利 記 控 股 有 限 公 司

LEE KEE HOLDINGS LIMITED

SINCE 1947

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2016

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the six months ended 30th September 2016 (the "Interim Period" or "6-month Period") together with the comparative figures for the six months ended 30th September 2015 (the "Comparative Period") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED

		Six months ended 30th September	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**981,355**	1,272,548
Cost of sales		**(915,888)**	(1,304,885)
Gross profit/(loss)		**65,467**	(32,337)
Other income		**2,088**	1,356
Distribution and selling expenses		**(10,816)**	(13,087)
Administrative expenses		**(40,451)**	(39,967)
Other net losses		**(2,363)**	(5,462)

		Six months ended 30th September	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Profit/(loss) from operations		**13,925**	(89,497)
Finance income		**129**	225
Finance costs		**(1,276)**	(3,200)
Net finance costs	*5(a)*	**(1,147)**	(2,975)
Profit/(loss) before taxation	*5*	**12,778**	(92,472)
Income tax	*6*	**(1,104)**	(1,668)
Profit/(loss) for the period attributable to equity shareholders of the Company		**11,674**	(94,140)
Earnings/(loss) per share			
Basic and diluted (Hong Kong cents)	*7*	**1.41**	(11.36)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

	Six months ended 30th September	
	2016	2015
	HK$'000	*HK$'000*
Profit/(loss) for the period	**11,674**	(94,140)
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss, net of nil tax:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**(5,024)**	(3,985)
Change in fair value of available-for-sale financial assets	**5,340**	(1,432)
Other comprehensive income for the period	**316**	(5,417)
Total comprehensive income for the period attributable to equity shareholders of the Company	**11,990**	(99,557)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Note	**As at 30th September 2016** *HK$'000*	As at 31st March 2016 *HK$'000*
Non-current assets			
Interests in leasehold land held for own use under operating leases		**19,391**	19,712
Property, plant and equipment	*9*	**94,374**	96,885
Available-for-sale financial assets	*10*	**29,747**	24,407
Deferred tax assets		**2,857**	2,627
		146,369	143,631
Current assets			
Inventories		**707,341**	728,367
Trade and other receivables	*11*	**182,705**	130,036
Tax recoverable		**564**	564
Derivative financial instruments		**–**	125
Cash held on behalf of customers		**1,540**	1,620
Cash and cash equivalents		**184,617**	162,278
		1,076,767	1,022,990
Current liabilities			
Trade and other payables	*12*	**71,986**	44,803
Bank borrowings		**109,613**	92,719
Tax payable		**845**	583
Derivative financial instruments		**859**	182
		183,303	138,287
Net current assets		**893,464**	884,703
Total assets less current liabilities		**1,039,833**	1,028,334

	Note	As at 30th September 2016 HK$'000	As at 31st March 2016 HK$'000
Non-current liabilities			
Bank borrowings		**16,013**	16,566
Employee retirement benefit obligations		**2,305**	2,305
Deferred tax liabilities		**2,132**	2,070
		20,450	20,941
NET ASSETS		**1,019,383**	1,007,393
CAPITAL AND RESERVES			
Share capital		**82,875**	82,875
Reserves		**936,508**	924,518
TOTAL EQUITY		**1,019,383**	1,007,393

NOTES:

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (together, the "Group") are 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.

This consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 25th November 2016.

2. BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30th September 2016 but are extracted from that interim financial report.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015/16 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016/17 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015/16 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 March 2016 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

– *Annual Improvements to HKFRSs 2012-2014 Cycle*
– Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT REPORTING

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

	Six months ended 30th September	
	2016	2015
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**981,355**	1,272,548

The chief operating decision-maker has been identified as the Group's most senior executive management, including executive directors, chief executive officer, chief operation officer and chief financial officer, who 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 which reflects the principal place of operation of the Group's entities. The Group is organised into two operating segments, namely (i) Hong Kong (ii) Mainland China. Both operating segments represent trading of different types of metal products.

(a) Segment revenue and results

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

	Six months ended 30th September			
	2016		2015	
	Revenue	**Segment results**	Revenue	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Hong Kong	**636,637**	**7,149**	896,607	(91,422)
Mainland China	**344,718**	**7,051**	375,941	6,031
	981,355	**14,200**	1,272,548	(85,391)

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

	As at 30th September 2016		
	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment assets	**1,008,772**	**214,364**	**1,223,136**
Segment liabilities	**140,306**	**63,447**	**203,753**

	As at 31st March 2016		
		Mainland	
	Hong Kong	China	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	951,779	214,842	1,166,621
Segment liabilities	94,486	64,742	159,228

(b) Reconciliation of reportable segment profit or loss

	Six months ended 30th September	
	2016	2015
	HK$'000	*HK$'000*
Total segment results	**14,200**	(85,391)
Other income	**2,088**	1,356
Other net losses	**(2,363)**	(5,462)
Net finance costs	**(1,147)**	(2,975)
Profit/(loss) before taxation	**12,778**	(92,472)

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	Six months ended 30th September	
	2016	2015
	HK$'000	*HK$'000*
Interest income	**(129)**	(225)
Interest expense on loans against trust receipts	**1,103**	3,031
Interest on mortgage loan	**173**	169
	1,147	2,975

	Six months ended 30th September	
	2016	2015
	HK$'000	*HK$'000*

(b) Other items

Depreciation of property, plant and equipment	**4,819**	4,539
Amortisation of leasehold land	**285**	285
Operating lease charges: minimum lease payments – property rentals	**1,381**	1,496
Cost of inventories sold	**933,562**	1,254,094
Gain on disposal of available-for-sale financial assets	**–**	(6,393)
Gain on disposal of property, plant and equipment	**(48)**	(100)
Realised loss on metal future trading contracts	**826**	11,496
Unrealised loss/(gain) on metal future trading contracts	**928**	(1,944)
Staff costs (including directors' remuneration)	**28,543**	28,394
(Reversal of)/write-down of inventories	**(17,674)**	50,791
Net foreign exchange loss	**568**	2,877

6. INCOME TAX

	Six months ended 30th September	
	2016	2015
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	**158**	54
Current tax – Mainland China Corporate Income Tax	**1,159**	1,214
Deferred taxation	**(213)**	400
	1,104	1,668

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30th September 2015: 16.5%) to the six months ended 30th September 2016. Taxation for Mainland China's subsidiaries is similarly calculated using the estimated annual effective rate of 25% (six months ended 30th September 2015: 25%) to the six months ended 30 September 2016.

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$11,674,000 (six months ended 30th September 2015: loss of HK$94,140,000) and the weighted average number of 828,750,000 (six months ended 30th September 2015: 828,750,000) ordinary shares in issue during the interim period.

(b) Diluted earnings/(loss) per share

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

8. DIVIDEND

A final dividend totalling HK$8,288,000 (HK$0.01 per ordinary share) in respect of the year ended 31st March 2015 was approved and paid during the six months ended 30th September 2015. The Board of Directors did not recommend the payment of a final dividend for the year ended 31st March 2016 during the six months ended 30th September 2016.

The Directors do not recommend the payment of interim dividend for the six months ended 30th September 2016 (six months ended 30th September 2015: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30th September	
	2016	2015
	HK$'000	*HK$'000*
Net book value as at the beginning of the period	**96,885**	52,283
Exchange difference	**(428)**	(342)
Additions	**3,019**	3,187
Disposals	**(283)**	(4)
Depreciation	**(4,819)**	(4,539)
Net book value as at the end of the period	**94,374**	50,585

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30th September 2016	As at 31st March 2016
	HK$'000	*HK$'000*
Available-for-sale financial assets		
– equity securities listed in Hong Kong at fair value	**29,747**	24,407
– unlisted limited partnership at fair value	**–**	–
	29,747	24,407

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

As at 30th September 2016 and 31st March 2016, the investment in the unlisted limited partnership of HK$7,046,000 was fully impaired in previous years as management assessed that the amount is expected to be irrecoverable as a result of the financial difficulties experienced by the investee.

11. TRADE AND OTHER RECEIVABLES

	As at 30th September 2016	As at 31st March 2016
	HK$'000	*HK$'000*
Trade receivables, net of allowance for doubtful debts	**132,508**	94,159
Prepayments to suppliers	**32,616**	15,663
Deposits	**3,308**	2,907
Other receivables	**14,273**	17,307
	182,705	130,036

The Group grants credit terms to its customers ranging from cash on delivery to 90 days. As at the end of the reporting period, the ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

	As at 30th September 2016	As at 31st March 2016
	HK$'000	*HK$'000*
Within 1 month	**82,955**	72,693
Over 1 but within 2 months	**36,457**	17,213
Over 2 but within 3 months	**8,253**	3,763
Over 3 months	**4,843**	490
	132,508	94,159

12. TRADE AND OTHER PAYABLES

	As at 30th September 2016	As at 31st March 2016
	HK$'000	*HK$'000*
Trade payables	**54,844**	23,437
Prepayments from customers	**6,819**	10,423
Accrued expenses and other payables	**10,278**	10,860
Other payables to related companies	**45**	83
	71,986	44,803

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 30th September 2016	As at 31st March 2016
	HK$'000	*HK$'000*
Within 1 month	**47,769**	23,417
Over 1 but within 3 months	**4,811**	–
Over 3 months	**2,264**	20
	54,844	23,437

OVERALL BUSINESS PERFORMANCE

Financial performance

LEE KEE experienced a mixed operating environment during the Interim Period. The rally in the global zinc (LEE KEE's main product) and nickel markets had a marked impact on the Group's margins especially when compared to the exceptional downturn in these metal markets during the Comparative Period. Meanwhile, industrial overcapacity and the slowing manufacturing sector in China impacted demand for the Group's metal products.

The Group's revenue for the Interim Period was HK$981 million, down 22.9% compared to the Comparative Period of last year. Tonnage sold declined 15.8% to 55,370 tonnes during the Interim Period, compared to the Comparative Period.

However, the Group recorded a gross profit of HK$65.5 million and a gross profit margin of 6.67% for the 6-month Period, compared to a gross loss of HK$32.3 million and a gross loss margin of 2.54% in the Comparative Period. The Group recorded a profit attributed to equity shareholders of the Company of HK$11.7 million for the Interim Period, compared to a loss of HK$94.1 million for the Comparative Period.

The improvement in profitability was mainly due to an increase in metal prices, particularly zinc, during the Interim Period, against the exceptionally adverse conditions in the metal market that affected the Group's performance during the Comparative Period.

The global price for zinc and nickel rose 32% and 27% respectively during the Interim Period. The LME price of zinc rose steadily throughout the Interim Period, from US$1,792 to reach US$2,354 per tonne at the end of the Interim Period. This compared starkly to the performance of the global zinc market in the Comparative Period of last year, where prices were highly volatile – rising 16.2% during April 2015 to early May 2015, before falling 31.1% between early May 2015 and the end of September 2015.

The LME price for nickel during the Interim Period was slightly more volatile in comparison, rising from US$8,280 per tonne to US$9,555 per tonne from the beginning of April 2016 to the beginning of May 2016, before dipping to US$8,325 per tonne by the beginning of June 2016. An environmental crackdown on nickel mines launched by the new government in the Philippines pushed prices up to US$10,900 per tonne by early August 2016, with prices then fluctuating sharply to eventually reach a price of US$10,530 per tonne as of 30th September 2016.

Distribution and selling expenses for the 6-month Period was HK$10.8 million, down 17.4% compared to the Comparative Period of last year. The fall was primarily attributed to the lower tonnage sold during the Interim Period, compared to the Comparative Period.

The Group's administrative expenses in the 6-month Period rose 1.2% to HK$40.4 million compared to the Comparative Period of last year. The Group recognised other income of HK$2.09 million, up 54.0% compared to the Comparative Period of last year. This was primarily due to higher fees earned from the Group's wholly-owned metals testing subsidiary, Promet Metals Testing Laboratory Limited ("Promet").

The Group also incurred other net losses of HK$2.36 million during the Interim Period, down from a loss of HK$5.46 million during the Comparative Period. This result was achieved despite the absence of a one-off gain of HK$6.39 million resulting from the Group's decision to dispose of part of the interest in shares in a listed company during the Comparative Period. The reduced loss was mostly attributed to the Group's ability to reduce its losses related to metal future contracts and currency devaluations.

The Group's finance costs for the 6-month Period fell 60.1% to HK$1.28 million due to the lower level of bank loans held by the Group as a result of its destocking strategy.

The Group continues to retain a healthy financial position, with HK$185 million bank balances and cash on hand as of 30th September 2016.

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 quality, innovation, professionalism and its wide network across all facets of the global metals industry.

Securing its rank among the world's premier metal players, LEE KEE was the first company in Hong Kong to be admitted as a Category 5 Associate Trade Member of the London Metal Exchange ("LME"). The Group's membership of this exclusive industry body was a milestone for its ongoing strategy of "Creating Value" for the end users of metals. One of the benefits of this membership was seen in early 2016 when LEE KEE's metals testing subsidiary, Promet Metals Testing Laboratory Limited ("Promet"), became an approved LME listed Sampler and Assayer, raising Promet's international profile.

While the Group benefited from the rally in global zinc and nickel prices during the Interim Period, it also remained focused on securing its long-term competitiveness by further expanding its range of technical and consulting services and its branded metal product offerings. This has helped LEE KEE better meet the needs of its customers, which hail from more than 20 industries in the Greater China and ASEAN regions.

Growing contribution from value-added services

Promet and the Group's wholly-owned futures brokerage subsidiary, Horizon Commodities and Futures Company Limited ("HCF") continued to contribute to overall income during the Interim Period.

Promet's efficient and reliable metal testing services is experiencing rapid growth, especially in the construction sector. Its experienced engineering team offers professional consultancy services, as well as customized solutions in the fields of materials engineering, productivity enhancement, process optimisation, sustainable design, quality control and failure analysis.

HCF offers brokerage services for global index futures, LME and U.S. – listed metal futures, agricultural futures, energy futures, foreign exchange futures and interest rate futures – making LEE KEE one of the few metals companies with both physical metal services and financial services – providing customers with greater flexibility and closeness to market.

The increasing contribution from both businesses is a sign of the progress LEE KEE is making in implementing its long-term strategy of moving up the value-chain by offering a growing suite of value-added metal solutions and services to its customers. This strategy is integral to safeguarding the Group's future competitiveness and its market share, as metal end-users increasingly seek holistic solutions providers that can help them address an increasingly complex metals market and export market.

Expanding range of quality metal products

The Group continued to expand its range of high-quality metal products and speciality alloys, a strategy that is enabling LEE KEE to expand into new markets and create value for different market segments. Key areas of focus include developing a range of 'green' metals and alloys that can help end users meet tightening regulation around metal quality and environmental standards while achieving specific performance requirements of various applications.

Strengthening the value of its services

Throughout the Interim Period, LEE KEE continued to strengthen the value that its services provided to its customers during every stage of the manufacturing process. These services included market intelligence, technical consultancy, alloy customisation, quality support and supply chain management – ensuring that the Group remained the partner of choice for brand owners, manufacturers, die-casters and other end-users of metals.

Prospects

Government policy and supplier decisions to drive metal markets

The global zinc market has been one of the best performing commodity markets this year, with prices being driven by recent supply shortfalls after some major producers, such as Glencore, decided to cut production. It remains to be seen whether the bull mark for zinc will continue, as higher prices may encourage these producers to restart idle mining operations, putting pressure on prices.

The unknown volume of metals held outside of the LME warehouse system also makes the future supply situation difficult to forecast.

The global price for nickel could continue to be supported by recent mine closures in the Philippines, following a recent government-led environmental crackdown. The lower resulting exports from this major producer could compound the ongoing effect of Indonesia’s tightening ban on raw material exports.

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

Stagnating manufacturing activity in the PRC to continue affecting demand for metals

Manufacturing activity in the PRC continues to be highly influenced by the weak global economic environment, excess capacity and pricing competition from other manufacturing locations. It may take some time for some of the Group’s customers to adjust their operations and strategies. This is likely to impact demand for the Group’s metals products in the short to medium term.

Ongoing focus on adding value and providing innovative solutions

The Group will continue to innovate in order to align with the increasingly complex metal services and customisation requirements being demanded by its customers. This includes toughening regulation around product safety, metal quality and environmental standards, to which the Group is already expanding its range of 'green' products and services in order to attract new customers and increase market share.

Other challenges that customers are facing include the need to upgrade their operation's efficiency and properly managing volatile metal prices – areas where the Group's subsidiaries, Promet and HCF can add significant value. The Group will also focus on developing its business in growth markets, such as South East Asia and Taiwan, in order to further expand our market scope while catering the needs of quality materials generated by the customers who are shifting production out of the PRC.

Stringent controls on costs and purchases

Given the uncertain global economic environment, the Group will continue to take steps to streamline its operations and metal-purchasing protocols to contain costs and protect its margins.

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

DIVIDEND

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

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

The Group primarily financed its operation through internal resources and borrowings from banks. As at 30th September 2016, the Group had unrestricted cash and bank balances of approximately HK$185 million (as at 31st March 2016: HK$162 million) and bank borrowings of approximately HK$126 million (as at 31st March 2016: HK$109 million). In March 2015, the Group obtained a HK$ denominated mortgage loan of HK$18.7 million, which bore annual interest at the lower of one month Hong Kong Inter-bank Offered Rate ("HIBOR") plus 1.75% and HK$ Prime Rate less 3.1%. As at 30th September 2016, the outstanding borrowing of this facility amounted to HK$17.1 million (as at 31st March 2016: HK$17.7 million).

The remaining borrowings, which are short term in nature, were substantially made in United States dollars and Hong Kong dollars with interest chargeable at market rates and the gearing ratio (total borrowings to total equity) as at 30th September 2016 was 12.3% (as at 31st March 2016: 10.9%). The Group has a current ratio of 587% as at 30th September 2016 (as at 31st March 2016: 740%).

The Company had issued guarantees to the extent of approximately HK$810 million to banks to secure general banking facilities of approximately HK$785 million to certain subsidiaries, of which approximately HK$126 million had been utilised as of 30th September 2016.

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

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

EMPLOYEES

As at 30th September 2016, the Group had approximately 190 employees (Comparative Period: 200 employees). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonuses and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). Other benefits include share options granted or to be granted under the share option schemes and training schemes. During the Interim Period, staff costs (including directors' emoluments) were approximately HK$28.5 million (Comparative Period: HK$28.4 million).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2016 has been reviewed by the Company's Audit Committee and KPMG, the Company's auditor in accordance with Hong Kong Standards on Review Engagement 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the HKICPA.

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 25th November 2016

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

* *Independent non-executive Directors*