利記控股有限公司
LEE KEE HOLDINGS LIMITED

SINCE 1947

(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

Annual Report 2014/15 年報

CREATING VALUE

WE CREATE
VALUE SOLUTIONS
FOR METALS

LEE KEE is a leading solutions provider for metals to over 20 industries in Greater China and ASEAN. With premium products and integrated services, Lee Kee has been the trusted partner of world class brand owners, manufacturers and material suppliers in the region.

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Corporate Information

Directors

Executive Directors

CHAN Pak Chung *(Chairman of the Board)*
CHAN Yuen Shan, Clara *(Vice Chairman of the Board and 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)
CHUN Wai Kwok
HU Wai Kwok

Authorised Representatives

CHAN Yuen Shan, Clara
CHEUK Wa Pang

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Advisers to the Company

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

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

Auditor

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

Principal Bankers

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

Stock Code

637

Website of the Company

www.leekeegroup.com

Corporate Structure

(operating companies as at 31.03.2015)

利記控股有限公司
LEE KEE HOLDINGS LIMITED

利記集團有限公司
LEE KEE GROUP LTD.

Lee Kee Metal Co., Ltd. (HK)
Distribution of zinc alloy and zinc

Lee Fung Metal Co., Ltd. (HK)
Distribution of non-ferrous metals, includes aluminum alloy and aluminum

Lee Sing Materials Co., Ltd. (HK)
Distribution of nickel and other chemicals, precious metal chemicals

Lee Yip Metal Products Co., Ltd. (HK)
Distribution and processing of stainless steel

Toba Co. Ltd. (HK)
Property holdings

Standard Glory Management Co., Ltd. (HK)
Provision of management service

Lee City Asia Co., Ltd. (HK)
Property holdings

Essence Metal (Asia) Co., Ltd. (HK)
Production of zinc alloy

Promet Metals Testing Laboratory Limited (HK)
Metal testing laboratory

Horizon Commodities and Futures Company Limited (Hong Kong)
Commodities and futures brokerage

Silver Goal International Limited (Hong Kong)
Property investment

Mega International Resources Company Limited Taiwan Branch (Taiwan)
Distribution of non-ferrous metal

LKG Elite (Shenzhen) Co., Ltd. (PRC)
Distribution of non-ferrous metal

LKG Elite (Wuxi) Co., Ltd. (PRC)
Distribution of non-ferrous metal

LKG Elite (Guangzhou) Co., Ltd. (PRC)
Distribution of non-ferrous metal

Genesis Alloys (Ningbo) Ltd. (PRC)
Manufacturing of zinc alloy


LMP

STRATEGIC BRAND DEVELOPMENT

LEE KEE's own brand metal products — Mastercast, GZ and LMP — represent premium quality and reliability, years of experience and product expertise.

Chairman's Statement

Through our long-standing commitment to quality, innovation and professionalism, we will continue to seek ways to deliver even more value to our customers and fulfil our mission of "creating value solutions for metals".

CHAN Pak Chung
Chairman

Dear shareholders,

The 2014–15 financial year was a highly fruitful one for LEE KEE Holdings Limited (the "Company") and its subsidiaries (collectively "LEE KEE" or the "Group" or "we"). We have substantially improved on the profit delivered at this time last year while creating and delivering more value to our customers.

It is particularly encouraging that LEE KEE achieved this at a time when the global commodities 'super-cycle' is coming to an end and as economic growth in China slows further. Despite an overall decline in demand for metals, we have continued to grow our market share thanks to our proactiveness in moving up the value-chain over the last few years by introducing a growing suite of value-added services, as well as by expanding our marketing efforts.

Chairman's Statement (Continued)

Continued economic growth in the United States and most parts of Europe throughout the year under review has helped sustain the overall demand for metals to a limited extent, but cannot easily replace slowing demand for metals in major emerging markets (particularly China), especially at the low-end of the value-chain. But even the economic slowdown in China may have a silver lining in the long-term as manufacturers seek to produce more value-added products and as the government seeks to rebalance the economy in favour of higher consumption.

The changing global economic landscape has also altered the profile of the metals and alloys being demanded by our customers, as demand for luxury goods wane and as demand for bathroom appliances, toys and mobile phones rise. Manufacturers, particularly exporters, are increasingly seeking assistance to quickly adjust.

All of these factors show that we have taken the right course in investing significantly in expanding our range of value-added services in order to create value for customers operating in every part of the metals trade. The need to quickly respond to changes in product demand, consumer tastes and economic environment means that our customers require a partner that is more than a reliable supplier of metals; they need a complete solutions provider.

Today LEE KEE not only provides quality metal products, but also a provider of services ranging from technical consultancy, alloy customisation, supply chain management and market intelligence. In the coming months we will also be launching a new commodities futures brokerage service that will enable our clients to hedge against price fluctuations. We also continue to be one of the few metal companies in the region a member of the London Metal Exchange.

Looking forward, we will continue to seek ways to deliver even more value to our customers and fulfil our mission of "creating value solutions for metals". I am confident that we will continue to protect and grow our market share well into the years ahead through our long-standing commitment to quality, innovation and professionalism.

In conclusion, I would like to take this opportunity to thank my management team, as well as our valued business partners for their support over the last year. I would also like to express my sincere gratitude to LEE KEE's customers for their sustained and cherished loyalty, as well as my thanks to you, our shareholders, for your continued support.

CHAN Pak Chung
Chairman

9th June 2015

GLOBAL COMMODITIES FUTURES BROKERAGE SERVICES

TECHNICAL CONSULTANCY SERVICE

TAICHUNG BRANCH

OPENING UP TO OPPORTUNITIES

LEE KEE will continue to create value for its customers by further expanding its range of metal products and solutions, particularly sustainable alloys, consultancy services and new futures brokerage services.

CEO Message

We have explored additional growth opportunities and brought more innovation to our product and service offerings. This has enabled us to better serve our customers and improve LEE KEE's ability to weather changes in the global metals markets.

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

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

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

CEO Message (Continued)

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

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

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

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

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

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

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

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

9th June 2015

Financial Summary

Financial Summary (Continued)

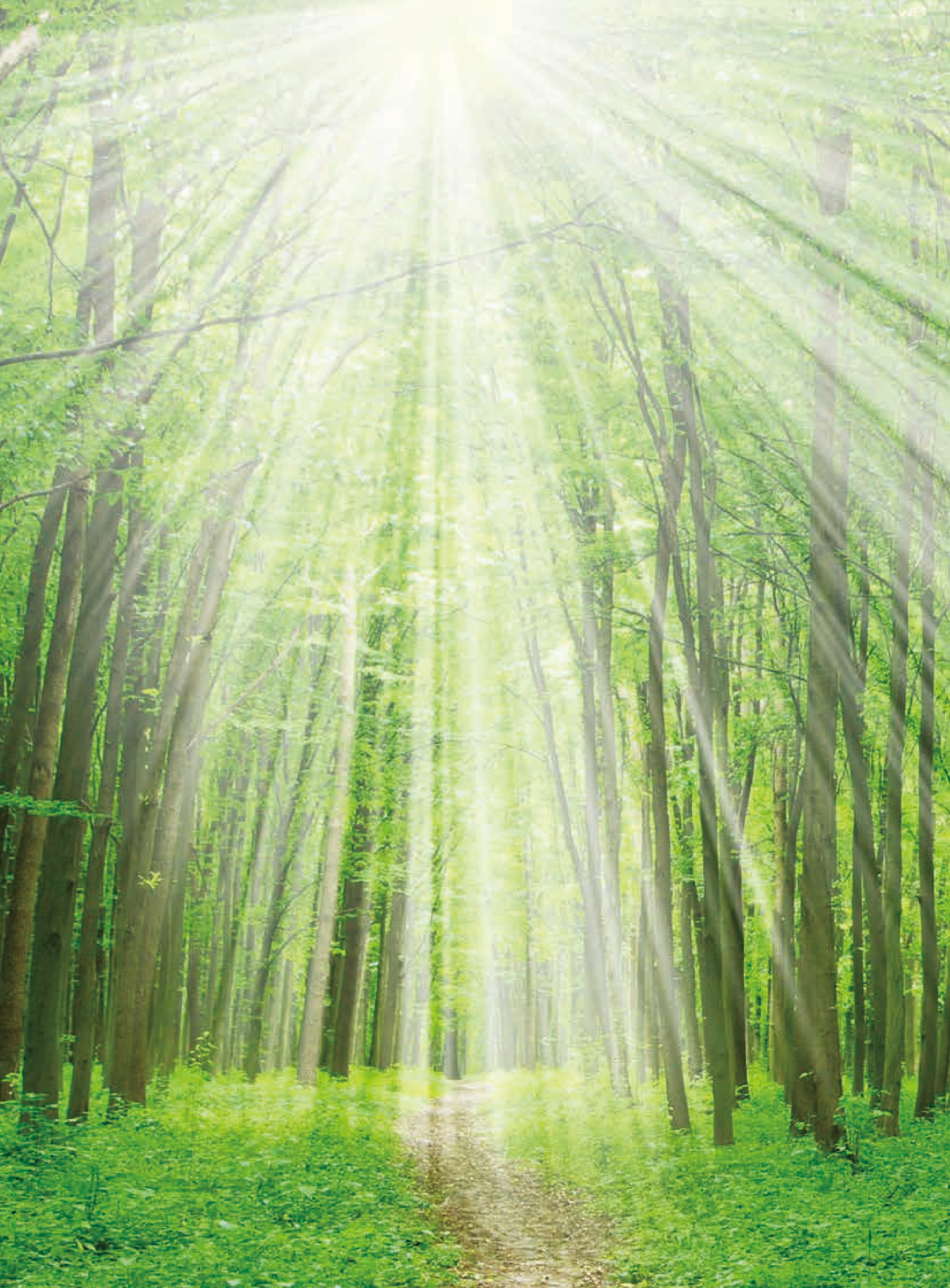
Following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years:

Consolidated results

	Year ended 31st March 2015 HK$'000	15 months ended 31st March 2014 HK$'000	Year ended 31st December 2012 HK$'000	2011 HK$'000	2010 HK$'000
Revenues	**2,493,703**	2,886,467	2,470,562	3,468,991	3,528,356
Profit/(loss) before income tax	**34,042**	5,256	(29,740)	(31,006)	74,038
Income tax (expense)/credit	**(6,689)**	(1,388)	37	(254)	(12,020)
Profit/(loss) for the year	**27,353**	3,868	(29,703)	(31,260)	62,018
Attributable to:					
Equity holders of the Company	**27,353**	3,868	(29,703)	(31,618)	59,472
Minority interests	**—**	—	—	358	2,546

Consolidated assets and liabilities

	As at 31st March 2015 HK$'000	2014 HK$'000	As at 31st December 2012 HK$'000	2011 HK$'000	2010 HK$'000
Total assets	**1,595,862**	1,390,217	1,220,288	1,563,465	1,708,875
Total liabilities	**453,726**	268,720	98,870	429,811	515,853
Total equity	**1,142,136**	1,121,497	1,121,418	1,133,654	1,193,022



TOWARDS A SUSTAINABLE FUTURE

Delivering value, moving up the value chain and contributing to sustainable development are integral to the way LEE KEE conducts business.

Management Discussion and Analysis

Overall Business Performance

Financial performance

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

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

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

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

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

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

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

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

Management Discussion and Analysis (Continued)

Business Review

A leading solutions provider for metals

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

In January 2014, LEE KEE joined the ranks of renowned international metal players by becoming the first company in Hong Kong to be admitted as a Category 5 Associate Trade Member of the London Metal Exchange ("LME"), the world's premier metals trading platform. The Group's membership allows it to leverage up-to-the minute information on the global metals market, greatly enhancing the value of the solutions it provides to its customers.

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

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

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

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

Growing range of branded metal products

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

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

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

Management Discussion and Analysis (Continued)

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

Expanded metal testing services pushing LEE KEE up the value chain

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

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

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

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

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

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

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

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

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

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

Management Discussion and Analysis (Continued)

- ***Award-winning knowledge management system***

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

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

- ***Growing capacity at upstream and downstream businesses***

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

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

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

Prospects

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

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

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

Management Discussion and Analysis (Continued)

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

Introduction of more 'green' metal solutions

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

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

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

Stringent controls on cost and purchases

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

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

Dividend

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

Closure of Register of Members

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 17th August 2015 to Thursday, 20th August 2015, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for voting at the forthcoming Annual General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 14th August 2015.

Management Discussion and Analysis (Continued)

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company (the "Register of Members") be closed from Thursday, 27th August 2015 to Friday, 28th August 2015, both days inclusive, during which period no transfers of shares will be effected. In order to establish entitlements to the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 26th August 2015.

Liquidity, Financial Resources and Commodity Price Risk

The Group primarily financed its operation through internal resources, borrowings from banks and capital contributions from its shareholders. As at 31st March 2015, the Group had unrestricted cash and bank balances of approximately HK$131 million (as at 31st March 2014: HK$241 million) and bank borrowings of approximately HK$405 million (as at 31st March 2014: HK$184 million). The borrowings, which are short term in nature, were substantially made in United States dollars and Hong Kong dollars with interest chargeable at market rates and the gearing ratio (total borrowings to total equity) as at 31st March 2015 was 35.5% (as at 31st March 2014: 16.5%). The Group has a current ratio of 328% as at 31st March 2015 (as at 31st March 2014: 488%).

The Company had issued guarantees to the extent of approximately HK$745 million to banks to secure general banking facilities of approximately HK$716 million to certain subsidiaries, of which approximately HK$405 million had been utilised as of 31st March 2015.

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

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

Employees

As at 31st March 2015, the Group had approximately 200 employees (Comparative Period: 200 employees which included 50 employees of Genesis Ningbo). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonuses and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). Other benefits include share option schemes and training schemes. During the Financial Year, staff costs (including directors' emoluments) were approximately HK$58 million (Comparative Period: HK$59 million).

Directors, Senior Management and Advisors

Executive Directors

Mr. CHAN Pak Chung, aged 67, is the Chairman of the Board, an Executive Director of the Company and a director of principal subsidiaries of the Company. Mr. Chan has been serving the Group since 1967 and is now leading and governing the Board of the Company to ensure the Board works and performs its responsibilities effectively. Mr. Chan has more than 47 years of experience in the group development and in the non-ferrous metals industry. He obtained a Master's Degree in Material Engineering from the Yanshan University. Mr. Chan is also a Permanent Honorary President of Hong Kong Die-casting and Foundry Association Limited, Honorary Fellow (Machinery and Metal Industries) of the Professional Validation Council of Hong Kong Industries, Honorary President of the Professional Validation Council of Hong Kong Industries, Honorable President of the Federation of Hong Kong Machinery and Metal Industries and Honorary President of Hong Kong Association for the Advancement of Science and Technology. Mr. Chan is the spouse of Ms. MA Siu Tao and the father of Ms. CHAN Yuen Shan, Clara and Mr. CHAN Ka Chun, Patrick.

Ms. CHAN Yuen Shan, Clara, aged 43, is the Vice-Chairman, the Chief Executive Officer and an Executive Director of the Company, a director of principal subsidiaries of the Company. Ms. Chan joined the Group in November 1995 and is now responsible providing for strategic direction and ensuring the implementation of the strategies and policies. She also leads the Group in the business development and operations. Ms. Chan has over 20 years of experience in the non-ferrous metals industry. Ms. Chan is a member of the Lead and Zinc Committee of the London Metals Exchange and a member of the Board Risk Committee of LME Clear Limited. She is also a member of Energy Advisory Committee of HKSAR, a member of the Trade and Industry Advisory Board of HKSAR, a Vice-Chairman of Hong Kong Die-casting and Foundry Association Limited, a Vice-President of Hong Kong Young Industrialist Council. Ms. Chan is the Awardee of the Young Industrialist Awards of Hong Kong 2008. She is the Chairman of Youth Council, Ms. Chan is the daughter of Mr. CHAN Pak Chung and Ms. MA Siu Tao and sister of Mr. CHAN Ka Chun, Patrick.

Ms. MA Siu Tao, aged 65, is an Executive Director of the Company and director of principal subsidiaries of the Company. Ms. Ma joined the Group in 1985 and is now responsible for advising on corporate and sales marketing strategies. Ms. Ma has been working in the non-ferrous metals industry for more than 29 years. She obtained a Master's Degree in Material Engineering from the Yanshan University. Ms. Ma is the Executive Committee member of Hong Kong Die-casting and Foundry Association Limited and an associate of the Professional Validation Council of Hong Kong Industries. Ms. Ma is the spouse of Mr. CHAN Pak Chung and the mother of Ms. CHAN Yuen Shan, Clara and Mr. CHAN Ka Chun, Patrick.

Independent non-executive Directors

Mr. CHUNG Wai Kwok, Jimmy, aged 65, is an independent non-executive Director of the Company appointed in September of 2006. Mr. Chung has over 30 years of experience in financial advisory, taxation and management. He was a partner of PricewaterhouseCoopers and retired in June of 2005. In October of 2005, he joined a professional consulting firm, Russell Bedford Hong Kong Limited, as Director — Tax & Business Advisory. Mr. Chung is a member of the Hong Kong Institute of Certified Public Accountants, the Taxation Institution of Hong Kong and the Association of Chartered Certified Accountants (ACCA). He was the President of the Hong Kong branch of ACCA for the year 2005/06. He is currently also an independent non-executive director of Fittec International Group Limited, and Tradelink Electronic Commerce Limited, both are listed on the Main Board of the Stock Exchange; and China World Trade Center Company Limited, listed on the Shanghai Stock Exchange.

Directors, Senior Management and Advisors (Continued)

Mr. HU Wai Kwok, aged 42, is an Independent Non-executive Director of the Company appointed in May of 2007. He is currently the Chief Investment Officer of Shandong Hi-Speed Everbright Industrial Fund under China Everbright Limited. Prior to that, he was an Executive Director of JPMorgan Asset Management Real Assets (Asia) Limited, focusing on infrastructure investments and the Vice General Manager of The National Trust & Investments Ltd. ("Natrust"), a company providing financial services in China. Before joining Natrust, Mr. Hu was a director of Emerging Markets Partnership. He has over 17 years' of experience in corporate finance and direct investments. Mr. Hu holds a Bachelor's Degree in Economics from The University of Hong Kong and a Master's Degree in Business Administration from The Chinese University of Hong Kong. Mr. Hu is a Chartered Financial Analyst.

Mr. HO Kwai Ching, Mark, aged 53, is an Independent Non-executive Director of the Company appointed in June of 2014. He is currently a consultant in the securities and futures industry. He was previously the Chief Operating Officer of Oriental Patron Securities Limited ("OPSL"). Prior to joining OPSL, he was the Chief Compliance Officer of Hong Kong Mercantile Exchange Limited, the Director of Business Development of Sun Hung Kai Securities Limited and a Director of Phillip Securities (HK) Limited. He was also previously Vice President of Corporate Strategy of Hong Kong Exchanges and Clearing Limited and Head of Compliance of Hong Kong Futures Exchange Limited. He has more than 21 years of experience in the securities and futures industry. He is also an independent non-executive director of Hengan International Group Company Limited (a company listed on The Stock Exchange of Hong Kong Limited).

Senior Management

Mr. CHEUK Wa Pang, aged 50, is the Chief Financial Officer, the Company Secretary of the Company and a director of certain subsidiaries of the Company. Mr. Cheuk joined the Group in December of 2002 and is responsible for the financial matters of the Group. Prior to joining the Group, Mr. Cheuk worked as financial controller and company secretary as well as business consultant of various private and listed companies. Mr. Cheuk has over 23 years of experience in finance, accounting and auditing. Mr. Cheuk holds a Bachelor's Degree of Science in Engineering from the University of Hong Kong, a Master's Degree in Applied Finance and a Master's Degree in Business Administration from Macquarie University in Australia. Mr. Cheuk is a member of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Ying Wai, Raymond, aged 44, is the Chief Operating Officer of the Group. Mr. Leung joined the Group in March of 2012 and is responsible for the operational excellence of the Group. Prior to joining the Group, Mr. Leung worked in a well known Japanese multinational corporation, SONY, for 20 years and acted as the Regional Managing Director under SONY group for over 11 years. Mr. Leung is an expert in implementing tailor-made supply chain solutions for various industries in Asia, as well as developing turnkey business models including sourcing, demand planning, manufacturing, packaging and distribution. Mr. Leung obtained a Bachelor's Degree in Computer Science from Victoria University of Technology and a Master's Degree of Science in Automation Systems and Management from the City University of Hong Kong.

Directors, Senior Management and Advisors (Continued)

Mr. CHAN Ka Chun, Patrick ("Mr. Patrick Chan"), aged 42, is a director of principle subsidiaries of the Company. Mr. Patrick Chan joined the Group in August of 2006 and is now responsible for the overall management of the stainless steel business and the future development projects of the Group. He has 9 years of experience in the stainless steel industry. Mr. Patrick Chan obtained a Bachelor's of Science Degree in Aeronautical Science from Embry-Riddle Aeronautical University and holds a Master's Degree in Business Administration from the University of Hong Kong. He is the Treasurer of the Hong Kong Metal Merchants Association, a director of the Hong Kong Auto Parts Industry Association, a committee member of the Hong Kong Aviation Industry Association and Vice-President of the Hong Kong Electrical Appliances Industries Association. Prior to joining the Group, Mr. Patrick Chan was an Airline Pilot. Mr. Patrick Chan is the son of Mr. CHAN Pak Chung and Ms. MA Siu Tao and brother of Ms. CHAN Yuen Shan, Clara.

Mr. YAN Cheuk Yam, aged 68, was appointed an Independent Non-executive Director of the Company in September of 2006. He resigned from the directorship in February of 2007 and was acted as the Head of China Division of the Group since March of 2007. Mr. Yan is responsible for advising the Group's PRC development and local relationship in the PRC. He is also a director of several of the Group's PRC subsidiaries. Prior to this employment, Mr. Yan was a director of a steel pipes company and a consultant of a Dongguan metals factory. Mr. Yan has more than 27 years' of experience in the steel business and metal trading in the PRC, Taiwan and Hong Kong.

Advisors

To further strengthen the Group's expertise and development in the metal industry and financial services, the Group has engaged the following advisors who have sound knowledge in the metal industry and financial services:

Mr. William Tasman WISE has held a number of senior positions in the mining and smelting industry for over 40 years. He was the general manager responsible for global marketing and sales for both Zinifex Limited and Pasminco Limited and is a former director of the Company. He currently works as a business consultant and resides in Melbourne, Australia. Mr. Wise obtained a Bachelor's Degree in Economics from the University of Tasmania.

Mr. Matthew James HOWELL is the Chief Executive Officer of Tomago Aluminium, one of Australia's largest primary aluminium smelters. He has 30 years of experience in the base metals and precious metals sectors, especially in dealing with the smelting and recycling of zinc, copper, gold, silver lead and a range of exotic specialties. Mr. Howell has a long history in zinc smelting and specialty zinc die cast alloy development and casting. He was project manager for the development and construction of Genesis Alloys (Ningbo) Limited. Mr. Howell holds an Honours Bachelor's Degree of Science from the University of Tasmania.

Mr. Maarteen Louis Prosper DE LEEUW owns a consultancy firm and project management business. He is also a Non-Executive Director of a Canadian listed minor metals company. He worked at Nyrstar and held a senior management position. With over 20 years of experience in the non-ferrous metals industry, he specializes in commercial, trading and supply chain management. He acquired a wide range of abilities from strategy development to tactical implementations while working in both Australia and Europe. Mr. de Leeuw holds a Master's Degree in Business from the University of Maastricht.

Ms. Lesley Anne CAMPBELL has specialised in commodity risk management for many years, working with a broad range of LME clients and with a number of global organisations including the World Bank. She was a consultant to the LME and subsequently joined HKEx to assist with the development of their commodity franchise. Ms. Campbell has presented programmes on finance for BBC and wrote a book called Forged Metal on the aluminium industry. Ms. Campbell obtained a Master's Degree of Arts from Glasgow University.

Corporate Governance Report

Corporate Governance Practices

The Board of Directors of the Company (the "Board") recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. Accordingly, the Company implemented various measures to comply with the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the financial year.

To the knowledge of the Directors and save as disclosed herein, the Directors consider that the Company has complied with the CG Code and are not aware of any non-compliance with the then provisions in the CG Code for the financial year.

Securities Transactions by Directors

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

Board of Directors

The composition of the Board and the biographical details of the Directors are set out in the Report of the Directors and also Directors and Senior Management sections of the annual report respectively.

The Board is responsible for providing entrepreneurial leadership, either directly or through its committees, to the Company and its subsidiaries (collectively the "Group") in order to deliver long-term value to shareholders. It establishes corporate policies, sets strategic direction, ensures that an effective internal control environment is in place, and oversees the management which is responsible for day-to-day operations. The Board established on the 20th of December 2006 the Executive Committee which exercises the power delegated by the Board pursuant to the written terms of reference, except the power to approve major issues and reserved matters, such as acquisition and disposal, connected transactions which are reserved by the Board. The management is responsible for day-to-day management of the Company under the leadership of the Chief Executive Officer.

The Company has received the annual confirmation of independence from all the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules and considered them independent to the Group.

Save as disclosed in the Directors and Senior Management section and to the best knowledge of the Directors, the Board is not aware of any financial, business, family or other material/relevant relationships among the board members.

Chairman and Chief Executive Officer

The Company has two different persons for the posts of the Chairman of the Board and Chief Executive Officer. The Chairman of the Board, Mr. CHAN Pak Chung, leads and governs the Board (including but not limited to chairing all the board meetings and general meetings), and in his absence, another Director of the Company will be chosen to

Corporate Governance Report (Continued)

chair such meetings pursuant to the Company's Articles. He is also responsible for the overall business strategy of the Group. The Chief Executive Officer of the Company, Ms. CHAN Yuen Shan, Clara, is responsible for proposing strategies to the Board and implementing the strategies and policies laid down by the Board. She also leads the management in the development and daily operations of the Group.

Non-executive Directors

All Independent Non-executive Directors entered into appointment letters with the Company for a term of two years, two of which were renewed on the 4th of October 2014 and 14th May of 2015 after the expiry of the previous term and one of which was appointed on 16th of June 2014.

Remuneration of Directors

The Company established the Remuneration Committee on 15th September 2006 with written terms of reference. The primary duties of the Remuneration Committee includes reviewing the terms of remuneration packages, determining the award of bonuses and considering the grant of options under the share option scheme. The Remuneration Committee has three members comprising of Mr. CHAN Pak Chung, Mr. CHUNG Wai Kwok, Jimmy and Mr. HO Kwai Ching, Mark, two of whom are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. HO Kwai Ching, Mark and discharged its duties by reviewing the remuneration packages of Executive Directors and Senior Management during the financial year.

Nomination of Directors

The Company established the Nomination Committee on the 15th of September 2006 with written terms of reference. The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors and the management of the Board succession. The Nomination Committee has three members comprising of Mr. CHAN Pak Chung, Mr. CHUNG Wai Kwok and Mr. HU Wai Kwok, two of whom are Independent Non-Executive Directors. The Nomination Committee is chaired by Mr. CHAN Pak Chung and discharged its duties by reviewing the structure, size and the composition of the Board and has set the objective to diversify during the financial year.

Corporate Governance Committee

The Company established the Corporate Governance Committee on 23rd of March 2012 with written terms of reference. The Corporate Governance Committee is mainly responsible for reviewing and monitoring corporate governance issues. The Corporate Governance Committee has three members comprising of Mr. CHAN Pak Chung, Mr. CHEUK Wa Pang (Chief Financial Officer and Company Secretary) and LEE King On (Compliance Manager). It is chaired by Mr. CHAN Pak Chung and discharged its duties by reviewing the group policies, code of conducts, and training records of directors during the financial year.

Corporate Governance Report (Continued)

Auditor's Remuneration

The remuneration of the audit services rendered by the auditor of the Company were mutually agreed in view of the scope of services and the audit fee during the year was HK$1.35 million for annual audit. In addition, the auditor of the Company also provided non-audit services to the Group including interim review and tax services. The aggregate fee amounted to approximately HK$1.21 million.

Audit Committee

The Company established the Audit Committee on 15th September 2006 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee include reviewing and supervising the financial reporting processes and the internal control systems of the Group. The Audit Committee comprises of Mr. CHUNG Wai Kwok, Jimmy, who is the Chairman, Mr. HU Wai Kwok and Mr. HO Kwai Ching, Mark, all of whom are Independent Non-executive Directors.

During the financial year, the Audit Committee discharged its duties by reviewing financial matters, financial statements and internal control as well as discussing these matters with the Executive Directors and the auditor of the Company, and making recommendations to the Board.

Attendance of Directors and committee members

The following tables summarises the attendance of individual Director(s) and committee members in the financial year:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Mr. CHAN Pak Chung	11/11	—	2/2	2/2
Ms. CHAN Yuen Shan, Clara	11/11	—	—	—
Ms. MA Siu Tao	11/11	—	—	—
Mr. CHUNG Wai Kwok, Jimmy	11/11	2/2	2/2	2/2
Mr. HU Wai Kwok (Note)	11/11	2/2	—	1/2
Mr. HO Kwai Ching, Mark (Note)	9/11	1/2	1/2	—

All Directors attended the 2014 annual general meeting of the Company.

Note: Mr. HO Kwai Ching, Mark was appointed an Independent Non-executive Director and member of Audit Committee of effective the 16th of June 2014 and Chairman of Remuneration Committee of the Board of Directors of the Company effective the 4th of October 2014.

Mr. HU Wai Kwok was appointed a member of Nomination Committee of the Board of Directors of the Company effective the 4th of October 2014.

Mr. LEUNG Kwok Keung resigned as one of the Independent Non-executive Directors of the Company effective the 4th of October 2014.

Corporate Governance Report (Continued)

Preparation of Financial Statements

The Directors acknowledge their responsibility for preparing consolidated financial statements of the Group for the year (the "Financial Statements") and the auditor of the Company also set out their reporting responsibilities on the Financial Statements in its Independent Auditor's Report of the annual report.

Internal Control

The Board acknowledges its responsibility for reviewing the effectiveness of the internal control system and engaging an external independent professional firm to review the internal control of the Group during the financial year covering material, financial, operational, compliance and risk controls, the adequacy of resources, the qualifications and the experience of the Company's accounting staff and financial reporting function, and the training programmes and budget. No material control failures were identified and the necessary actions are being implemented to improve the internal control of the Group, both the Audit Committee and the Board are satisfied with the results and concluded that the Group's internal control system is effective.

Shareholders Rights and Investor Relations

The Company adopted a Shareholders Communication Policy to provide the shareholders of the Company (the "Shareholders") with ready, equal and timely access to the information about the Company to ensure that the Shareholders have the ability to exercise their rights in an informed manner, and to allow the Shareholders to engage actively with the Company.

All Shareholders have the right to attend and vote at the general meetings and can convene an extraordinary general meeting pursuant to Article 79 of the Company's Articles of Association. Prior to proposing a resolution at the general meeting, the Shareholders should submit (the proposed resolution) to the Company Secretary via email to *ir@leekeegroup.com* with the details. The Board welcomes opinions and questions from the Shareholders who may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary by post to No. 16 Dai Fat Street, Tai Po Industrial Estate, New Territories, Hong Kong or by email to *ir@leekeegroup.com*. In addition, the Group maintains its own website at which the Shareholders can access for the Company's information and for communication with the Company. The Shareholders are encouraged to provide their email addresses to the Company for further communication.

There were no significant changes in the Company's Memorandum and Articles of Association during the financial year.

Sufficiency of Public Float

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained sufficient public float for the financial year.

Report of the Directors

The Directors are pleased to present their report together with the audited consolidated financial statements of Lee Kee Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st March 2015.

Principal Activities

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, aluminum, aluminium alloy, stainless steel and other electroplating chemical products in Hong Kong and Mainland China. The activities of the subsidiaries are set out in note 27 of the financial statements.

Results and Appropriations

The Directors, after consideration of the development of the Group, the financial results and position of the Company, recommended a payment of a final dividend of HK1 cent per share for the Financial Year (Comparative Period: HK1 cent per share) amounting to HK$8,287,500 (Comparative Period: HK$8,287,500) to the shareholders whose names appear on the Register of Members of the Company on 28th August 2015. Subject to the approval at the forthcoming Annual General Meeting of the Company, the dividend is expected to the paid on or around 11th September 2015. The results of the Group for the year are set out in the consolidated income statement on page 38.

Closure of Register of Members

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 17th August 2015 to Thursday, 20th August 2015, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for voting at the forthcoming Annual General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 14th August 2015.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company (the "Register of Members") be closed from Thursday, 27th August 2015 to Friday, 28th August 2015, both days inclusive, during which period no transfers of shares will be effected. In order to establish entitlements to the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 26th August 2015.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in note 23 to the financial statements.

Report of the Directors (Continued)

Donations

Charitable and other donations made by the Group during the year amounted to approximately HK$1.77 million.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in note 22 to the financial statements.

Distributable Reserves

Distributable reserves of the Company at 31st March 2015 amounted to approximately HK$1,040 million.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 12.

Purchase, Sale or Redemption of Securities

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

Share Options

The Company adopted the Pre-IPO share option scheme (the "Pre-IPO Scheme") which has lapsed and the share option scheme (the "Share Option Scheme") pursuant to the written resolutions of the shareholder of the Company passed on 15th September 2006.

Report of the Directors (Continued)

The purpose of the Share Option Scheme is established to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the shareholders of the Company as a whole. The participants of the Share Option Scheme may include directors and employees of any member of the Group, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group. The options will be granted at a consideration for HK$1. The Share Option Scheme will remain valid until 14th September 2016.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the higher of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer of such grant, which shall be a business day;

(ii) the average of the closing prices of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five trading days immediately preceding the date of offer of such grant; and

(iii) the nominal value of a Share on the date of offer of such grant.

The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and under any other share option scheme(s) adopted by the Company must not in aggregate exceed 10% of the aggregate of the Shares at the time of listing plus shares issued under the Over-allotment Option (the "Scheme Mandate Limit") or the refreshed Scheme Mandate Limit approved by the shareholders. In addition, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time must not exceed 30% of the issued share capital of the Company in issue from time to time. The total number of Shares issued and which fall to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme(s) of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of total number of Shares in issue as at the date of offer to grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting at which such participant and his associates abstaining from voting.

No options have been granted under the Share Option Scheme since the adoption date on 15th September 2006 and up to 31st March 2015.

Report of the Directors (Continued)

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. CHAN Pak Chung
Ms. CHAN Yuen Shan, Clara
Ms. MA Siu Tao

Independent Non-executive Directors

Mr. CHUNG Wai Kwok, Jimmy
Mr. LEUNG Kwok Keung (resigned with effect from 4th October 2014)
Mr. HU Wai Kwok
Mr. HO Kwai Ching, Mark (appointed with effect from 16th June 2014)

In accordance with Article 130 of the Articles of Association of the Company, Mr. CHAN Pak Chung and Mr. CHUNG Wai Kwok, Jimmy shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company, any of its fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and Senior Management are set out on page 22 of the Annual Report.

Report of the Directors (Continued)

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

At 31st March 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 Securities and Futures Ordinance ("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 Division 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 the Shares of the Company

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

Notes:

1. 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.

2. 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.

3. 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.

4. Mr. HO Kwai Ching, Mark is deemed to be interested in the 50,000 Shares held by his spouse.

None of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest or short positions in the Shares or underlying Shares in, or debentures of, the Company or its associated corporation.

Report of the Directors (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 31st March 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.

Long Position in the Shares of the Company

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

Note:

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

Saved as disclosed above, at no time during the year, no person, other than the Directors and Chief Executives (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.

Other Persons' Interests and/or Short Positions in the Shares, Underlying Shares of the Company

Save as disclosed above, no other parties (other than Directors and Chief Executive of the Company) has disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or were recorded in the register kept by the Company under section 336 of the SFO as having an interest or a short position in the shares or underlying shares of the Company as at 31st March 2015.

Report of the Directors (Continued)

Major Suppliers and Customers

During the year, the Group sold less than 30% of its goods to its five largest customers.

The percentage of purchases for the 12-month Period attributable to the Group's major suppliers is as follows:

Purchases	
— the largest supplier	33%
— five largest suppliers combined	69%

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Disclosure of information pursuant to Rule 13.51(B)(1) of the Listing Rules

The monthly salary (including basic salary, statutory mandatory provident fund contribution and other allowances, if any) of an Executive Director, namely, Ms. CHAN Yuen Shan, Clara was revised with effect from 1st April 2015 from HK$226,000 to HK$233,850. The entitlement of a discretionary management bonus to be determined by the Remuneration Committee of the Board remained unchanged.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors

CHAN Pak Chung
Chairman

Hong Kong, 9th June 2015

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF LEE KEE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Lee Kee Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 100, which comprise the consolidated and company statements of financial position as at 31st March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9th June 2015

Consolidated Income Statement

For the year ended 31st March 2015

	Note	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Revenues	5	**2,493,703**	2,886,467
Cost of sales	7	**(2,363,195)**	(2,768,798)
Gross profit		**130,508**	117,669
Other income	6	**971**	1,009
Distribution and selling expenses	7	**(21,456)**	(24,400)
Administrative expenses	7	**(83,739)**	(94,928)
Other gains, net	8	**10,193**	293
Operating profit/(loss)		**36,477**	(357)
Finance income		**3,584**	6,479
Finance costs		**(6,750)**	(1,811)
Finance (costs)/income, net	9	**(3,166)**	4,668
Share of profit of a joint venture		**731**	945
Profit before income tax		**34,042**	5,256
Income tax expense	12	**(6,689)**	(1,388)
Profit for the year/period		**27,353**	3,868
Profit attributable to:			
Equity holders of the Company	14	**27,353**	3,868
Earnings per share for profit attributable to equity holders of the Company during the year/period			
— basic and diluted (Hong Kong cents)	13	**3.30**	0.47

The notes on pages 45 to 100 are an integral part of these consolidated financial statements.

Details of dividends payable to equity holders of the Company attributable to the profit for the year/period are set out in Note 15.

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2015

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

The notes on pages 45 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31st March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Leasehold land	16	**20,330**	14,567
Property, plant and equipment	17	**52,283**	35,336
Interest in a joint venture	28	**—**	19,137
Deferred income tax assets	26	**2,770**	2,856
Available-for-sale financial assets	18	**31,951**	21,855
Prepayment for investment properties		**13,029**	—
Prepayment for property, plant and equipment		**1,172**	—
		121,535	93,751
Current assets			
Inventories	19	**1,144,633**	852,505
Trade and other receivables	20	**195,473**	198,534
Amounts due from related companies	32	**—**	1,493
Income tax recoverable		**867**	517
Derivative financial instruments		**2,296**	1,972
Bank balances and cash	21	**131,058**	241,445
Total current assets		**1,474,327**	1,296,466
Total assets		**1,595,862**	1,390,217
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**82,875**	82,875
Share premium	23	**478,717**	495,293
Other reserves	23	**580,544**	543,329
Total equity		**1,142,136**	1,121,497

The notes on pages 45 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position (Continued)

As at 31st March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred income tax liabilities	26	**2,106**	1,617
Other non-current liabilities		**1,679**	1,299
		3,785	2,916
Current liabilities			
Trade and other payables	24	**38,222**	80,732
Borrowings	25	**405,187**	184,995
Income tax payable		**496**	77
Derivative financial instruments		**6,036**	—
		449,941	265,804
Total liabilities		**453,726**	268,720
Total equity and liabilities		**1,595,862**	1,390,217
Net current assets		**1,024,386**	1,030,662
Total assets less current liabilities		**1,145,921**	1,124,413

CHAN Pak Chung
Director

CHAN Yuen Shan, Clara
Director

The notes on pages 45 to 100 are an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31st March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Interests in subsidiaries	27	**1,101,861**	1,127,954
Current assets			
Prepayment		**129**	129
Bank balances and cash	21	**20,439**	913
		20,568	1,042
Total assets		**1,122,429**	1,128,996
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**82,875**	82,875
Share premium	23	**478,717**	495,293
Other reserves	23	**560,825**	550,806
Total equity		**1,122,417**	1,128,974
Current liabilities			
Other payables		**12**	22
Total equity and liabilities		**1,122,429**	1,128,996
Net current assets		**20,556**	1,020
Total assets less current liabilities		**1,122,417**	1,128,974

CHAN Pak Chung
Director

CHAN Yuen Shan, Clara
Director

The notes on pages 45 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st March 2015

	Note	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Operating activities			
Net cash used in operations	29 (a)	(281,971)	(360,322)
Interest paid		(6,750)	(1,811)
Hong Kong profits tax (paid)/refunded		(3,210)	1,900
Mainland China corporate income tax paid		(3,535)	(518)
Net cash used in operating activities		(295,466)	(360,751)
Investing activities			
Interest received		3,584	6,479
Net cash acquired in acquisition of remaining interest in a joint venture as a subsidiary	30	5,983	—
Prepayment for investment properties		(13,029)	—
Prepayment for property, plant and equipment		(1,172)	—
Proceeds from disposal of property, plant and equipment	29 (b)	242	187
Proceeds from disposal of available-for-sale financial assets		45	—
Acquisition of property, plant and equipment		(14,469)	(10,039)
Net cash used in investing activities		(18,816)	(3,373)
Financing activities			
Addition of short-term bank borrowings, net		220,192	182,503
Dividends paid		(16,576)	—
Net cash generated from financing activities		203,616	182,503
Decrease in cash and cash equivalents		(110,666)	(181,621)
Cash and cash equivalents at beginning of the year/period		241,445	421,816
Exchange gain on cash and cash equivalents		279	1,250
Cash and cash equivalents at end of the year/period		131,058	241,445

The notes on pages 45 to 100 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March 2015

	Attributable to equity holders of the Company			
	Share capital	Share premium	Other reserves (Note 23)	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April 2014	**82,875**	**495,293**	**543,329**	**1,121,497**
Comprehensive income				
Profit for the year	—	—	**27,353**	**27,353**
Other comprehensive income				
Exchange translation differences	—	—	**(313)**	**(313)**
Share of other comprehensive income of a joint venture	—	—	**226**	**226**
Movement of available-for-sale financial assets revaluation reserve	—	—	**10,121**	**10,121**
Re-measurements of employment benefit obligations	—	—	**(172)**	**(172)**
Other comprehensive income for the year	—	—	**9,862**	**9,862**
Total comprehensive income for the year	—	—	**37,215**	**37,215**
Dividends paid	—	**(16,576)**	—	**(16,576)**
At 31st March 2015	**82,875**	**478,717**	**580,544**	**1,142,136**
At 1st January 2013	82,875	495,293	543,250	1,121,418
Comprehensive income				
Profit for the period	—	—	3,868	3,868
Other comprehensive income				
Exchange translation differences	—	—	403	403
Share of other comprehensive income of a joint venture	—	—	49	49
Movement of available-for-sale financial assets revaluation reserve	—	—	(4,241)	(4,241)
Other comprehensive loss for the period	—	—	(3,789)	(3,789)
Total comprehensive income for the period	—	—	79	79
At 31st March 2014	82,875	495,293	543,329	1,121,497

The notes on pages 45 to 100 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31st March 2015

1 General Information

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

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

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

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

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

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all periods presented, unless otherwise stated.

(a) 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"). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and derivative financial instruments, which are carried at fair values.

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

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

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

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

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

HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment entities: applying the consolidation exception[2]
Amendments to HKFRS 11	Accounting for Acquisition of Interest in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendment to HKAS 1	Disclosure initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1st April 2015
2 Effective for annual periods beginning on or after 1st April 2016
3 Effective for annual periods beginning on or after 1st April 2017
4 Effective for annual periods beginning on or after 1st April 2018

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

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

Management is still assessing the impact on adoption of the above new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

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

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31st March 2015.

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

(a) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gain on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(c) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

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 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 venture (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 venture.

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.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under "other gains, net".

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(d) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in the other comprehensive income.

(e) Property, plant and equipment

Leasehold land interests classified as finance leases and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line basis to allocate cost less estimated residual values over their estimated useful lives. The principal annual rates are as follows:

Leasehold land interests classified as finance leases	Over the period of the lease
Buildings	2.5% to 5%
Leasehold improvements	20% to 33 1/3%
Motor vehicles and yacht	10% to 30%
Machinery	10% to 30%
Furniture, fixtures and office equipment	20%
Computer system	20% to 33 1/3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net", in the consolidated income statement.

(f) Leasehold land

Leasehold land is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period of 40 years. Amortisation of leasehold land is calculated on a straight-line basis over the period of the lease.

(g) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(h) Financial assets

The Group classifies its financial assets (other than derivative financial instruments in note 2(l)) in the following categories: loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(h) Financial assets (Continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "amount due from related companies" and "bank balances and cash" in the consolidated statement of financial position (notes 2(j) and 2(k)).

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other gains, net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(h) Financial assets (Continued)

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss— is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a receivable is considered to be uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

(l) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. Changes in the fair value of those derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement within "other gains, net".

(m) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and its joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(q) Employee benefits

(i) Pension obligation

The Group participates in mandatory provident fund schemes ("MPF Schemes") for all employees in Hong Kong pursuant to the Mandatory Provident Fund Schemes Ordinance. The contributions to the MPF Schemes are based on a minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a current cap of HK$1,500). The assets of the MPF Schemes are held in separate trustee-administered funds.

The Group's contributions to the MPF Schemes are expensed as incurred.

The employees of the Group's operations in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The relevant Group's entities are required to contribute a specified percentage of its payroll costs to the central pension scheme. The contributions are expensed in the income statement as they become payable in accordance with the rules of the central pension scheme.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of the bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iv) Share-based compensation

The Group operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(q) Employee benefits (Continued)

(iv) Share-based compensation (Continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) Revenues and income recognition

Revenues from the sale of goods are recognised on the transfer of risks and rewards of ownership which generally coincides with the time when the goods are delivered to customers and title has passed. Revenues are shown net of returns and discounts and after eliminating revenues within the Group.

Interest income is recognised on a time-proportion basis using the effective interest method.

Management fee income is recognised when services are rendered.

Dividend income is recognised when the right to receive payment is established.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

2 Summary of Significant Accounting Policies (Continued)

(t) Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payments made for leasehold land classified as operating leases, are charged to the income statement on a straight-line basis over the period of the lease.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount initially recognised less, where appropriate, cumulative amortisation recognised in the income statement over the period of the relevant liabilities and (ii) the amount of which the Group is obligated to reimburse the recipient under the financial guarantee contracts.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's most executive management, who collectively review the Group's internal reporting in order to make strategic decisions.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

3 Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognised assets and liabilities, such as bank balances and cash, trade receivables, trade payables, and bank borrowings, denominated in United States Dollars ("US dollars") and Renminbi ("RMB").

Management conducts periodic reviews of exposure and requirements of various currencies, and will consider hedging significant foreign currency exposures should the need arise.

In respect of US dollars, the Group considers that minimal risk arises as the rate of exchange between HK dollars and US dollars is controlled within a tight range under the Hong Kong's Linked Exchange Rate System.

In respect of RMB, at 31st March 2015, if RMB had strengthened/weakened by 5% (31st March 2014: 5%) against the HK dollars with all other variables held constant, post-tax profit for the period would have been approximately HK$1,734,000 (Fifteen months ended 31st March 2014: HK$8,006,000) higher/lower.

(ii) Cash flow and fair value interest rate risks

The Group has bank borrowings at floating interest rates with maturities of less than 120 days in general, which subject the Group to cash flow interest rate risk.

At 31st March 2015, if interest rates on bank borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$272,000 (Fifteen months ended 31st March 2014: HK$70,000) lower/higher as a result of higher/lower interest expense on bank borrowings.

The Group's bank deposits were at fixed rates and expose the Group to fair value interest risk. As all the Group's bank deposits were short-term in nature, any change in the interest rate from time to time is not considered to have significant impact to the Group's performance.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Price risk

The Group is exposed to equity securities price risk mainly because of the investment in listed equity instrument in Hong Kong, classified on the consolidated statement of financial position as available-for-sale financial assets.

At 31st March 2015, if the fair value of the listed equity instrument increased or decreased by 5%, the Group's available-for-sale financial assets revaluation reserve would have been increased or decreased by approximately HK$1,598,000 (Fifteen months ended 31st March 2014: HK$1,093,000).

The Group also exposed to commodity price risk in relation to its metal products which is largely dependent on the material price of the relevant commodity. The Group closely monitors the price of its products in order to determine its pricing strategies.

(iv) Credit risk

Credit risk is managed on a group basis. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers and other counter parties, including outstanding trade and other receivables and committed transactions.

The carrying amounts of bank deposits and trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure of credit risk in relation to its financial assets.

All bank deposits are placed with highly reputable and sizable banks and financial institutions without significant credit risk.

With regard to trade and other receivables, the Group assesses the credit quality of the customers and other counter parties, taking into account their financial position, past experience and other factors. The Group performs periodic credit evaluations of its customers and other counter parties and believes that adequate provision for doubtful receivables has been made in the consolidated financial statements. Management does not expect any further losses from non-performance by these counterparties.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and other counter parties.

(v) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

Management monitors the Group's liquidity on the basis of availability of bank balances and cash and unutilised committed credit lines. Available bank balances and cash and committed credit lines as of 31st March 2015 are as follows:

	HK$'000
Bank balances and cash	131,058
Committed credit lines available	755,352
Less: Utilised credit lines for bank borrowings	(409,409)
	345,943

The following table shows the remaining contractual maturities at the end of the reporting periods of the Group's non-derivative financial liabilities and net-settled derivative financial instruments, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting periods) and the earliest date the Group is required to pay.

	On demand or within one year HK$'000	**Carrying amount** HK$'000
At 31st March 2015		
Trade payables, accrued expenses and other payables	28,737	28,737
Bank borrowings	406,057	405,187
Derivative financial instruments	6,036	6,036
	440,830	439,960
At 31st March 2014		
Trade payables, accrued expenses and other payables	70,338	70,338
Bank borrowings	185,434	184,995
	255,772	255,333

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

3 Financial Risk Management (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, draw down or repay bank borrowings.

Management monitors the utilisation of borrowings and ensures full compliance with loan covenants during the period and at the end of each reporting period.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total bank borrowings divided by total equity.

The gearing ratios at of 31st March 2015 and 2014 were as follows:

	As at 31st March 2015 HK$'000	As at 31st March 2014 HK$'000
Total bank borrowings (note 25)	405,187	184,995
Total equity	1,142,136	1,121,497
Gearing ratio	0.355	0.165

Increase in gearing ratio is mainly due to the increase in borrowings at the financial reporting date.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

3 Financial Risk Management (Continued)

(c) Fair value estimation

The carrying amounts of the Group's financial assets including bank balances and cash, trade and other receivables; and financial liabilities including trade and other payables, and short term bank borrowings approximate their fair values due to their short maturities. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques.

The method by which the fair values of financial instruments are established are categorised as follows:

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

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

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

The Group's assets and liabilities that are measured at fair values at 31st March 2015:

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
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**
Liabilities				
Derivative financial instruments	**—**	**6,036**	**—**	**6,036**

The Group's assets and liabilities that are measured at fair values at 31st March 2014:

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

3 Financial Risk Management (Continued)

(c) Fair value estimation (Continued)

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. 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.

If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

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

At 31st March 2015, the Group had outstanding metal future trading contracts mainly to sell/purchase nickel and zinc. The maximum notional principal amounts of these future contracts at 31st March 2015 and 2014 were as follows:

	2015 HK$'000	2014 HK$'000
Buy	**72,195**	11,378
Sell	**74,870**	36,522

The movements during the year/period ended 31st March 2015 and 2014 in the balance of Level 3 fair value measurements are as follows:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
At beginning of the year/period	**—**	7,046
Change in fair value of available-for-sale financial assets during the year/period	**—**	(3,384)
Impairment of available-for-sale financial assets	**—**	(3,662)
At end of the year/period	**—**	—

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives, residual values and depreciation of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from use of these assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(b) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when available-for-sale financial assets are impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. Any changes in expectation may impact the recognition of impairment charge to the income statement and therefore the results of the Group.

(c) Impairment of non-financial assets

Non-financial assets including property, plant and equipment and leasehold land are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

4 Critical Accounting Estimates and Judgements (Continued)

(c) Impairment of non-financial assets (Continued)

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Company's and the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(d) Net realisable value of inventories

Net realisable value is the estimated selling price in the ordinary course of business, less estimated direct selling expenses. These estimates are based on current market conditions and historical experience of selling goods of a similar nature. They could change as a result of changes in market conditions. Management reassesses the estimations at the end of each reporting period.

(e) Impairment of trade and other receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and other counter parties and current market conditions. It could change as a result of change in the financial positions of customers and other counter parties. Management reassesses the provision at the end of each reporting period.

(f) Fair value of derivative financial instruments

The fair value of derivative financial instruments which are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The valuation models require the input of subjective assumptions, including forward rates, risk free rates and market volatility. Change in subjective input assumptions can materially affect the fair value estimate.

(g) Income taxes and deferred tax

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

4 Critical Accounting Estimates and Judgements (Continued)

(g) Income taxes and deferred tax (Continued)

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates have been changed.

(h) Business combination

Accounting for acquisitions require the Group to allocate the cost of acquisition to specific assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. In connection with the acquisition of remaining interest in a joint venture (Note 30), the Group has undertaken a process to identify all assets and liabilities acquired. Judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of goodwill (or gain in the case of a bargain purchase) and depreciation and amortisation charges in subsequent periods. Estimated fair values are based on information available at the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgement.

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 year/period are as follows:

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

5 Revenues and Segment Reporting (Continued)

(a) Segment information

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

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

	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Segment revenues	1,861,977	631,726	2,493,703
Segment results	12,184	13,129	25,313
Other segment expenditure items included in the segment results as follows:			
Cost of inventories recognised as expense	1,735,387	598,442	2,333,829
Depreciation of property, plant and equipment	6,966	1,066	8,032
Amortisation of leasehold land	446	67	513
Provision for impairment of inventories	28,556	810	29,366
Segment assets	1,372,740	223,122	1,595,862
Segment liabilities	308,639	145,087	453,726

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

5 Revenues and Segment Reporting (Continued)

(a) Segment information (Continued)

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

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

(b) Reconciliation of segment results

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

6 Other Income

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Management fee, net of withholding tax	70	176
Others	901	833
	971	1,009

7 Expenses by Nature

Expenses included in cost of sales, distribution and selling expenses and administrative expenses are analysed as follows:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Auditor's remuneration	1,763	1,885
Depreciation of property, plant and equipment	8,032	12,467
Amortisation of leasehold land	513	546
Staff costs, including directors' remuneration (Note 10)	58,548	58,835
Operating lease rentals for land and buildings	2,209	2,773
Cost of inventories recognised as expense	2,333,829	2,769,609
Provision for/(reversal of provision for) impairment of inventories	29,366	(811)
Provision for impairment of trade receivables	—	879
Additional charge on factory premises (note)	—	3,419

Note: During the fifteen months ended 31st March 2014, the Group was required to pay an additional charge to the Science & Technology Parks Corporation in respect of its Tai Po factory premises as a result of a delay in completing certain required capital investments. The required investments have been completed during the year ended 31st March 2015.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

8 Other Gains, Net

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Gain on disposal of property, plant and equipment (Note 29(b))	229	187
Gain on remeasurement of previously held interest in a joint venture upon acquisition as a subsidiary (Note 28)	1,050	—
Gain on acquisition of remaining interest in a joint venture as a subsidiary (Note 30)	13,784	—
Unrealised (loss)/gain on metal future trading contracts	(3,740)	1,972
Realised (loss)/gain on metal future trading contracts	(2,825)	695
Net exchange (loss)/gain	(503)	1,101
Impairment of available-for-sale financial assets	—	(3,662)
Others	2,198	—
	10,193	293

9 Finance (Costs)/Income, Net

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

10 Staff Costs (Including Directors' Remuneration)

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Wages, salaries and allowances	57,244	57,317
Pension costs — defined contribution	1,304	1,518
	58,548	58,835

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

11 Directors' and Senior Management's Emoluments

(a) Directors' emoluments

Name of directors	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonuses HK$'000	Pension HK$'000	Total HK$'000
Year ended 31st March 2015					
Mr Chan Pak Chung	—	4,740	500	—	5,240
Ms Chan Yuen Shan, Clara *(Chief executive officer)*	—	2,662	1,400	18	4,080
Ms Ma Siu Tao	—	2,244	100	11	2,355
Mr Chung Wai Kwok, Jimmy	240	—	—	—	240
Mr Leung Kwok Keung[1]	122	—	—	—	122
Mr Hu Wai Kwok	240	—	—	—	240
Mr Ho Kwai Ching, Mark[2]	190	—	—	—	190
	792	9,646	2,000	29	12,467

Name of directors	Fees HK$'000	Salaries and other allowances HK$'000	Discretionary bonuses HK$'000	Pension HK$'000	Total HK$'000
Fifteen months ended 31st March 2014					
Mr Chan Pak Chung	—	5,925	—	1	5,926
Ms Chan Yuen Shan, Clara *(Chief executive officer)*	—	3,219	—	19	3,238
Ms Ma Siu Tao	—	2,805	—	19	2,824
Mr Chung Wai Kwok, Jimmy	300	—	—	—	300
Mr Leung Kwok Keung	300	—	—	—	300
Mr Hu Wai Kwok	300	—	—	—	300
	900	11,949	—	39	12,888

1 Mr Leung Kwok Keung has tendered his resignation as an independent non-executive director of the Company effective from 4th October 2014.

2 Mr Ho Kwai Ching, Mark is appointed as an independent non-executive director of the Company effective from 16th June 2014.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

11 Directors' and Senior Management's Emoluments (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year/period include three (Fifteen months ended 31st March 2014: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (Fifteen months ended 31st March 2014: two) of the five highest paid individuals during the year/period are as follows:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Salaries and other allowances	4,412	3,846
Pension	35	38
	4,447	3,884

The emoluments payable to these individuals during the year/period fell within the following emolument bands:

	Number of individuals	
	Year ended 31st March 2015	Fifteen months ended 31st March 2014
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	—	1
HK$2,500,001 to HK$3,000,000	1	—
	2	2

During the year/period, no emoluments have been paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

11 Directors' and Senior Management's Emoluments (Continued)

(c) Senior management remuneration by band

The senior management's remuneration by band are as follows:

	Number of individuals	
	Year ended 31st March 2015	Fifteen months ended 31st March 2014
HK$500,001 to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**—**	1
HK$2,500,001 to HK$3,000,000	**1**	—
	4	4

12 Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (Fifteen months ended 31st March 2014: 16.5%) on the estimated assessable profit for the year/period. Income tax on profits arising from operations in the Mainland China has been calculated on the estimated assessable profit for the year/period at the rates of income tax prevailing in the places in which the Group's entities operate.

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Current income tax		
— Hong Kong profits tax	**3,364**	1,033
— Mainland China corporate income tax	**3,374**	398
Deferred income tax (note 26)	**(125)**	(270)
Under-provision in prior years	**76**	227
Income tax expense	**6,689**	1,388

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

12 Income Tax Expense (Continued)

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the income tax rate of Hong Kong as follows:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Profit before income tax excluding share of profit of a joint venture	33,311	4,311
Calculated at a tax rate of 16.5% (2014: 16.5%)	5,496	711
Effect of different income tax rates	1,227	262
Income not subject to tax	(3,509)	(1,353)
Expenses not deductible for tax purposes	1,129	1,197
Tax losses not recognised	4,004	4,725
Utilisation of previously unrecognised tax losses	(1,734)	(4,381)
Under-provision in prior years	76	227
Income tax expense	6,689	1,388

13 Earnings Per Share

(a) Basic

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

13 Earnings Per Share (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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

14 Profit/(Loss) Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$10,019,000 (Fifteen months ended 31st March 2014: loss of HK$1,096,000).

15 Dividends

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

Notes:

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

(b) At a meeting held on 12th June 2014, the directors recommended a final dividend of HK$0.01 per ordinary share (totalling HK$8,288,000) for the fifteen months ended 31st March 2014, which was paid during the year and has been reflected as a distribution out of the share premium account during the year ended 31st March 2015.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

16 Leasehold Land

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
At beginning of the year/period	**14,567**	15,113
Acquisition of remaining interest in a joint venture as a subsidiary (Note 30)	**6,277**	—
Amortisation	**(513)**	(546)
Exchange difference	**(1)**	—
At end of the year/period	**20,330**	14,567

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

17 Property, Plant and Equipment

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles and yacht HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Computer system HK$'000	Total HK$'000
Cost								
At 1st April 2014	**5,900**	**15,988**	**31,862**	**34,578**	**11,931**	**5,626**	**8,105**	**113,990**
Exchange difference	**—**	**(155)**	**—**	**—**	**(124)**	**(13)**	**—**	**(292)**
Additions	**—**	**—**	**221**	**510**	**12,806**	**611**	**321**	**14,469**
Acquisition of remaining interest in a joint venture as a subsidiary (Note 30)	**—**	**5,318**	**—**	**—**	**5,061**	**269**	**—**	**10,648**
Disposals	**—**	**—**	**—**	**(931)**	**(59)**	**—**	**—**	**(990)**
At 31st March 2015	**5,900**	**21,151**	**32,083**	**34,157**	**29,615**	**6,493**	**8,426**	**137,825**
Accumulated depreciation								
At 1st April 2014	**1,769**	**3,109**	**30,668**	**24,343**	**6,849**	**4,904**	**7,012**	**78,654**
Exchange difference	**—**	**(76)**	**—**	**—**	**(80)**	**(11)**	**—**	**(167)**
Charge for the year	**124**	**408**	**792**	**3,078**	**2,931**	**286**	**413**	**8,032**
Disposals	**—**	**—**	**—**	**(931)**	**(46)**	**—**	**—**	**(977)**
At 31st March 2015	**1,893**	**3,441**	**31,460**	**26,490**	**9,654**	**5,179**	**7,425**	**85,542**
Net book value at 31st March 2015	**4,007**	**17,710**	**623**	**7,667**	**19,961**	**1,314**	**1,001**	**52,283**
Cost								
At 1st January 2013	5,900	15,988	31,742	28,526	6,772	5,399	7,439	101,766
Exchange difference	—	—	—	—	—	3	3	6
Additions	—	—	120	6,962	5,159	224	663	13,128
Disposals	—	—	—	(910)	—	—	—	(910)
At 31st March 2014	5,900	15,988	31,862	34,578	11,931	5,626	8,105	113,990
Accumulated depreciation								
At 1st January 2013	1,614	2,644	25,323	20,977	5,691	4,332	6,514	67,095
Exchange difference	—	—	1	—	1	—	—	2
Charge for the period	155	465	5,344	4,276	1,157	572	498	12,467
Disposals	—	—	—	(910)	—	—	—	(910)
At 31st March 2014	1,769	3,109	30,668	24,343	6,849	4,904	7,012	78,654
Net book value at 31st March 2014	4,131	12,879	1,194	10,235	5,082	722	1,093	35,336

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

17 Property, Plant and Equipment (Continued)

Net book value of leasehold land and buildings is analysed as follows:

	2015 HK$'000	2014 HK$'000
Leasehold land and buildings in Hong Kong hold on:		
Leases of between 10 and 50 years	16,513	17,010
Building in the PRC, hold on:		
Leases of between 10 and 50 years	5,204	—
	21,717	17,010

18 Available-for-sale Financial Assets

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

19 Inventories

	2015 HK$'000	2014 HK$'000
Finished goods	**1,144,633**	852,505

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately HK$2,333,829,000 (Fifteen months ended 31st March 2014: HK$2,769,609,000).

20 Trade and Other Receivables

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

20 Trade and Other Receivables (Continued)

The carrying amounts of the trade receivables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK dollars	**14,497**	20,609
US dollars	**79,522**	104,581
Renminbi	**55,143**	11,143
	149,162	136,333

As at 31st March 2015, trade receivables of HK$70,639,000 (2014: HK$85,946,000) were past due but not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables, based on due date, is as follows:

	2015 HK$'000	2014 HK$'000
1 to 30 days	**60,850**	73,388
31 to 60 days	**3,708**	8,133
61 to 90 days	**2,793**	938
Over 90 days	**3,288**	3,487
	70,639	85,946

As at 31st March 2015, trade receivables of HK$554,000 (2014: HK$2,384,000) were impaired. The amount of provision for impairment made was HK$56,000 as at 31st March 2015 (2014: HK$1,050,000). The individually impaired receivables mainly relate to a number of independent customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. Most of these receivables have been past due for over 1 year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

20 Trade and Other Receivables (Continued)

Movements on the provision for impairment of trade receivables are as follows:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
At beginning of the year/period	1,050	220
Provision for impairment of trade receivables	—	879
Currency translation difference	—	(49)
Written off	(994)	—
At end of the year/period	56	1,050

The creation and release of provision for impaired receivables have been included in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

21 Bank Balances and Cash

	Group		Company	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Cash at bank and on hand	109,542	101,888	20,439	913
Short-term bank deposits	21,516	139,557	—	—
	131,058	241,445	20,439	913

The weighted average effective interest rates on short-term bank deposits of the Group and the Company were as follows:

	Group		Company	
	2015	2014	2015	2014
Short-term bank deposits	3.1%	3.7%	—	—

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

21 Bank Balances and Cash (Continued)

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The carrying amounts of bank balances and cash are denominated in the following currencies:

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK dollars	**37,834**	22,696	**288**	310
US dollars	**13,690**	11,851	**20,151**	603
Renminbi	**79,329**	206,740	**—**	—
Others	**205**	158	**—**	—
	131,058	241,445	**20,439**	913

22 Share Capital

(a) Authorised and issued capital

	Number of shares	Nominal amount HK$'000
Authorised:		
At 31st March 2014 and 31st March 2015	8,000,000,000	800,000
Issued and fully paid — ordinary shares of HK$0.1 each:		
At 31st March 2014 and 31st March 2015	828,750,000	82,875

(b) Share option schemes

Pursuant to the written resolutions passed by the then sole shareholder of the Company on 15th September 2006, two share option schemes, namely, Pre-IPO Share Option Scheme and Share Option Scheme were approved and adopted by the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

22 Share Capital (Continued)

(b) Share option schemes (Continued)

(i) Pre-IPO Share Option Scheme

During 2006, the Company granted options under the Pre-IPO Share Option Scheme to certain directors of the Company and employees of the Group, which entitle them to subscribe for a total of 21,960,180 shares at a subscription price of HK$2.136 per share and are exercisable in the following manner:

Maximum percentage of option exercisable	Period for exercise of the relevant percentage of the option
33% of the total number of the options granted to any grantee	From the expiry of the first anniversary of the listing date on 4th October 2006 ("Listing Date") to the last day of the fourth anniversary of the Listing Date (both days inclusive)
33% of the total number of the options granted to any grantee	From the expiry of the second anniversary of the Listing Date to the last day of the fifth anniversary of the Listing Date (both days inclusive)
34% of the total number of the options granted to any grantee	From the expiry of the third anniversary of the Listing Date to the last day of the sixth anniversary of the Listing Date (both days inclusive)

No share options granted under the Pre-IPO Share Option Scheme were exercised and all share options granted under the Pre-IPO Share Option Scheme were lapsed by 1st April 2013.

(ii) Share Option Scheme

No option has been granted under the Share Option Scheme.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

23 Share Premium and Other Reserves

	Share premium (note (a)) HK$'000	Other reserves: Merger reserve (note (b)) HK$'000	Capital redemption reserve HK$'000	Reserve funds (note (c)) HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Total HK$'000
At 1st April 2014	**495,293**	**(17,830)**	**125**	**608**	**4,714**	**8,386**	**547,326**	**543,329**	**1,038,622**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**27,353**	**27,353**	**27,353**
Exchange translation differences	**—**	**—**	**—**	**—**	**—**	**(313)**	**—**	**(313)**	**(313)**
Share of other comprehensive income of a joint venture	**—**	**—**	**—**	**—**	**—**	**226**	**—**	**226**	**226**
Change in fair value of available-for-sale financial assets	**—**	**—**	**—**	**—**	**10,143**	**—**	**—**	**10,143**	**10,143**
Realisation of revaluation reserve upon disposal of available-for-sale financial assets	**—**	**—**	**—**	**—**	**(22)**	**—**	**—**	**(22)**	**(22)**
Re-measurements of employment benefit obligations	**—**	**—**	**—**	**—**	**—**	**—**	**(172)**	**(172)**	**(172)**
Dividends paid	**(16,576)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(16,576)**
Transfer to statutory reserves	**—**	**—**	**—**	**482**	**—**	**—**	**(482)**	**—**	**—**
At 31st March 2015	**478,717**	**(17,830)**	**125**	**1,090**	**14,835**	**8,299**	**574,025**	**580,544**	**1,059,261**

	Share premium (note (a)) HK$'000	Other reserves: Merger reserve (note (b)) HK$'000	Capital redemption reserve HK$'000	Reserve funds (note (c)) HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Total HK$'000
At 1st January 2013	495,293	(17,830)	125	490	8,955	7,934	543,576	543,250	1,038,543
Profit for the period	–	–	–	–	–	–	3,868	3,868	3,868
Exchange translation differences	–	–	–	–	–	403	–	403	403
Share of other comprehensive income of a joint venture	–	–	–	–	–	49	–	49	49
Impairment of available-for-sale financial assets	–	–	–	–	(3,384)	–	–	(3,384)	(3,384)
Change in fair value of available-for-sale financial assets	–	–	–	–	(857)	–	–	(857)	(857)
Transfer to statutory reserves	–	–	–	118	–	–	(118)	–	–
At 31st March 2014	495,293	(17,830)	125	608	4,714	8,386	547,326	543,329	1,038,622

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

23 Share Premium and Other Reserves (Continued)

Notes:

(a) Pursuant to the Companies Law (2004 Revision) of the Cayman Islands, the share premium account and the contributed surplus are distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(b) The merger reserve was arising from an adjustment to eliminate the Group's share of share capital of a then non-wholly owned subsidiary against the Group's investment cost in the subsidiary using the principle of merger accounting as at 31st December 2007.

(c) In accordance with the relevant rules and regulations, the Group's entities registered in the Mainland China are required to transfer part of its profit after income tax to reserve funds. The transfer is also subject to the approval of the boards of directors of these entities, in accordance with their articles of association.

Company

		Other reserves				
	Share premium	Contributed surplus (note)	Capital redemption reserve	Accumulated losses	Sub-total	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April 2014	**495,293**	**640,631**	**125**	**(89,950)**	**550,806**	**1,046,099**
Profit for the year	**—**	**—**	**—**	**10,019**	**10,019**	**10,019**
Dividends paid	**(16,576)**	**—**	**—**	**—**	**—**	**(16,576)**
At 31st March 2015	**478,717**	**640,631**	**125**	**(79,931)**	**560,825**	**1,039,542**
At 1st January 2013	495,293	640,631	125	(88,854)	551,902	1,047,195
Loss for the period	—	—	—	(1,096)	(1,096)	(1,096)
At 31st March 2014	495,293	640,631	125	(89,950)	550,806	1,046,099

Note:

The contributed surplus of the Company represents the value of the one share of Lee Kee Group (BVI) Limited allotted and issued to the Company at premium of approximately HK$640,631,000 at the direction of Mr Chan Pak Chung ("Mr Chan") and pursuant to a deed of gift entered into between Mr Chan and the Company in consideration of the conversion of the ordinary shares of Lee Kee Group Limited held by Mr Chan to non-voting deferred shares.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

24 Trade and Other Payables

	2015 HK$'000	2014 HK$'000
Trade payables		
— to third parties	12,132	45,172
— to a related company	—	13,875
Prepayments from customers	9,231	10,394
Accrued expenses and other payables	16,516	11,291
Other payables to a related company (Note 32(b))	343	—
	38,222	80,732

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

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

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

The carrying amounts of trade payables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
HK dollars	104	8,457
US dollars	964	25,459
Renminbi	11,064	25,131
	12,132	59,047

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

25 Bank Borrowings

	2015 HK$'000	2014 HK$'000
Short-term bank loans	405,187	184,995

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.

As at 31st March 2015, short-term bank loans were secured by a corporate guarantee given by the Company (Note 32(d)).

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

	2015 HK$'000	2014 HK$'000
HK dollars	20,000	—
US dollars	385,187	184,995
	405,187	184,995

The effective interest rates at the end of the reporting periods were as follows:

	2015	2014
Short-term bank loans	1.83%	1.87%

The bank borrowings are all subject to contractual interest repricing dates within six months from the end of the reporting period.

26 Deferred Income Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2015 HK$'000	2014 HK$'000
Deferred tax assets	2,770	2,856
Deferred tax liabilities	(2,106)	(1,617)
	664	1,239

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

26 Deferred Income Tax (Continued)

The net movement on the deferred income tax account is as follows:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
At beginning of the year/period	1,239	969
Acquisition of remaining interest in a joint venture as a subsidiary (Note 30)	(700)	—
Credited to income statement (Note 12)	125	270
At end of the year/period	664	1,239

The movement in deferred income tax assets and liabilities during the year/period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred income tax assets			Deferred income tax liabilities		
	Tax losses HK$'000	Unrealised profit on inventories HK$'000	Accelerated accounting depreciation HK$'000	Accelerated tax depreciation HK$'000	Revaluation of assets HK$'000	Total HK$'000
At 1st April 2014	—	14	2,842	(1,617)	—	1,239
Acquisition of remaining interest in a joint venture as a subsidiary (Note 30)	—	—	—	—	(700)	(700)
Deferred income tax credited/(charged) to income statement	899	67	(153)	(705)	17	125
At 31st March 2015	899	81	2,689	(2,322)	(683)	664
At 1st January 2013	—	370	2,326	(1,727)	—	969
Deferred income tax (charged)/credited to income statement	—	(356)	516	110	—	270
At 31st March 2014	—	14	2,842	(1,617)	—	1,239

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK$16,903,000 (2014: HK$14,633,000) in respect of losses amounting to approximately HK$102,445,000 (2014: HK$87,862,000) that can be carried forward against future taxable income. Majority of the tax losses arose in Hong Kong and have no expiry date.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

27 Interests in Subsidiaries

Company

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	**264,171**	264,171
Loan to a subsidiary (note)	**960,185**	986,278
	1,224,356	1,250,449
Less: Provision for impairment	**(122,495)**	(122,495)
	1,101,861	1,127,954

Note: Loan to a subsidiary is unsecured and non-interest bearing. The loan has no fixed terms of repayment and is regarded as equity contribution to the subsidiary.

The following is a list of principal subsidiaries at 31st March 2015:

Company name	Place of incorporation and kind of legal entity	Issued capital/ paid-up capital	Percentage of equity interest attributable to the Company	Principal activities and place of operation
# Lee Kee Group (BVI) Limited	British Virgin Islands, limited liability company	2 shares of HK$1 each	100%	Investment holding in British Virgin Islands
Lee City Asia Company Limited	Hong Kong, limited liability company	10,000 shares of HK$1 each	100%	Property holding in Hong Kong
Lee Fung Metal Company Limited	Hong Kong, limited liability company	100,000 shares of HK$1 each	100%	Trading of non-ferrous metal in Hong Kong
Lee Kee Group Limited	Hong Kong, limited liability company	1,000 shares of HK$1 each	100%	Investment holding in Hong Kong
Lee Kee Metal Company Limited	Hong Kong, limited liability company	500,000 shares of HK$10 each	100%	Trading of zinc and zinc alloy in Hong Kong
Lee Sing Materials Company Limited	Hong Kong, limited liability company	100,000 shares of HK$1 each	100%	Trading of chemical products in Hong Kong

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

27 Interests in Subsidiaries (Continued)

Company name	Place of incorporation and kind of legal entity	Issued capital/ paid-up capital	Percentage of equity interest attributable to the Company	Principal activities and place of operation
Lee Yip Metal Products Company Limited	Hong Kong, limited liability company	1,000,000 shares of HK$1 each	100%	Trading of stainless steel in Hong Kong
Essence Metal (Asia) Company Limited	Hong Kong, limited liability company	1 share of HK$1 each	100%	Manufacturing and trading of customised zinc alloy
Promet Metal Testing Laboratory Limited	Hong Kong, limited liability company	1 share of HK$1 each	100%	Provision of technical consultancy services
Standard Glory Management Limited	Hong Kong, limited liability company	10,000 shares of HK$1 each	100%	Provision of management services in Hong Kong
Toba Company Limited	Hong Kong, limited liability company	10,000 shares of HK$1 each	100%	Property holding in Hong Kong
LKG Elite (Shenzhen) Co., Ltd.	The People's Republic of China, limited liability company	RMB18,400,000	100%	Distribution of non-ferrous metals in China mainland
LKG Elite (Guangzhou) Co., Ltd.	The People's Republic of China, limited liability company	RMB2,500,000	100%	Distribution of non-ferrous metals in China mainland
LKG Elite (Wuxi) Co., Ltd.	The People's Republic of China, limited liability company	USD1,920,000	100%	Distribution of non-ferrous metals in China mainland
Genesis Recycling Technology (BVI) Limited	British Virgin Islands, limited liability company	2,100,000 shares of US$1 each	100%	Investment holding in British Virgin Islands
Genesis Alloys (Ningbo) Limited ("Genesis Ningbo")	The People's Republic of China, limited liability company	USD9,000,000	100%	Manufacturing and trading of zinc alloy products in China mainland

Directly held by the Company

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

28 Interest in a Joint Venture

	2014 HK$'000
Unlisted shares	9,782
Loans to a joint venture (note)	29,060
	38,842
Share of undistributed post acquisition reserves	(19,705)
	19,137

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

As at 31st March 2014, the Group had a 50% interest in a joint arrangement that is structured as a limited liability company and provides the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangement. Therefore, the entity was classified as a joint venture of the Group. The following are the particulars of the joint venture at 31st March 2014:

Company name	Place of incorporation/ operation	Issued capital	Percentage of equity interest attributable to the Group	Measurement method
Genesis Recycling Technology (BVI) Limited ("GRTL")	British Virgin Islands/ The PRC	2,100,000 shares of US$1 each	50%	Equity

GRTL, an investment holding company, and its subsidiaries are engaged in the manufacturing and trading of zinc alloy products.

During the year ended 31st March 2015, the Group completed its acquisition of the remaining 50% shareholding interest in GRTL, details of which are set out in Note 30.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

28 Interest in a Joint Venture (Continued)

The net movements on the interest in a joint venture are as follows:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
At beginning of the year/period	**19,137**	18,143
Share of profit	**731**	945
Share of other comprehensive income	**226**	49
Gain on remeasurement of previously held interest in a joint venture upon acquisition as a subsidiary (Note 8)	**1,050**	—
Acquisition of remaining interest in a joint venture as a subsidiary (Note 30)	**(21,144)**	—
At end of the year/period	**—**	19,137

Set out below are the summarised financial information for the joint venture which is accounted for using the equity method as at 31st March 2014.

Summarised statement of financial position

	As at 31st March 2014 HK$'000
Current	
Cash and cash equivalents	5,266
Other current assets (excluding cash)	24,559
Total current assets	29,825
Financial liabilities (excluding trade payables)	(2,087)
Other current liabilities (including trade payables)	(4,129)
Total current liabilities	(6,216)
Non-current	
Assets	14,665
Net assets	38,274
Interest in joint venture@50%	19,137

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

28 Interest in a Joint Venture (Continued)

Summarised statement of comprehensive income

	Fifteen months ended 31st March 2014 HK$'000
Revenue	289,341
Depreciation and amortisation	(2,180)
Interest income	44
Interest expense	(179)
Profit before income tax	1,891
Income tax expense	—
Profit after tax	1,891
Other comprehensive income	98
Total comprehensive income	1,989

There were no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the joint venture itself as at 31st March 2014.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

29 Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of profit before income tax to net cash used in operations

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Profit before income tax	34,042	5,256
Depreciation of property, plant and equipment	8,032	12,467
Amortisation of leasehold land	513	546
Interest income	(3,584)	(6,479)
Interest expense	6,750	1,811
Gain on disposal of property, plant and equipment	(229)	(187)
Gain on remeasurement of previously held interest in a joint venture upon acquisition as a subsidiary	(1,050)	—
Gain on acquisition of remaining interest in a joint venture as a subsidiary	(13,784)	—
Gain on disposal of available-for-sale financial assets	(20)	—
Share of profit of a joint venture	(731)	(945)
Provision for impairment of trade receivable	—	879
Provision for/(reversal of provision for) impairment of inventories	29,366	(811)
Impairment of available-for-sale financial assets	—	3,662
Unrealised loss/(gain) on derivative financial instruments	3,740	(1,972)
Foreign exchange gain on operating activities	(466)	(851)
Operating cash outflow before working capital changes	62,579	13,376
Changes in working capital:		
Inventories	(316,227)	(318,948)
Trade and other receivables	15,505	(42,774)
Trade, other payables and other liabilities	(47,293)	(12,056)
Derivative financial instruments	1,972	260
Amounts due from related companies	1,493	(180)
Net cash used in operations	(281,971)	(360,322)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

29 Notes to Consolidated Statement of Cash Flows (Continued)

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Disposal of property, plant and equipment:		
Net book amount	**13**	—
Gain on disposal of property, plant and equipment	**229**	187
Proceeds from disposal of property, plant and equipment	**242**	187

30 Business Combinations

On 26th June 2014, the Company entered into a sale and purchase agreement with Nystar Netherlands (Holdings) BV, a limited company incorporated in the Netherlands (the "Vendor"), to acquire the remaining 50% shareholding interest in GRTL; and for the assignment of a shareholder's loan and certain other indebtedness, and the novation of certain outstanding debt of GRTL ("Acquisition"). The Acquisition was completed in October 2014 and GRTL has become a wholly owned subsidiary of the Group.

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

The Acquisition is considered as a bargain purchase as the consideration paid is lower than the fair value of the net assets acquired by the Group, which is mainly because of the Vendor's change in strategy in order to exit the market that GRTL Group is operating in.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

30 Business Combinations (Continued)

The following table summarises the consideration paid for GRTL, the fair value of assets acquired and liabilities assumed at the date of acquisition.

	HK$'000
Total cash consideration, paid	5,081
Fair value of previously held interests in GRTL Group (Note 28)	21,144
	26,225

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Leasehold land	6,277
Property, plant and equipment	10,648
Inventories	5,267
Trade and other receivables	12,444
Banks balances and cash	11,064
Trade and other payables	(4,991)
Deferred income tax liabilities	(700)
Total identifiable net assets	40,009
Amount credited to consolidated income statement (Note 8)	(13,784)
	26,225

Acquisition-related costs of HK$1,398,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31st March 2015.

The Group recognised a gain of HK$1,050,000 as a result of measuring at fair value its 50% equity interest in GRTL held before the business combination. The gain is included in "other gains, net" in the Group's consolidated income statement for the year ended 31st March 2015.

The revenue included in the consolidated income statement since the date of acquisition contributed by GRTL Group was HK$49,202,000. The result contributed by GRTL Group for the period since the Acquisition was relatively insignificant to the Group.

Had GRTL Group been consolidated from 1st April 2014, the consolidated income statement would show pro-forma revenue of HK$2,553,138,000 and net profit of HK$28,291,000.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

31 Commitments — Group

(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:

	2015 HK$'000	2014 HK$'000
Within one year	**1,829**	1,091
In the second to fifth years inclusive	**776**	600
	2,605	1,691

(b) Capital commitments

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

	2015 HK$'000	2014 HK$'000
Authorised but not contracted for	**—**	11,364
Contracted but not provided for	**34,249**	636

32 Related Party Transactions

(a) Transactions with related parties

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

	Note	**Year ended 31st March 2015 HK$'000**	Fifteen months ended 31st March 2014 HK$'000
Income			
Management fee received from Genesis Ningbo	(i)	**77**	176
Expense			
Purchase of goods from Genesis Ningbo	(ii)	**62,542**	131,378
Rental paid to Sonic Gold Limited	(iii)	**515**	600

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

32 Related Party Transactions (Continued)

(a) Transactions with related parties (Continued)

(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. Management fee received after the Acquisition are intra-group transactions and are 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 are intra-group transactions and are 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, a director of the Company, at fixed sums as agreed by both parties.

(b) Balances with related companies

	As at 31st March 2015 HK$'000	As at 31st March 2014 HK$'000
Amounts due from related companies		
Genesis Alloy (HK) Limited (a wholly owned subsidiary of GRTL)	—	1,472
GRTL	—	21
	—	1,493
Trade payables to a related company		
Genesis Ningbo (Note 24)	—	13,875
Other payables to a related company		
Modern Wealth Limited (Note 24)	**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.

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31st March 2015

32 Related Party Transactions (Continued)

(c) Key management compensation

	Year ended 31st March 2015 HK$'000	Fifteen months ended 31st March 2014 HK$'000
Salaries and other short term employee benefits	**21,405**	21,693
Post employment benefits — pension	**128**	152
	21,533	21,845

(d) Others

At 31st March 2015, the Company provided corporate guarantees in respect of banking facilities made available to certain subsidiaries amounting to approximately HK$755 million (2014: HK$1,216 million), of which approximately HK$409 million trade finance facilities (2014: HK$217 million) were utilised.

33 Events After the Date of Financial Reporting

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

34 Ultimate and Immediate Holding Companies

The directors regard Gold Alliance International Management Limited and Gold Alliance Global Services Limited, companies incorporated in the British Virgin Islands, as being the ultimate and immediate holding companies of the Company, respectively.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Lee Kee Holdings Limited (the "Company") will be held at Jordan Room, 2nd Floor, Eaton, Hong Kong, 380 Nathan Road, Kowloon, Hong Kong on Thursday, 20th August 2015 at 2:30 p.m. for the following purposes:

1. To receive and adopt the audited Consolidated Financial Statements of the Company and its subsidiaries and the Reports of the Directors and the Auditors for the year ended 31st March 2015.

2. To declare a final dividend of the Company for the year ended 31st March 2015.

3. (a) To consider the re-election of the following retiring Directors, each as a separate resolution:

   (i) Mr. CHAN Pak Chung;

   (ii) Mr. CHUNG Wai Kwok; and

   (b) To authorise the Board of Directors to fix the Directors' remuneration.

4. To consider the re-appointment of Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

5. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

   "**THAT**:

   (a) subject to paragraph (c) below of this Resolution, and pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined in this Resolution) of all the powers of the Company to allot, issue and deal with any shares of the Company (the "Shares") and to make or grant offers, agreements or options (including any warrant, bond, note, securities or debenture conferring any rights to subscribe for or otherwise receive Shares) which may require the exercise of such power be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above of this Resolution shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined in this Resolution) to make or grant offers, agreements and options (including any warrant, bond, note, securities or debenture conferring any rights to subscribe for or otherwise receive Shares) which may require the exercise of such power to allot, issue and deal with additional Shares after the end of the Relevant Period (as hereinafter defined in this Resolution);

   (c) the aggregate nominal value of the Shares allotted or issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined in this Resolution); or (ii) any script dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company; or (iii) any specific authority granted by the shareholders of the Company in general meeting, shall not exceed the aggregate of (aa) 20 per cent. of the aggregate nominal value of the share capital of the Company in issue at the time of passing this Resolution and (bb) conditional on Resolution No. 4 and Resolution No. 5 being passed, the total nominal value of the share capital of the Company repurchased by the Company (if any) pursuant to the authorization granted to the Directors under the Resolution No. 4, and the approval granted pursuant to paragraphs (a) and (b) above of this Resolution shall be limited accordingly;

Notice of Annual General Meeting (Continued)

(d) for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association of the Company to be held; or

(iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution;

"Rights Issue" means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors of the Company, to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities)(subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient (but in compliance with the relevant provisions of the Listing Rules) in relation to fractional entitlements or with regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company); and

(e) the authority conferred by this Resolution shall be in substitution for all previous authorities granted to the Directors of the Company, except that it shall be without prejudice to and shall not affect the exercise of the power of the Directors of the Company pursuant to such authorities to allot additional shares of the Company up to and in accordance with the approval therein contained prior to the date of this Resolution."

6. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"**THAT**:

(a) subject to paragraph (b) below of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined in this Resolution) of all powers of the Company to repurchase shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the Shares may be listed and is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities of the Stock Exchange or equivalent rules or regulations of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal value of the Share repurchased by the Company pursuant to the approval in paragraph (a) above of this Resolution during the Relevant Period (as hereinafter defined in this Resolution) shall not exceed 10 per cent. of the aggregate nominal value of the share capital of the Company in issue as at the date of passing this Resolution, and the authority granted pursuant to paragraph (a) above of this Resolution shall be limited accordingly; and

Notice of Annual General Meeting (Continued)

(c) for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association of the Company to be held; or

(iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing the authority given to the Directors by this Resolution."

7. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution upon the passing of Resolutions 5 and 6 set out in this notice:

"**THAT** conditional upon the Resolutions No. 5 and Resolution No. 6 of this notice being passed, the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with any unissued shares of the Company (the "Shares") pursuant to the said Resolution No. 5 be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to the said Resolution No. 6, provided that such extended amount shall not exceed 10 per cent. of the total nominal value of the share capital of the Company in issue at the time of passing this Resolution."

By Order of the Board
CHEUK Wa Pang
Company Secretary

Hong Kong, 14 July 2015

Head Office and Principal Place of
Business in Hong Kong:
16 Dai Fat Street
Tai Po Industrial Estate
New Territories
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more separate proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at 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 not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.

3. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.

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We Create Value Solutions for Metals

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