivative financial instruments	374	—	374
Bank balances and cash	440,018	(18,202)	421,816
Deferred income tax liabilities	1,727	—	1,727
Other non-current liabilities	2,657	—	2,657
Trade and other payables	91,661	(231)	91,430
Bank borrowings	15,069	(12,577)	2,492
Income tax payable	450	—	450
Derivative financial instruments	114	—	114
Share capital	82,875	—	82,875
Share premium	495,293	—	495,293
Other reserves	543,250	—	543,250

Impact on consolidated statement of financial position

As at 1st January 2012

	As previously reported	Effect of adopting HKRFS 11	As restated
	HK$'000	*HK$'000*	*HK$'000*
Leasehold land	16,100	(551)	15,549
Property, plant and equipment	53,564	(8,336)	45,228
Deferred income tax assets	1,950	—	1,950
Available-for-sale financial assets	26,412	—	26,412
Prepayment for property, plant and equipment	400	—	400
Inventories	829,098	(2,584)	826,514
Trade and other receivables	202,573	(3,467)	199,106
Amounts due from related parties	—	1,156	1,156
Income tax recoverable	9,948	—	9,948
Derivative financial instruments	1,344	—	1,344
Bank balances and cash	446,579	(10,721)	435,858
Deferred income tax liabilities	2,501	—	2,501
Other non-current liabilities	2,629	—	2,629
Trade and other payables	109,305	(749)	108,556
Amount due to a joint venturer of a joint venture	128	(128)	—
Amount due to a joint venture	—	7,325	7,325
Bank borrowings	338,194	(30,951)	307,243
Income tax payable	1,109	—	1,109
Derivative financial instruments	448	—	448
Share capital	82,875	—	82,875
Share premium	495,293	—	495,293
Other reserves	555,486	—	555,486

Impact on consolidated statement of comprehensive income

Increase/(decrease)	Year ended 31st December 2012 *HK$'000*
Exchange translation differences	(332)
Share of other comprehensive income of a joint venture	332

Impact on consolidated statement of cash flows

Increase/(decrease)	Year ended 31st December 2012 *HK$'000*
Cash flows from operating activities	2,036
Cash flows from investing activities	(27,156)
Cash flows from financing activities	18,374
Net decrease in cash and cash equivalents	(6,746)

(ii) The following new standards, amendments and interpretation to standards are also mandatory for the Group's financial period beginning 1 January 2013. The adoption of these new standards, amendments and interpretation to standards has not had any significant impact to the results and financial position of the Group, except that certain disclosures have been extended.

HKFRS 1 Amendment	Government Loans
HKFRS 1 Amendment	Annual Improvement to 2013 — first time adoption
HKFRS 7 Amendment	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendment to HKFRS 13	Annual improvements to 2012 — Fair Value Measurements
HKAS 1 Amendment	Presentation of Financial Statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
HKFRSs Amendment	Annual Improvements 2009–2011 Cycle

(iii) The following new standards, amendments and interpretation to standards have been issued but are not effective for the financial period beginning 1 January 2013 and have not been early adopted by the Group:

HKFRS 9	Financial Instruments[3]
Additions to HKFRS 9	Financial instruments — Financial liabilities[3]
HKFRS 14	Regulatory Deferral Accounts[4]
HKAS 19 Amendment	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRSs 10, 12 and HKAS 27 (2011)	Investment Entities[1]
HK(IFRIC)-Int 21	Levies[1]
HKFRSs Amendments	Annual Improvements 2010–2012 Cycle[2]
HKFRSs Amendments	Annual Improvements 2011–2013 Cycle[2]

[1] effective for annual periods beginning on or after 1st January 2014

[2] effective for annual periods beginning on or after 1st July 2014

[3] mandatory effective date has not yet been fixed

[4] effective for annual periods beginning on or after 1st January 2016

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 any substantial changes to the Group's significant accounting policies and/or the presentation of its financial statements will result.

4 ESTIMATES

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 consistent with prior years.

5 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 period are as follows:

	Fifteen months ended 31st March 2014	Year ended 31st December 2012 (Restated)
	HK$'000	*HK$'000*
Revenues		
Sales of goods	**2,886,467**	2,470,562

(a) Segment information

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) 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**

The segment information for the reporting segments as at and for the year ended 31st December 2012 (as restated) is as follows:

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
Segment revenues	1,989,009	481,553	2,470,562
Segment results	(39,047)	279	(38,768)
Other segment expenditure items included in the segment results as follows:			
Cost of inventories recognised as expense	1,956,070	467,074	2,423,144
Depreciation of property, plant and equipment	11,477	244	11,721
Amortisation of leasehold land	436	—	436
(Reversal of)/provision for impairment of inventories	(5,387)	842	(4,545)
Reversal of impairment of trade receivables	(20)	—	(20)
Segment assets	1,036,664	183,624	1,220,288
Segment liabilities	69,757	29,113	98,870

(b) Reconciliation of segment results

	Fifteen months ended 31st March 2014 ***HK$'000***	Year ended 31st December 2012 (Restated) *HK$'000*
Segment results		
Total segment results	**(1,659)**	(38,768)
Other income	**1,009**	951
Other gains, net	**293**	8,043
Finance income, net	**4,668**	2,203
Share of profit/(loss) of a joint venture	**945**	(2,169)
Profit/(loss) before income tax per consolidated income statement	**5,256**	(29,740)

6 OPERATING LOSS

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

	Fifteen months ended 31st March 2014	Year ended 31st December 2012 (Restated)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**12,467**	11,721
Amortisation of leasehold land	**546**	436
Cost of inventories recognised as expense	**2,769,609**	2,423,144
Staff costs, including directors' remuneration	**58,835**	42,029
Reversal of provision for impairment of inventories	**(811)**	(4,545)
Provision for/(reversal of) impairment of trade receivables	**879**	(20)
Gain on disposal of property, plant and equipment	**187**	—
Unrealised gain on metal future trading contracts	**1,972**	260
Realised gain on metal future trading contracts	**695**	1,549
Net exchange gain	**1,101**	2,302
Reversal of impairment of other receivables	**—**	16,788
Impairment of available-for-sale financial assets	**3,662**	12,856
Additional charge payable for factory premises *(note)*	**3,419**	—

Note:

During the period, the Group was required to pay an additional charge to the Science & Technology Parks Corporation ("Science Parks") in respect of its Tai Po factory premises as a result of a delay in completing certain required capital investments. The Group expects the required investment to be completed before March 2015 (also see Note 17(b)).

7 FINANCE INCOME, NET

	Fifteen months ended 31st March 2014	Year ended 31st December 2012 (Restated)
	HK$'000	*HK$'000*
Interest income	**6,479**	5,045
Interest expense on short-term bank borrowings	**(1,811)**	(2,842)
Finance income, net	**4,668**	2,203

8 INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period/year. Income tax on profits arising from operations in the Mainland China has been calculated on the estimated assessable profit for the period/year at the rates of income tax prevailing in the places in which the Group's entities operate.

	Fifteen months ended 31st March 2014	Year ended 31st December 2012 (Restated)
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**1,033**	1,156
— Mainland China corporate income tax	**398**	222
Deferred income tax	**(270)**	(1,520)
Under-provision in prior years	**227**	105
Income tax expense/(credit)	**1,388**	(37)

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/year.

	Fifteen months ended 31st March 2014	Year ended 31st December 2012
Profit/(loss) attributable to equity holders of the Company *(HK$'000)*	**3,868**	(29,703)
Number of ordinary shares in issue *('000)*	**828,750**	828,750
Basic earnings/(loss) per share (Hong Kong cents per share)	**0.47**	(3.58)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had one category of potential ordinary share which was the share options granted to the directors of the Company and the employees of the Group under the Pre-IPO Share Option Scheme. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the

Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted loss per share for the year ended 31st December 2012 was the same as the basis loss per share as the exercise of the outstanding share options would be anti-dilutive. All share options lapsed by 31st December 2012.

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

10 DIVIDENDS

A final dividend of HK1 cent per share for the period ended 31st March 2014 was proposed by the board of directors on 12th June 2014 and to be approved by the shareholders in the forthcoming annual general meeting. This proposed final dividend, amounting to HK$8,288,000 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 2015.

The directors did not recommend the payment of a final dividend in respect of the year ended 31st December 2012 at the board meeting on 15th March 2013.

11 LEASEHOLD LAND

Fifteen months ended 31st March 2014	***HK$'000***
Opening net book amount as at 1st January 2013 (Restated)	15,113
Amortisation	(546)
Closing net book amount as at 31st March 2014	14,567

Year ended 31st December 2012 (Restated)	*HK$'000*
Opening net book amount as at 1st January 2012 (Restated)	15,549
Amortisation	(436)
Closing net book amount as at 31st December 2012 (Restated)	15,113

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

12 PROPERTY, PLANT AND EQUIPMENT

Fifteen months ended 31st March 2014	***HK$'000***
Opening net book amount as at 1st January 2013 (Restated)	34,671
Exchange difference	4
Additions	13,128
Disposals	—
Depreciation	(12,467)
Closing net book amount as at 31st March 2014	35,336

Year ended 31st December 2012 (Restated)	*HK$'000*
Opening net book amount as at 1st January 2012 (Restated)	45,228
Exchange difference	2
Additions	1,162
Depreciation	(11,721)
Closing net book amount as at 31st December 2012 (Restated)	34,671

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31st March 2014	As at 31st December 2012
	HK$'000	*HK$'000*
Available-for-sale financial assets		
— equity securities, at fair value listed in Hong Kong	**21,855**	22,712
— unlisted limited partnership, at fair value	**—**	7,046
	21,855	29,758

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.

14 TRADE AND OTHER RECEIVABLES

	As at 31st March 2014	As at 31st December 2012 (Restated)
	HK$'000	*HK$'000*
Trade receivables, net of provision *(note)*	**136,333**	119,408
Prepayments to suppliers	**34,799**	8,675
Deposits	**1,158**	1,324
Other receivables	**26,244**	27,232
	198,534	156,639

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

Note:

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 31st March 2014	As at 31st December 2012 (Restated)
	HK$'000	*HK$'000*
0 to 30 day	**115,187**	84,231
31 to 60 days	**13,389**	22,576
61 to 90 days	**2,888**	4,868
Over 90 days	**4,869**	7,733
	136,333	119,408

15 TRADE AND OTHER PAYABLES

	As at 31st March 2014	As at 31st December 2012 (Restated)
	HK$'000	*HK$'000*
Trade payables		
— to third parties	**45,172**	67,233
— to a related company	**13,875**	5,551
Prepayments from customers	**10,394**	12,002
Accrued expenses	**11,291**	6,644
	80,732	91,430

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

	As at 31st March 2014	As at 31st December 2012 (Restated)
	HK$'000	*HK$'000*
0 to 30 days	**54,415**	29,094
31 to 60 days	**83**	43,248
Over 60 days	**4,549**	442
	59,047	72,784

16 BANK BORROWINGS

	As at 31st March 2014	As at 31st December 2012 (Restated)
	HK$'000	*HK$'000*
Short-term bank loans	**184,995**	2,492

All of the Group's borrowings were repayable within one year. The carrying amounts of the short-term borrowings approximate their fair values as the impact of discounting is not significant.

The carrying amounts of the bank borrowings are denominated in the following currencies:

	As at 31st March 2014	As at 31st December 2012 (Restated)
	HK$'000	*HK$'000*
HK dollars	**—**	2,492
US dollars	**184,995**	—
	184,995	2,492

17 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 31st March 2014	As at 31st December 2012
	HK$'000	*HK$'000*
Within one year	**1,091**	1,034
In the second to fifth years inclusive	**600**	—
	1,691	1,034

(b) Capital commitments

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

	As at 31st March 2014	As at 31st December 2012
	HK$'000	*HK$'000*
Authorised but not contracted for *(note)*	**11,364**	—
Contracted but not provided for *(note)*	**636**	3,361

Note:

In accordance with the agreement entered into between the Group and the Science Parks, as of 31st March 2014, the Group is committed to invest approximately HK$12 million machinery and equipment before the end of March 2015. Failure to do so might result in further charges being levied by the Science Parks according to the time period delayed (also see Note 6).

MESSAGE FROM THE CEO

2013 and 2014 have been significant years for LEE KEE, in which we laid a solid foundation for expanding and powering the growth of our business and our leadership in the creation of value solutions for metals. This involved a substantial expansion of LEE KEE's range of tailored metals products and value-adding solutions in order to better meet the needs of our customers and expand our sources of revenue to include all levels of the manufacturing process.

LEE KEE is a market leader in the provision of quality metal products and value-adding solutions, with around 1,100 customers across the manufacturing industry relying on LEE KEE's tailored metal products, metals solutions and expertise for improving their supply chains, production processes and overcoming technical challenges. We specialise in a range of metal and metal alloys, including zinc and nickel (which together are responsible for around 85% of LEE KEE's revenue), as well as aluminium and stainless steel.

Our current and future performance will benefit considerably from the recent resurgence of the global zinc and nickel markets.

Zinc consumption is rising in all major economies, a move that is in line with improving confidence amongst manufacturers, as well as rising demand from the growing middle class in the Greater China and other emerging markets for more high-quality products — for which zinc is a key input. Meanwhile, the scheduled closure of major zinc mines in Canada, Australia and other countries will pressure the supply end of the market and may result in a deficit by the end of 2014, according to the International Lead and Zinc Study Group (ILZSG).

The global supply of nickel could also experience sizable deficits in the coming years as a result of Indonesia's ban on nickel ore exports and a possible widening of trading sanctions against Russia. Both countries are among the top three global producers of nickel.

We are taking steps to ensure that we derive benefit from these positive price trends, while also strengthening our ability to reduce downside risk during times when metal prices are weaker.

This year, LEE KEE became the first Hong Kong company to be accepted as a Category 5 Associate Trade Member of the LME, placing us side-by-side with metal industry giants. This acceptance has greatly enhanced the value that our solutions provide to customers, while growing the reputation of the LEE KEE brand and supporting our expansion into new markets.

While on the subject of expanding value, we have also put in place a team of experienced advisors that will help LEE KEE identify and take advantage of new growth opportunities, particularly in areas such as sourcing strategies, alloying expertise and technical knowledge.

We are also investing in the latest equipment and technology to improve and expand LEE KEE's range of consultancy and metal testing services, allowing us to better serve and access new high-potential business sectors. Two such sectors are auto and green manufacturing — markets where we are already successfully expanding LEE KEE's presence after gaining ISO14001:2004 quality accreditation for our environmental management system and ISO/TS 16949:2009 quality accreditation for the automotive industry.

LEE KEE's future growth prospects are bright and we will continue to work hard to translate the above opportunities into sustainable returns. We hope that you will continue to support us on this journey.

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

OVERALL BUSINESS PERFORMANCE

Financial performance

LEE KEE's financial performance improved significantly during the fifteen months ended 31st March 2014 ("the 15-month Period" or "the 15-months under review") as strengthening global economic fundamentals fuelled demand for LEE KEE's growing suite of metal products, value-added services and solutions, as well as the Group's ability to profit from fluctuating metal prices, helped it return to profit.

Global prices for zinc (LEE KEE's main product) and nickel were volatile during the 15-month Period with the LME 3-month price of zinc and nickel — falling approximately 7% and 10% respectively overall. This volatility was characterized by a price hike during January and February 2013, followed by a steep drop in prices ending around May 2013, before commencing a progressive upward price trend for the reminder of the Period.

Revenue for the 15-month Period reached HK$2,887 million, up from HK$2,471 million for the twelve months ended 31st December 2012 ("the Previous 12-month Period"). Tonnage sold by the Group in the 15-month Period was 153,830 tonnes, up from 128,382 tonnes for the Previous 12-month Period, with the 15-month Period covering two Chinese New Year festivals — a traditionally slow period for the Group.

Gross profit for the 15-month Period was HK$118 million, up from HK$51.9 million for the Previous 12-month Period. Gross profit margin for the 15-months under review was 4.07%, compared to 2.10% for the Previous 12-month Period. The Group recorded a profit attributable to equity holders of the Company of HK$3.87 million during the 15-months under review, compared to a loss of HK$29.7 million for the Previous 12-month Period. The growth in gross profit and profit attributable to equity holders of the Company was mainly due to a recovery in the U.S and European markets, more reliable value-added services and the Group's ability to profit from fluctuating metal prices.

Selling and distribution expenses rose as a result of a higher tonnage sold overall, as well as a result of a higher proportion of tonnage sold in China where selling and distribution expenses are higher than in Hong Kong.

LEE KEE's administrative expenses for the 15-months under review were HK$94.9 million compared to HK$72.2 million for the Previous 12-month Period. This increase was attributable to the longer period of time under review.

The Group also recorded other gains of HK$0.29 million during the 15-month Period, compared to a net gain of HK$8.0 million in the Previous 12-month Period that included a HK$16.7 million reversal of impairment on financial assets and a HK$12.9 million impairment charge related to its investment in a company listed on The Stock Exchange of Hong Kong Limited.

The Group's net financing income rose to HK$4.67 million during the 15-months under review, compared to HK$2.2 million during the Previous 12-month Period.

The Group continues to maintain a healthy balance sheet, with HK$241 million cash on hand as of 31st March 2014.

Business Review

A leading solutions provider for metals

LEE KEE is a leading solutions provider for the metals industry which specializes 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's primary focus during the 15-months under review has been "powering growth', which saw the Group initiate a number of high-potential investments in manpower and new services to improve its dominant market position in Hong Kong and China, and better position itself in ASEAN, to capture growing manufacturing volumes in the region.

During the 15-month Period, the Group was the trusted partner of around 1,100 customers from more than 20 industries based across the Greater China region and ASEAN.

Greater China and ASEAN were particularly important source of growth for the Group. This growth was bought about by an ongoing expansion of capacity and continued investment in LEE KEE's sales and distribution centres in the industrial powerhouses of Hong Kong, Shenzhen, Guangzhou, Wuxi and Chengdu.

LME membership places LEE KEE among world's leading metal players

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").

LEE KEE's status as a contemporary business partner of the world's leading metal companies has provided a number of advantages — both practical and reputational — such as an improved ability to leverage up-to-the-minute information on the global metals market. This has greatly enhanced the value of the solutions provided by LEE KEE to its customers, while also expanding the reach of its global metal trading platform. The added prestige of being a member of the world's premier metals trading platform also lifted LEE KEE's already strong recognition and reputation in the market and will boost the Group's future revenue growth and expansion into new markets.

Positioning for future growth by expanding range of innovative solutions

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 to production process enhancement. 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.

- *Tailored products and advanced technical capabilities meeting high-end customer needs*

  LEE KEE's ability to provide high-quality metal products and speciality alloys, tailored to meet the highly-specific needs of its customers, continued to power its ongoing expansion into new markets and market segments during the 15-months under review.

  The Group has placed a top priority on further developing the capabilities of its technical team and expanding LEE KEE's range of technical services by investing in new technology. This included the introduction of "3D Flow' simulation technology which helps customers identify and resolve problems related to mould design and production, helping them minimise production costs and increase production efficiency.

- *Expanding metal testing capability*

  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 also distinguishes LEE KEE from other solutions providers and strengthen the relationship with customers.

  During the 15-months under review, LEE KEE continued to invest in new technology and machinery to further expand Promet's scope of testing services. Promet recently gained HOKLAS accreditation for its carbon steel lab testing services, enabling it to meet strong demand from the Hong Kong construction industry looking to uphold their compliance with Hong Kong's new Construction Standard Regulations for steel used in reinforced concrete (CS2:2012). It is one of many examples of how Promet is helping LEE KEE move up the value chain through the provision of value-adding services and stay ahead of the competition.

- *Growing contribution from upstream and downstream businesses*

  The 15-months under review saw a rapid improvement in the productivity and revenue contribution of LEE KEE's upstream and downstream businesses, as more and more customers took advantage of the value-adding solutions offered by both businesses.

  Lee Yip Metal Products Company Limited ("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).

As part of the Group's focus on "powering growth", Lee Yip invested in new machinery and logistics capabilities to accommodate its customers' business models and changing market trends. These investments have started to pay off, with Lee Yip entering into a number of business relationships with several construction and furnishing businesses. This resulted in a notable uptick in its performance, with Lee Yip selling approximately 5,700 tonnes of stainless steel during the 15-months under review and contributing revenue of approximately HK$106 million (Previous 12-month Period: 3,740 tonnes sold and HK$76 million in contributed revenue).

Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), is the Group's 50%-owned zinc alloy production joint venture with Nyrstar, based in Ningbo, China. It was the first foreign invested zinc alloy producer in China and has quickly gained a reputation as one of the most reliable and high-quality zinc alloy producers in the non-ferrous metals industry.

The recent upturn in the global zinc market, as well as growing demand from China's emerging middle class for quality products, supported Genesis Ningbo's rapid growth in the 15-months under review, with the company producing approximately 16,200 tonnes of zinc alloy (Previous 12-month Period: 11,140 tonnes produced). Revenue of Genesis Ningbo for the 15-month Period was HK$289 million (Previous 12-month Period: HK$193 million).

New environmental and auto quality accreditations supporting sustainable growth

LEE KEE was recently granted ISO14001:2004 accreditation for its environmental management system — recognition of the Group's commitment and ability to address the delicate balance between maintaining profitability and reducing environmental impact. It also recently gained ISO/TS 16949:2009 accreditation, a prestigious automotive industry benchmark, for its ability to meet quality standards as a reputable supplier throughout the supply chain.

These new environmental and automotive quality accreditations opened up LEE KEE's products to a wider pool of customers and have powered the Group's sustainable growth.

Appointment of expert advisors to identify strategic growth opportunities

LEE KEE has appointed a team of experienced advisors to contribute to the continuation of the Group's growth strategy. The advisors bring their experience and specialisation in the areas of sourcing strategies, smelting and alloying and investment. The advisors will assist LEE KEE to identify and take advantage of new markets, high-potential business streams and other emerging growth opportunities that will power its business into the future.

Prospects

LME membership offering more opportunities for growth

LEE KEE will continue to take advantage of its unique status as the first Category 5 Associate Trade Member of the LME in Hong Kong to boost its marketing in these markets, as well as in ASEAN, and further expand the value provided by its solutions. LEE KEE will also take advantage of the global reach of the LME platform to explore new opportunities and avenues for growth.

Improving economic conditions to support dominant market position

LEE KEE's strong balance sheet and dominant market share means that the Group is well positioned to benefit from the rising middle class in the Greater China and ASEAN, which is expected to drive demand for quality metals and premium products, for which LEE KEE's metals are a key component.

Demand for LEE KEE products and services will also be supported by the steadily improving U.S. and European economies, as well as recent economic stimulus measures introduced by the PRC government to support activity in the country's key export and manufacturing industries.

The Group cautiously expects zinc and nickel prices in the coming periods to be supported by limited global supply caused by recent and upcoming mine closures in Canada and Australia, restrictive mineral export policies imposed in markets such as Indonesia and a possible widening of trade sanctions against Russia.

Creation of more value-adding solutions

LEE KEE will continue to invest in expanding its technical and metal testing services in order to provide additional value to a broader base of customers by meeting their specific and evolving needs. This continued investment will ensure that LEE KEE moves further up the value chain and remains a partner of choice for metal companies and manufacturers.

LEE KEE will also continue to invest in its upstream and downstream businesses — Lee Yip and Genesis Ningbo — to further grow their scale and profitability and ensure a reliable supply of high-quality stainless steel and zinc alloy products.

Invest in knowledge management system to better serve customers

LEE KEE will soon introduce a knowledge management system in order to capture, develop and share the Group's collective knowledge and experience. The system will help LEE KEE retain and make best use of the expertise and know-how of its people, enhance its already strong industry network, while reducing the turnaround time required to develop tailored products and solutions. Once in place, the Group expects the knowledge management system will greatly increase operational efficiency and improve LEE KEE's ability to serve a greater number of customers.

Leverage quality accreditations to expand product range and attract more customers

LEE KEE will leverage on its recently granted ISO14001:2004 and ISO/TS16949:2009 quality accreditations to expand its range of tailored metal products and services and grow its market share in the automotive and green industries. LEE KEE will also evaluate the feasibility of gaining quality accreditations in other industries in order to open up new opportunities.

Work with expert advisors to capture more opportunities

LEE KEE will liaise closely with its advisors to take advantage of new sources of growth and emerging business opportunities, particularly in areas such as raw material sourcing and the creation of tailored metal alloys, in order to meet new industrial applications.

Prudent financial management and evaluation of investment opportunities

LEE KEE will continue to take steps to streamline its operations and contain costs to enhance its profitability in the coming years and maximise the Group's long-term returns to shareholders.

The management will also prudently explore high-potential investment opportunities, including selected acquisitions, during the coming periods in order to strengthen LEE KEE's market share, improve its product range and open up additional growth opportunities.

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 15-month Period (Previous 12-month Period: Nil) amounting to HK$8,287,500 (Previous 12-month Period: Nil) out of the Company's distributable reserve to the shareholders whose names appear on the Register of Members of the Company on 22nd August 2014. Subject to the approval at the forthcoming Annual General Meeting of the Company, the dividend is expected to be paid on or around 5th September 2014.

ANNUAL GENERAL MEETING

It was proposed that the Annual General Meeting of the Company (the "AGM") will be held on 15th August 2014. 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 Tuesday, 12th August 2014 to Friday, 15th August 2014, 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 Monday, 11th August 2014.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company be closed from Thursday, 21st August 2014 to Friday, 22nd August 2014, 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, 20th August 2014.

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 31st March 2014, the Group had unrestricted cash and bank balances of approximately HK$241 million (31st December 2012: HK$422 million) and bank borrowings of approximately HK$185 million (31st December 2012: HK$2.49 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 2014 was 16.5% (31st December 2012: 0.22%). The Group has a current ratio of 488% as at 31st March 2014 (31st December 2012: 1,182%).

The Company had issued guarantees to the extent of approximately HK$1,216 million to banks to secure general banking facilities of approximately HK$695 million to certain subsidiaries, of which approximately HK$217 million had been utilised as of 31st March 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 fluctuation between Hong Kong dollars and Renminbi.

EMPLOYEES

As at 31st March 2014, the Group had approximately 150 employees (Comparative Period: 160 employees) and the Group's 50%-owned joint venture, Genesis Ningbo, had approximately 40 employees (Previous 12-month Period: 40 employees). 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 options granted or to be granted under the share option schemes and training schemes. During the 15-month Period, staff costs (including directors' emoluments) were approximately HK$59 million (Previous 12-month Period: HK$42 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 15-month Period.

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 (the "CG 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 15-month 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 15-month Period.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS AND SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial statements have been reviewed by the Company's Audit Committee. The figures in respect of this preliminary announcement of the Group's results for the fifteen months period ended 31st March 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the 15-month Period. 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, 12th June 2014

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. LEUNG Kwok Keung* and Mr. HU Wai Kwok*.*

* *Independent non-executive Directors*