



# 利記控股有限公司 LEE KEE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號 : 637

## Interim Report 2015 中期報告



**CREATING  
VALUE**

# CORPORATE INFORMATION

## Directors

### Executive Directors

CHAN Pak Chung

*(Chairman of the Board)*

CHAN Yuen Shan, Clara

*(Vice Chairman of the Board & CEO)*

MA Siu Tao

### Independent non-executive Directors

CHUNG Wai Kwok, Jimmy

HU Wai Kwok

Ho Kwai Ching, Mark

### Company Secretary

CHEUK Wa Pang

*(CPA (HKICPA), FCCA, ACA)*

### Audit Committee

CHUNG Wai Kwok, Jimmy

*(Chairman of the Audit Committee)*

HU Wai Kwok

Ho Kwai Ching, Mark

### Remuneration Committee

Ho Kwai Ching, Mark *(Chairman of the Remuneration Committee)*

CHAN Pak Chung

CHUNG Wai Kwok, Jimmy

### Nomination Committee

CHAN Pak Chung *(Chairman of the Nomination Committee)*

CHUNG Wai Kwok, Jimmy

HU Wai Kwok

## Authorised Representatives

CHAN Yuen Shan, Clara

CHEUK Wa Pang

## Registered Office

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

## Head Office and Principal Place of Business in Hong Kong

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

## Principal Share Registrar and Transfer Office

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

## Hong Kong Branch Share Registrar and Transfer Office

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

## Legal Advisers to the Company

*As to Hong Kong Law:*

Kwok Yih & Chan

Suites 2013-05, 21st Floor

9 Queen's Road Central

Hong Kong

*As to Cayman Islands Law:*

Maples and Calder Asia

1504 One International Finance Centre

1 Harbour View Street

Central

Hong Kong

## Auditor

PricewaterhouseCoopers

*Certified Public Accountants*

22nd Floor, Prince's Building

Central

Hong Kong

## Principal Bankers

The Hongkong and Shanghai Banking  
Corporation Limited

Hang Seng Bank Limited

Standard Chartered Bank (Hong Kong)  
Limited

Bank of China (Hong Kong) Limited

## Website of the Company

[www.leekeegroup.com](http://www.leekeegroup.com)

## Stock Code

637

# INTERIM RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the six months ended 30th September 2015 (the "Interim Period" or "6-month Period") together with the comparative figures for the six months ended 30th September 2014 (the "Comparative Period") as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2015

	Note	Six months ended 30th September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Revenues</b>	5	<b>1,272,548</b>	1,273,378
Cost of sales		<b>(1,304,885)</b>	(1,182,715)
<b>Gross (loss)/profit</b>		<b>(32,337)</b>	90,663
Other income		<b>1,356</b>	587
Distribution and selling expenses		<b>(13,087)</b>	(9,928)
Administrative expenses		<b>(39,967)</b>	(36,895)
Other (losses)/gains, net		<b>(5,462)</b>	4,055
<b>Operating (loss)/profit</b>	6	<b>(89,497)</b>	48,482
Finance income		<b>225</b>	2,176
Finance costs		<b>(3,200)</b>	(2,603)
Finance costs, net	7	<b>(2,975)</b>	(427)
Share of profit of a joint venture		<b>—</b>	875
<b>(Loss)/profit before income tax</b>		<b>(92,472)</b>	48,930
Income tax expense	8	<b>(1,668)</b>	(7,888)
<b>(Loss)/profit for the period</b>		<b>(94,140)</b>	41,042
<b>(Loss)/profit attributable to:</b>			
Equity holders of the Company		<b>(94,140)</b>	41,042
<b>(Loss)/earnings per share attributable to equity holders of the Company during the period</b>			
— basic (Hong Kong cents)	9	<b>(11.36)</b>	4.95
— diluted (Hong Kong cents)	9	<b>(11.36)</b>	4.95

The notes on pages 9 to 26 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2015

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>(Loss)/profit for the period</b>	<b>(94,140)</b>	41,042
<b>Other comprehensive (loss)/income for the period:</b> <i>Items that have been reclassified or may be subsequently reclassified to income statement</i>		
Exchange translation differences	(3,985)	1,059
Share of other comprehensive income of a joint venture	—	235
Movement of available-for-sale financial assets revaluation reserve	(1,432)	18,569
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(5,417)</b>	19,863
<b>Total comprehensive (loss)/income for the period</b>	<b>(99,557)</b>	60,905
<b>Total comprehensive (loss)/income attributable to equity holders of the Company</b>	<b>(99,557)</b>	60,905

The notes on pages 9 to 26 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2015

	Note	As at 30th September 2015 HK\$'000 (Unaudited)	As at 31st March 2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Leasehold land	11	20,018	20,330
Property, plant and equipment	12	50,585	52,283
Investment properties	13	50,419	—
Deferred income tax assets		2,552	2,770
Available-for-sale financial assets	14	26,477	31,951
Prepayments for investment properties		—	13,029
Prepayments for property, plant and equipment		111	1,172
		<b>150,162</b>	121,535
<b>Current assets</b>			
Inventories		834,202	1,144,633
Trade and other receivables	15	190,361	195,473
Income tax recoverable		828	867
Derivative financial instruments		2,923	2,296
Bank balances and cash		150,006	131,058
		<b>1,178,320</b>	1,474,327
<b>Total assets</b>		<b>1,328,482</b>	1,595,862
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	16	82,875	82,875
Share premium	16	470,429	478,717
Other reserves		480,987	580,544
<b>Total equity</b>		<b>1,034,291</b>	1,142,136

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30th September 2015

	Note	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	As at 31st March 2015 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Deferred income tax liabilities		2,287	2,106
Other non-current liabilities		2,842	1,679
		<b>5,129</b>	3,785
<b>Current liabilities</b>			
Trade and other payables	17	25,969	38,222
Bank borrowings	18	257,614	405,187
Income tax payable		923	496
Derivative financial instruments		4,556	6,036
		<b>289,062</b>	449,941
<b>Total liabilities</b>		<b>294,191</b>	453,726
<b>Total equity and liabilities</b>		<b>1,328,482</b>	1,595,862
<b>Net current assets</b>		<b>889,258</b>	1,024,386
<b>Total assets less current liabilities</b>		<b>1,039,420</b>	1,145,921

The notes on pages 9 to 26 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2015

	Attributable to the equity holders of the Company			
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Other reserves HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
Balance as at 1st April 2015	82,875	478,717	580,544	1,142,136
Total comprehensive loss for the period ended 30th September 2015	—	—	(99,557)	(99,557)
Total transaction with owners, recognised directly in equity: Dividends relating to March 2015 paid in September 2015	—	(8,288)	—	(8,288)
At 30th September 2015	82,875	470,429	480,987	1,034,291
Balance as at 1st April 2014	82,875	495,293	543,329	1,121,497
Total comprehensive income for the period ended 30th September 2014	—	—	60,905	60,905
Total transaction with owners, recognised directly in equity: Dividends relating to March 2014 paid in September 2014	—	(8,288)	—	(8,288)
At 30th September 2014	82,875	487,005	604,234	1,174,114

The notes on pages 9 to 26 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th September 2015

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Net cash generated from/(used in) operations	209,762	(66,587)
Interest paid on other bank borrowings	(3,031)	(2,398)
Mainland China corporate income tax paid	(805)	(2,072)
Net cash generated from/(used in) operating activities	205,926	(71,057)
<b>Cash flows from investing activities</b>		
Interest received	226	2,176
Prepayments for property, plant and equipment	—	(5,191)
Proceeds from disposal of property, plant and equipment	104	220
Proceeds from disposal of available-for-sale financial assets	10,435	—
Acquisition of property, plant and equipment	(2,126)	(3,012)
Acquisition of investment properties	(37,390)	—
Net cash used in investing activities	(28,751)	(5,807)
<b>Cash flows from financing activities</b>		
Dividends paid	(8,288)	(8,288)
Addition of bank borrowings	657,253	647,791
Repayment of bank borrowings	(804,826)	(475,330)
Interest paid on mortgage loan	(169)	—
Net cash (used in)/generated from financing activities	(156,030)	164,173
<b>Net increase in cash and cash equivalents</b>	21,145	87,309
Cash and cash equivalents at beginning of the period	131,058	241,445
Exchange (loss)/gain on cash and cash equivalents	(2,197)	2,724
<b>Cash and cash equivalents at end of the period</b>	150,006	331,478



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30th September 2015

	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	As at 30th September 2014 HK\$'000 (Unaudited)
<b>Cash and cash equivalents comprise:</b>		
Bank balances and cash	<b>148,931</b>	331,478
Cash held on behalf of customers	<b>1,075</b>	—
	<b>150,006</b>	331,478

The notes on pages 9 to 26 are an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 (together, the "Group") are trading of zinc, zinc alloy, nickel, nickel-related products, aluminum, aluminum alloy, stainless steel and other electroplating chemical products in Hong Kong and Mainland China.

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

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 26th November 2015.

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

## 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September 2015 has been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

### 2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its cash generated from its operations and bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current resources and facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 2. Basis of preparation (Continued)

### 2.2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2015, as described in those annual financial statements. The accounting policy for investment property which is relevant to this condensed consolidated interim financial information is as follows:

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss in "Other (losses)/gains, net".

Amendments to HKFRSs effective for the financial year ending 31st March 2016 do not have a material impact on the Group.

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

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

## 3. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2015.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 4. Financial risk management and financial instruments

### 4.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2015.

There have been no changes in the risk management policies since 31st March 2015.

### 4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for the additional mortgage loan of HK\$18,206,000 as at 30th September 2015. Of this mortgage loan, the Group expects contractual undiscounted cash out flows of approximately HK\$1,440,000 will be settled within 1 year, HK\$1,440,000 between 1 to 2 years, HK\$4,319,000 between 3 to 5 years and HK\$13,796,000 after 5 years. Since this mortgage loan agreement contained a repayment on demand clause which could be exercised at the bank's sole discretion, the balance of HK\$18,206,000 had been classified as current liabilities as at 30th September 2015 (31st March 2015: Nil).

### 4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 13 for disclosure of investment properties that are measured at fair value.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 4. Financial risk management and financial instruments (Continued)

### 4.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30th September 2015:

	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Assets</b>				
Derivative financial instruments	—	2,923	—	2,923
Available-for-sale financial assets				
— listed securities	26,477	—	—	26,477
— unlisted investment	—	—	—	—
	26,477	2,923	—	29,400
<b>Liabilities</b>				
Derivative financial instruments	—	4,556	—	4,556

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st March 2015:

	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
<b>Assets</b>				
Derivative financial instruments	—	2,296	—	2,296
Available-for-sale financial assets				
— listed securities	31,951	—	—	31,951
— unlisted investment	—	—	—	—
	31,951	2,296	—	34,247
<b>Liabilities</b>				
Derivative financial instruments	—	6,036	—	6,036

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 4. Financial risk management and financial instruments (Continued)

### 4.3 Fair value estimation (Continued)

The fair value of financial instruments trade in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Bank balances and cash
- Trade and other payables
- Bank borrowings

## 5. Revenues and segment reporting

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

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenues		
Sales of goods	1,272,548	1,273,378

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 5. Revenues and segment reporting (Continued)

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

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

### (a) Segment information

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

	Six months ended 30th September 2015		Six months ended 30th September 2014	
	Revenues HK\$'000 (Unaudited)	Segment results HK\$'000 (Unaudited)	Revenues HK\$'000 (Unaudited)	Segment results HK\$'000 (Unaudited)
Hong Kong and Taiwan	896,607	(91,422)	973,602	34,571
Mainland China	375,941	6,031	299,776	9,269
	<b>1,272,548</b>	<b>(85,391)</b>	1,273,378	43,840

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 5. Revenues and segment reporting (Continued)

### (a) Segment information (Continued)

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

	As at 30th September 2015		
	Hong Kong and Taiwan HK\$'000 (Unaudited)	Mainland China HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	1,088,279	240,203	1,328,482
Segment liabilities	195,391	98,800	294,191

	As at 31st March 2015		
	Hong Kong and Taiwan HK\$'000 (Audited)	Mainland China HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	1,372,740	223,122	1,595,862
Segment liabilities	308,639	145,087	453,726



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 5. Revenues and segment reporting (Continued)

### (b) Reconciliation of segment results

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Total segment results	(85,391)	43,840
Other income	1,356	587
Other (losses)/gains, net	(5,462)	4,055
Finance costs, net	(2,975)	(427)
Share of profit of a joint venture	—	875
(Loss)/profit before income tax	(92,472)	48,930

## 6. Operating (loss)/profit

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

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	4,539	3,483
Amortisation of leasehold land	285	219
Cost of inventories sold	1,254,094	1,170,054
Gain on disposal of available-for-sale financial assets	(6,393)	—
Gain on disposal of property, plant and equipment	(100)	(220)
Realised loss/(gain) on metal future trading contracts	11,496	(2,494)
Unrealised (gain)/loss on metal future trading contracts	(1,944)	1,856
Staff costs, including directors' remuneration	28,394	24,794
Provision for impairment of inventories	50,791	12,661
Net exchange loss/(gain)	2,877	(3,197)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 7. Finance costs, net

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Interest income	225	2,176
Interest on short-term bank borrowings	(3,031)	(2,603)
Interest on mortgage loan	(169)	—
Finance costs, net	(2,975)	(427)

### 8. 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 period. Income tax on profits arising from operations in Mainland China has been calculated on the estimated assessable profit for the period at the rate of 25% (2014: 25%).

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current income tax		
— Hong Kong profits tax	(54)	(5,332)
— Mainland China corporate income tax	(1,214)	(2,072)
Deferred income tax	(400)	(569)
Over provision in prior year	—	85
Income tax expense	(1,668)	(7,888)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 9. (Loss)/earnings per share

### (a) Basic

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

	<b>Six months ended 30th September</b>	
	<b>2015 (Unaudited)</b>	2014 (Unaudited)
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	<b>(94,140)</b>	41,042
Number of ordinary shares in issue ('000)	<b>828,750</b>	828,750
Basic (loss)/earnings per share (Hong Kong cents per share)	<b>(11.36)</b>	4.95

### (b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the period (2014: Nil).

## 10. Dividend

A dividend of HK\$8,288,000 that relates to the year ended 31st March 2015 was paid in September 2015 (2014: HK\$8,288,000).

The Board of Directors does not recommend the payment of interim dividend for the period ended 30th September 2015.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 11. Leasehold land

<b>Six months ended 30th September 2015 (Unaudited)</b>	<b>HK\$'000</b>
Opening net book amount as at 1st April 2015	20,330
Amortisation	(285)
Exchange difference	(27)
Closing net book amount as at 30th September 2015	20,018
<hr/>	
<b>Six months ended 30th September 2014 (Unaudited)</b>	<b>HK\$'000</b>
Opening net book amount as at 1st April 2014	14,567
Amortisation	(219)
Closing net book amount as at 30th September 2014	14,348

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

### 12. Property, plant and equipment

<b>Six months ended 30th September 2015 (Unaudited)</b>	<b>HK\$'000</b>
Opening net book amount as at 1st April 2015	52,283
Exchange difference	(342)
Additions	3,187
Disposals	(4)
Depreciation	(4,539)
Closing net book amount as at 30th September 2015	50,585
<hr/>	
<b>Six months ended 30th September 2014 (Unaudited)</b>	<b>HK\$'000</b>
Opening net book amount as at 1st April 2014	35,336
Exchange difference	10
Additions	3,012
Depreciation	(3,483)
Closing net book amount as at 30th September 2014	34,875

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 13. Investment properties

	<b>Six months ended 30th September</b>	
	<b>2015 HK\$'000 (Unaudited)</b>	<b>2014 HK\$'000 (Unaudited)</b>
At beginning of the period	—	—
Additions	50,419	—
Revaluation	—	—
At end of the period	50,419	—

The valuations of the Group's investment properties were performed on the basis of open market value by the directors.

<b>Fair value hierarchy</b>	<b>Fair value measurements at 30th September 2015</b>		
	<b>Quoted price in active markets for identical assets (Level 1) HK\$'000</b>	<b>Significant other observable inputs (Level 2) HK\$'000</b>	<b>Significant unobservable inputs (Level 3) HK\$'000</b>
Recurring fair value measurements:			
Investment properties	—	50,419	—

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the period.

Level 2 fair values of completed investment properties have been generally derived using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

As at 30th September 2015, investment properties with an aggregate carrying amount of HK\$50,419,000 (31st March 2015: Nil) were pledged as security for a mortgage loan drawn by the Group (Note 18).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 14. Available-for-sale financial assets

	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	As at 31st March 2015 HK\$'000 (Audited)
Available-for-sale financial assets		
– equity securities, at fair value listed in Hong Kong	26,477	31,951
– unlisted limited partnership	—	—
	<b>26,477</b>	31,951

The investment in equity securities listed in Hong Kong is denominated in Hong Kong dollars while the investment in an unlisted limited partnership is denominated in Great British Pounds.

As at 30th September 2015 and 31st March 2015, the investment in 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.

### 15. Trade and other receivables

	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	As at 31st March 2015 HK\$'000 (Audited)
Trade receivables, net of provision (note (a))	140,181	149,162
Prepayments to suppliers	34,875	27,410
Deposits	1,453	1,338
Other receivables	13,852	17,563
	<b>190,361</b>	195,473

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 15. Trade and other receivables (Continued)

Note (a):

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

	As at 30th September 2015 HK\$'000 (Unaudited)	As at 31st March 2015 HK\$'000 (Audited)
0 to 30 days	103,896	135,894
31 to 60 days	23,734	6,351
61 to 90 days	8,800	3,773
Over 90 days	3,751	3,144
	<b>140,181</b>	<b>149,162</b>

## 16. Share capital and share premium

	Number of ordinary shares	Nominal amount HK\$'000	
Authorised:			
As at 31st March 2015 and 30th September 2015	8,000,000,000	800,000	
	Number of ordinary shares	Share capital HK\$'000	Share premium HK\$'000
Issued and fully paid:			
As at 30th September 2015 (Unaudited)	828,750,000	82,875	470,429
As at 31st March 2015 (Audited)	828,750,000	82,875	478,717

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 17. Trade and other payables

	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	As at 31st March 2015 HK\$'000 (Audited)
Trade payables	1,838	12,132
Prepayments from customers	10,634	9,231
Accrued expenses	13,497	16,516
Other payables to a related company (Note 20(b))	—	343
	<b>25,969</b>	<b>38,222</b>

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

	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	As at 31st March 2015 HK\$'000 (Audited)
0 to 30 days	1,792	11,425
31 to 60 days	26	686
Over 60 days	20	21
	<b>1,838</b>	<b>12,132</b>

### 18. Bank borrowings

In March 2015, the Group obtained a HK\$ denominated mortgage loan of HK\$18,652,000, which bore annual interest at the lower of one month Hong Kong Inter-bank Offered Rate ("HIBOR") plus 1.75% and HK\$ Prime Rate less 3.1%, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loan and were included in investment properties in the interim condensed consolidated statement of financial position of the Group with net carrying values of HK\$50,419,000 as at 30th September 2015 (31st March 2015: Nil). Since this mortgage loan agreement contained a repayment on demand clause which could be exercised at the bank's sole discretion, the balance has been classified as current liabilities.

All of the remaining bank borrowings were secured by a corporate guarantee given by the Company and repayable within one year.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 19. 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:

	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31st March 2015 HK\$'000 (Audited)</b>
Within one year	1,857	1,829
In the second to fifth years inclusive	105	776
	<b>1,962</b>	<b>2,605</b>

### (b) Capital commitments

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

	<b>As at 30th September 2015 HK\$'000 (Unaudited)</b>	<b>As at 31st March 2015 HK\$'000 (Audited)</b>
Authorised but not contracted for:	—	—
Contracted but not provided for:	854	34,249

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 20. Related party transactions

### (a) Transactions with related parties

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

	Note	Six months ended 30th September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Income			
Management fee from Genesis Alloys (Ningbo) Limited ("Genesis Ningbo")	(i)	—	70
Expense			
Purchases of goods from Genesis Ningbo	(ii)	—	43,023
Rental paid to Sonic Gold Limited	(iii)	270	270

Notes:

- (i) The Group received management fee from Genesis Ningbo, pursuant to the terms of management service agreement entered into with the related company for the provision of operating support services at fixed monthly service fee. Genesis Ningbo is a wholly owned subsidiary of Genesis Recycling Technology (BVI) Limited ("GRTL") which was a joint venture of the Group during the six months ended 30th September 2014. The Group completed the acquisition of the remaining interest in GRTL in October 2015 (the "Acquisition"). Management fee received after the Acquisition were intra-group transactions and were eliminated in the consolidated financial statements.
- (ii) The Group purchased goods from Genesis Ningbo at prices as agreed by both parties for each transaction. Purchase of goods after the Acquisition were intra-group transactions and were eliminated in the consolidated financial statements.
- (iii) The Group paid rental expenses for directors' quarters to Sonic Gold Limited, a company controlled by Ms Chan Yuen Shan, Clara, an executive director of the Company, at fixed sums as agreed by both parties.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

## 20. Related party transactions (Continued)

### (b) Balances with related parties

	As at 30th September 2015 HK\$'000 (Unaudited)	As at 31st March 2015 HK\$'000 (Audited)
<i>Other payable to a related company</i>		
Modern Wealth Limited	—	343

Modern Wealth Limited (“MWL”) is a company controlled by Mr. Chan Pak Chung, an executive director of the Company. The balance represents reimbursement of expenses paid by MWL on behalf of the Group.

Amount due to the related company was unsecured, interest-free and repayable on demand. The balance was repaid in May 2015.

### (c) Key management compensation

	Six months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries and other short term employee benefits	9,051	8,389
Post employment benefits — pension	63	63
	<b>9,114</b>	<b>8,452</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overall Business Performance

### Financial performance

LEE KEE experienced considerable external headwinds during the Interim Period, a period that saw a significant decline in global commodity prices, a further slowdown in the Chinese economy and a sharp deterioration in the Group's business environment.

The Group's revenue for the Interim Period was HK\$1,273 million, down 0.07% compared to the Comparative Period of last year. Although against a result of the slowdown in the Chinese economy and depressed commodity prices, the Group still managed to increase its tonnage sold in the 6-month Period by 2.70% to 65,800 tonnes compared to the Comparative Period of last year.

The Group recorded a gross loss of HK\$32.3 million and a gross loss margin of 2.54% for the 6-month Period, compared to a gross profit of HK\$90.7 million and a gross profit margin of 7.12% in the Comparative Period of last year. This was primarily attributed to falling metal prices and in particular, an increase in provision for impairment of inventories following a significant fall in zinc prices towards the period end, which negatively affected profitability. The provision made for the 6-month Period was HK\$50.8 million (Comparative Period: HK\$12.7 million).

The Group recorded a loss attributed to equity holders of the Company of HK\$94.1 million for the 6-month Period, compared to a profit of HK\$41.0 million for the Comparative Period of last year.

During the 6-month Period, the global price for zinc (LEE KEE's main product) and nickel was highly volatile. From 1st April 2015 to early May 2015, the LME price for zinc and nickel both rose steadily by: 16.2% from US\$2,069 per tonne to US\$2,405 per tonne and 16.9% from US\$12,330 per tonne to US\$14,415 per tonne respectively. However, the price for both metals fell significantly from early May 2015 to 30th September 2015, with the LME price for zinc falling 31.1% from US\$2,405 per tonne to US\$1,657 per tonne. The LME price for nickel fell 30.1% from US\$14,415 per tonne to US\$10,070 per tonne over the same time period. The domestic price for zinc and nickel in China followed a similar trend, with the price of zinc traded on the Shanghai Futures Exchange falling from RMB15,870 per tonne on 1st April 2015 to RMB13,820 per tonne as of 30th September 2015.

Distribution and selling expenses for the 6-month Period was HK\$13.1 million, up 31.8% compared to the Comparative Period of last year. The increase was primarily attributable to an increased volume of deliveries to inland regions of China, which incurred higher delivery costs.

The Group's administrative expenses in the 6-month Period rose 8.33% to HK\$40.0 million compared to the Comparative Period, with the Group fully accounting for the administrative expenses of Genesis Alloys (Ningbo) Limited ("Genesis Ningbo") after its acquisition in October 2014 and becoming a wholly owned subsidiary of the Group, as well as for its new commodities futures brokerage service which was launched in May 2015. Excluding these two new developments, administrative expenses for the Group's existing businesses actually fell slightly during the 6-month Period compared to the Comparative Period.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group also incurred other losses, net of HK\$5.46 million, stemming from losses incurred on metal future contracts and devaluation of Renminbi during the 6-month Period. These losses were partially mitigated from one-off income of HK\$6.39 million resulting from the Group's decision to dispose of part of the interest in shares in a listed company during the 6-month Period.

The Group's financing costs for the 6-month Period rose 22.9% to HK\$3.2 million as a result of the net increase of bank borrowing.

The Group continues to retain a healthy balance sheet, with HK\$150 million bank balances and cash on hand as of 30th September 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.

LEE KEE joined the ranks of renowned 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. Its induction into this exclusive industry body was a milestone for the Group's ongoing strategy of "Creating Value" — a strategy that has become even more important as the current commodities down cycle and slowing economic growth in China compel the Group's customers to adjust their operations.

During the Interim Period, the Group continued to expand its range of technical and consulting services and its branded metal products offerings in order to better meet the needs of its customers hailing from more than 20 industries in the Greater China and ASEAN regions.

#### **Opening of new sales office in Taichung**

The Group further expanded its network of sales and distribution centres with the opening of a new sales office in Taichung, which is home to many SME firms.

The new sales office will help the Group offer better service to its clients in the area while growing its customer base. The Taiwan office is part of the Group's plan to establish a flexible and responsive operating footprint in the new growth markets.

#### **Launch of new commodities futures brokerage service**

Horizon Commodities and Futures Company Limited, wholly-owned subsidiary of the Group, launched its services in May 2015 after it was earlier granted a license from the Hong Kong Securities and Futures Commission to conduct Type 2 (dealing in futures contracts) regulated activities under the Hong Kong Securities and Futures Ordinance.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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The new commodities futures brokerage service is the latest example of the Group's strategy to provide a full-range of services and solutions to the metals industry. The service will also see LEE KEE become one of the few metals companies with both a physical metal and brokerage services.

### **Expanding range of products and services**

LEE KEE specialises in catering to the needs of end users of zinc and nickel, as well as aluminium and stainless steel. The Group has continued to add new brand metal products to its suite of solutions during the 6-month Period in order to expand into new markets and create value for different market segments. It has also been actively exploring opportunities in the construction industry where safety, quality and the reliability of materials has been a growing concern.

In particular, LEE KEE has made significant strides in sourcing high quality materials from global suppliers, some of which offer a tighter chemical composition than international standards. These materials help LEE KEE's customers meet increasingly demanding requirements from buyers, while also producing products with more consistent quality, better efficiency and lower dross.

### **State-of-the-art metal testing and consultancy services**

LEE KEE's wholly-owned metals testing subsidiary, Promet Metals Testing Laboratory Limited ("Promet") provides a growing range of chemical testing and verification services that help customers meet their quality control and accreditation requirements. Its on-the-ground engineering presence provides customized technical consultancy services in the fields of materials engineering, manufacturing optimisation solutions, process design, quality control and failure analysis, further distinguishing LEE KEE from other solution providers and helping the Group stay ahead of the competition.

Promet continued to expand its client base during the Interim Period, with this growth being partially driven by the increasing popularity of its chemical testing and verification services. This included the provision of chemical composition tests and analyses to the plumbing and sanitary ware industries, which added value by allaying recent public concern about the content of lead and other heavy metals in copper pipes, joints and fittings.

### **Adding value in all parts of the global metals industry**

LEE KEE is committed to contributing to its customers' success at every stage of the manufacturing process. It does this by providing premium products and innovative services including market intelligence, technical consultancy, alloy customisation, quality support and supply chain management. It continues to be the partner of choice for brand owners, manufacturers, die-casters and other end-users of metals that demand reliability, performance and quality supply.

### **Prospects**

#### **Short to medium-term environment for global commodities is highly uncertain**

The sharp downturn in global metal prices during the Interim Period may prove transformative for parts of the resource industry as some highly-leveraged miners are forced to consolidate and, in some cases, exit the industry. It remains to be seen if supply-side constraints caused by the scheduled closure of a number of large zinc mines around the world will support prices in the coming months.

On the demand-side, the global market for zinc and nickel will continue to be constrained by the slowing Chinese economy (the largest global market for zinc) and uncertain economic growth in markets such as the United States and Europe.

The Group will continue to closely monitor the global zinc and nickel markets and will modify its business strategy accordingly.

#### **Continued expansion of environmental metal solutions**

Tightening environmental standards around the world will continue to boost demand for environmentally friendly metals and value-adding services. LEE KEE's leadership in this area means that it is already well positioned to deliver real value to its customers. The Group will continue to expand its range of products and services in order to capture this growing demand to expand its market share and sources of revenue.

#### **Moving up the value chain and launch of brokerage services**

The Group will continue to utilise its suite of value-adding services, in particular the launch of Horizon Commodities and Futures Company Limited, to move further up the value chain and cross-sell additional products and services to its customers.

#### **Stringent controls on costs and purchases**

Given the highly uncertain business environment, the Group will also take steps to streamline its operations and metal-purchasing protocols to contain costs and protect its margins.

The Group, assisted by its team of expert advisors, will also prudently explore high-potential investment opportunities and new business streams in order to expand LEE KEE's market share, take advantage of new growth opportunities and deliver long-term returns to shareholders.

### Liquidity, Financial Resources and Commodity Price Risk

The Group primarily financed its operation through internal resources and borrowings from banks. As at 30th September 2015, the Group had cash and bank balances of approximately HK\$150 million (as at 31st March 2015: HK\$131 million) and bank borrowings of approximately HK\$258 million (as at 31st March 2015: HK\$405 million). In March 2015, the Group obtained a HK\$ denominated mortgage loan of HK\$18.7 million, which bore annual interest at the lower of one month Hong Kong Inter-bank Offered Rate ("HIBOR") plus 1.75% and HK\$ Prime Rate less 3.1%. As at 30th September 2015, the outstanding borrowing of this facility amounted to HK\$18.2 million (as at 31st March 2015: Nil).

The remaining 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 30th September 2015 was 24.9% (as at 31st March 2015: 35.5%). The Group has a current ratio of 408% as at 30th September 2015 (as at 31st March 2015: 328%).

The Company had issued guarantees to the extent of approximately HK\$829 million to banks to secure general banking facilities of approximately HK\$785 million to certain subsidiaries, of which approximately HK\$258 million had been utilised as of 30th September 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 against United States dollars and Renminbi.

### Dividend

The Directors do not recommend the payment of an interim dividend for the Interim Period.

### Employees

As at 30th September 2015, the Group had approximately 190 employees (Comparative Period: 200 employees which included 40 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 options granted or to be granted under the share option schemes and training schemes. During the Interim Period, staff costs (including directors' emoluments) were approximately HK\$28.4 million (Comparative Period: HK\$24.8 million).



# DISCLOSURE OF INTERESTS

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

At 30th September 2015, the interests and short positions of each Director and Chief Executive in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

### Long Position in Shares of the Company

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

Notes:

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

Save as disclosed above, as at 30th September 2015, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest in or short position in the Shares or underlying Shares in, or debentures of, of the Company and its associated corporations required to be disclosed pursuant to the SFO.

## DISCLOSURE OF INTERESTS (CONTINUED)

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

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2015, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

Name of Shareholder	Capacity	Number of Ordinary Shares in which interested	Approximate percentage of issued Shares
Gold Alliance Global Services Limited ("GAGSL")	Registered owner	600,000,000	72.40%
Gold Alliance International Management Limited ("GAIML")	Interest of controlled corporation	600,000,000	72.40%
HSBC International Trustee Limited ("HSBC Trustee")	Trustee	600,000,000	72.40%

Note:

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

Save as disclosed above, at 30th September 2015, no person, other than the Directors and Chief Executive (including their spouse and children under 18 years of age) had any interest or short positions in the Shares or underlying shares of the Company recorded in the register to be kept under section 336 of the SFO.

### Share Options

The Company adopted the Pre-IPO Share Option Plan which has lapsed and Share Option Scheme (the "Share Option Scheme") on 15th September 2006. No options had been granted under the Share Option Scheme since the adoption date on 15th September 2006 and up to 30th September 2015.

### Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's listed securities during the Interim Period.

## DISCLOSURE OF INTERESTS (CONTINUED)

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### **Corporate Governance**

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

### **Securities Transactions by Directors**

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

On behalf of the Board of Directors

**CHAN Pak Chung**

*Chairman*

Hong Kong, 26th November 2015

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