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

We Create
VALUE SOLUTIONS
for Metals

Interim Report 2019 中期報告

CORPORATE INFORMATION

DIRECTORS

Executive Directors

CHAN Pak Chung
(Chairman of the Board)
CHAN Yuen Shan Clara, MH
(Vice Chairman of the Board & CEO)
CHAN Ka Chun Patrick
OKUSAKO CHAN Pui Shan Lillian

Independent non-executive Directors

CHUNG Wai Kwok Jimmy
HU Wai Kwok
HO Kwai Ching Mark

COMPANY SECRETARY

CHEUK Wa Pang
(CPA (HKICPA), FCCA, ACA)

AUDIT COMMITTEE

CHUNG Wai Kwok Jimmy
(Chairman of the Audit Committee)
HU Wai Kwok
HO Kwai Ching Mark

REMUNERATION COMMITTEE

Ho Kwai Ching Mark
(Chairman of the Remuneration Committee)
CHAN Pak Chung
CHUNG Wai Kwok Jimmy

NOMINATION COMMITTEE

CHAN Pak Chung
(Chairman of the Nomination Committee)
CHUNG Wai Kwok Jimmy
HU Wai Kwok

AUTHORISED REPRESENTATIVES

CHAN Yuen Shan Clara, MH
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

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Tai Po Industrial Estate
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
4th Floor, Royal Bank House
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Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre,
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LEGAL ADVISERS TO THE COMPANY

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As to Cayman Islands Law:
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Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
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10 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

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

WEBSITE OF THE COMPANY

www.leekeegroup.com

STOCK CODE

637

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019 – unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 September	
	Note	**2019** **$'000**	2018 $'000 *(Note)*
Revenue	4	**1,032,287**	1,288,324
Cost of sales		**(1,028,286)**	(1,281,347)
Gross profit		**4,001**	6,977
Other income		**2,351**	3,017
Distribution and selling expenses		**(12,395)**	(13,585)
Administrative expenses		**(41,980)**	(43,927)
Other net losses		**(1,033)**	(2,319)
Loss from operations		**(49,056)**	(49,837)
Finance income		**838**	641
Finance costs		**(4,292)**	(5,745)
Net finance costs	5(a)	**(3,454)**	(5,104)
Loss before taxation	5	**(52,510)**	(54,941)
Income tax	6	**(3,052)**	(2,294)
Loss for the period		**(55,562)**	(57,235)
Attributable to:			
Equity shareholders of the Company		**(55,513)**	(57,225)
Non-controlling interests		**(49)**	(10)
Loss for the period		**(55,562)**	(57,235)
Loss per share	8		
Basic and diluted (Hong Kong cents)		**(6.70)**	(6.90)

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019 – unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2019	2018
	$'000	$'000
		(Note)
Loss for the period	**(55,562)**	(57,235)
Other comprehensive income for the period:		
Items that will not be reclassified to profit or loss, net of nil tax:		
Revaluation of financial assets at fair value through other comprehensive income	**(1,257)**	(1,590)
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	**(13,553)**	(16,832)
Other comprehensive income for the period	**(14,810)**	(18,422)
Total comprehensive income for the period	**(70,372)**	(75,657)
Attributable to:		
Equity shareholders of the Company	**(70,323)**	(75,647)
Non-controlling interests	**(49)**	(10)
Total comprehensive income for the period	**(70,372)**	(75,657)

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019 – unaudited

(Expressed in Hong Kong dollars)

	Note	**At 30 September 2019 $'000**	At 31 March 2019 $'000 *(Note)*
Non-current assets			
Interests in leasehold land held for own use under operating leases		**–**	17,976
Investment property		**64,600**	64,600
Other property, plant and equipment	9	**34,937**	35,744
Right-of-use assets		**19,767**	–
Financial assets at fair value through other comprehensive income		**7,123**	8,380
Prepayments	11	**98**	188
Deferred tax assets		**1,808**	2,600
		128,333	129,488
Current assets			
Inventories	10	**492,984**	596,869
Trade and other receivables	11	**182,824**	206,937
Tax recoverable		**14**	6
Derivative financial instruments		**969**	2,041
Cash held on behalf of customers		**2,070**	9,605
Cash and cash equivalents	12	**294,125**	356,734
		972,986	1,172,192
Current liabilities			
Trade and other payables and contract liabilities	13	**27,791**	83,894
Bank borrowings	14	**110,525**	183,284
Lease liabilities		**1,291**	–
Tax payable		**1,295**	959
Derivative financial instruments		**943**	3,755
		141,845	271,892
Net current assets		**831,141**	900,300
Total assets less current liabilities		**959,474**	1,029,788

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2019 – unaudited

(Expressed in Hong Kong dollars)

	Note	At 30 September 2019 $'000	At 31 March 2019 $'000 *(Note)*
Non-current liabilities			
Bank borrowings	14	**12,599**	13,183
Employee retirement benefit obligations		**1,866**	2,028
Lease liabilities		**859**	–
Deferred tax liabilities		**4,372**	4,397
		19,696	19,608
NET ASSETS		**939,778**	1,010,180
CAPITAL AND RESERVES			
Share capital	15	**82,875**	82,875
Reserves		**856,722**	927,075
Total equity attributable to equity shareholders of the Company		**939,597**	1,009,950
Non-controlling interests		**181**	230
TOTAL EQUITY		**939,778**	1,010,180

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019 – unaudited

(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	Merger reserve $'000	Capital redemption reserve $'000	Reserve fund $'000	Fair value reserve (non-recycling) $'000	Exchange reserve $'000	Property revaluation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
Balance at 1 April 2018		82,875	437,277	(17,830)	125	3,667	9,770	8,227	–	586,120	1,110,231	–	1,110,231
Changes in equity for the six months ended 30 September 2018:													
Loss for the period		–	–	–	–	–	–	–	–	(57,225)	(57,225)	(10)	(57,235)
Other comprehensive income		–	–	–	–	–	(1,779)	(16,832)	–	189	(18,422)	–	(18,422)
Total comprehensive income		–	–	–	–	–	(1,779)	(16,832)	–	(57,036)	(75,647)	(10)	(75,657)
Contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	239	239
Dividends approved in respect of the previous year	7(b)	–	(12,432)	–	–	–	–	–	–	–	(12,432)	–	(12,432)
Balance at 30 September 2018 and 1 October 2018		82,875	424,845	(17,830)	125	3,667	7,991	(8,605)	–	529,084	1,022,152	229	1,022,381
Changes in equity for the six months ended 31 March 2019:													
Loss for the period		–	–	–	–	–	–	–	–	(29,427)	(29,427)	1	(29,426)
Other comprehensive income		–	–	–	–	–	(4,639)	5,242	15,358	1,264	17,225	–	17,225
Total comprehensive income		–	–	–	–	–	(4,639)	5,242	15,358	(28,163)	(12,202)	1	(12,201)
Transfer to reserve fund		–	–	–	–	1,723	–	–	–	(1,723)	–	–	–
Balance at 31 March 2019		82,875	424,845	(17,830)	125	5,390	3,352	(3,363)	15,358	499,198	1,009,950	230	1,010,180

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2019 – unaudited

(Expressed in Hong Kong dollars)

	Note	Share capital $'000	Share premium $'000	Merger reserve $'000	Capital redemption reserve $'000	Reserve fund $'000	Fair value reserve (non-recycling) $'000	Exchange reserve $'000	Property revaluation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
		Attributable to equity shareholders of the Company											
Balance at 1 April 2019		82,875	424,845	(17,830)	125	5,390	3,352	(3,363)	15,358	499,198	1,009,950	230	1,010,180
Impact on initial application of HKFRS 16		–	–	–	–	–	–	–	–	(30)	(30)	–	(30)
		82,875	424,845	(17,830)	125	5,390	3,352	(3,363)	15,358	499,168	1,009,920	230	1,010,150
Changes in equity for the six months ended 30 September 2019:													
Loss for the period		–	–	–	–	–	–	–	–	(55,513)	(55,513)	(49)	(55,562)
Other comprehensive income		–	–	–	–	–	(1,257)	(13,553)	–	–	(14,810)	–	(14,810)
Total comprehensive income		–	–	–	–	–	(1,257)	(13,553)	–	(55,513)	(70,323)	(49)	(70,372)
Balance at 30 September 2019		82,875	424,845	(17,830)	125	5,390	2,095	(16,916)	15,358	443,655	939,597	181	939,778

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 9 to 29 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019 – unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2019	2018
	$'000	$'000
Operating activities		
Cash generated from operations	**27,679**	156,469
Interest paid on other bank borrowings	**(4,099)**	(5,581)
Mainland China Corporate Income Tax paid	**(1,915)**	(2,128)
Net cash generated from operating activities	**21,665**	148,760
Investing activities		
Interest received	**838**	641
Proceeds from disposal of property, plant and equipment	**56**	34
Proceeds from disposal of financial assets at fair value through other comprehensive income	**–**	369
Payment for acquisition of property, plant and equipment	**(3,353)**	(3,870)
Net cash used in investing activities	**(2,459)**	(2,826)
Financing activities		
Dividends paid	**–**	(12,432)
Proceeds from new bank borrowings	**532,878**	565,312
Repayment of bank borrowings	**(606,221)**	(634,645)
Interest paid on mortgage loan	**(160)**	(164)
Contribution from non-controlling interests	**–**	239
Capital element of lease rentals paid	**(632)**	–
Interest element of lease rentals paid	**(33)**	–
Net cash used in financing activities	**(74,168)**	(81,690)
Net (decrease)/increase in cash and cash equivalents	**(54,962)**	64,244
Cash and cash equivalents at the beginning of the period	**356,734**	300,364
Effect of foreign exchanges rates changes	**(7,647)**	(669)
Cash and cash equivalents at the end of the period	**294,125**	363,939

The notes on pages 9 to 29 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General information

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

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

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

2 Basis of preparation

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"). It was authorised for issue on 19 November 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018/19 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019/20 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 2018/19 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").

2 Basis of preparation (Continued)

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. KPMG's independent review report to the Board of Directors is included on pages 30 and 31.

The financial information relating to the financial year ended 31 March 2019 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 new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

3 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to properties as disclosed in note 17.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

3 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.05%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

3 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

(b) Transitional impact (Continued)

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 $'000
Operating lease commitments at 31 March 2019	**1,733**
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	**(298)**
	1,435
Less: total future interest expenses	**(71)**
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019	**1,364**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised as if HKFRS 16 had always been applied since the commencement date of the lease (other than discounting using the relevant incremental borrowing rate at 1 April 2019).

Upon the initial application of HKFRS 16 on 1 April 2019, the Group recognised lease liabilities of $1,364,000 and corresponding right-of-use assets of $1,334,000 in relation to the capitalisation of leases previously classified as operating leases. As lease liabilities were measured at the present value of the remaining lease payments, discounting using the relevant incremental borrowing rates as at 1 April 2019, the amount recognised for right-of-use assets and lease liabilities would be different.

So far as the impact of the adoption of HKFRS 16 on interests in leasehold land held for own use under operating leases is concerned, leasehold land of $17,976,000 was reclassified to right-of-use assets on 1 April 2019.

The Group presents right-of-use assets and lease liabilities as separate line items in the consolidated statement of financial position.

3 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

(b) Transitional impact (Continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 $'000	Capitalisation of operating lease contracts $'000	Reclassification of leasehold land $'000	Carrying amount at 1 April 2019 $'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:				
Interests in leasehold land held for own use under operating leases	17,976	–	(17,976)	–
Right-of-use assets	–	1,334	17,976	19,310
Total non-current assets	129,488	1,334	–	130,822
Lease liabilities (current)	–	1,052	–	1,052
Current liabilities	271,892	1,052	–	272,944
Net current assets	900,300	(1,052)	–	899,248
Total assets less current liabilities	1,029,788	282	–	1,030,070
Lease liabilities (non-current)	–	312	–	312
Total non-current liabilities	19,608	312	–	19,920
Net assets	1,010,180	(30)	–	1,010,150

3 Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

(b) Transitional impact (Continued)

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	At 30 September 2019 $'000	At 1 April 2019 $'000
Included in "Right-of-use assets":		
Ownership interests in leasehold land held for own use, carried at depreciated cost	**17,641**	17,976
Other properties leased for own use, carried at depreciated cost	**2,126**	1,334
	19,767	19,310

4 Revenue and segment reporting

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

	Six months ended 30 September	
	2019 $'000	2018 $'000
Revenue		
Sales of goods (recognised at point in time)	**1,032,287**	1,288,324

4 Revenue and segment reporting (Continued)

(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 gains/losses and net finance costs.

	Six months ended 30 September			
	2019		2018	
	Revenue $'000	**Segment results $'000**	Revenue $'000	Segment results $'000
Hong Kong	**611,413**	**(59,763)**	781,865	(62,156)
Mainland China	**420,874**	**9,389**	506,459	11,621
	1,032,287	**(50,374)**	1,288,324	(50,535)

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

	At 30 September 2019		
	Hong Kong $'000	**Mainland China $'000**	**Total $'000**
Segment assets	**799,436**	**301,883**	**1,101,319**
Segment liabilities	**62,013**	**99,528**	**161,541**

4 Revenue and segment reporting (Continued)

(a) Segment revenue and results (Continued)

	At 31 March 2019		
	Hong Kong $'000	Mainland China $'000	Total $'000
Segment assets	942,088	359,592	1,301,680
Segment liabilities	130,015	161,485	291,500

(b) Reconciliation of reportable segment profit or loss

	Six months ended 30 September	
	2019 **$'000**	2018 $'000
Total segment results	**(50,374)**	(50,535)
Other income	**2,351**	3,017
Other net losses	**(1,033)**	(2,319)
Net finance costs	**(3,454)**	(5,104)
Loss before taxation	**(52,510)**	(54,941)

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

5 Loss before taxation

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

	Six months ended 30 September	
	2019	2018
	$'000	$'000
(a) Net finance costs		
Interest income	**(838)**	(641)
Interest on lease liabilities	**33**	–
Interest on short-term bank borrowings	**4,099**	5,581
Interest on mortgage loan	**160**	164
	3,454	5,104
(b) Other items		
Depreciation of property, plant and equipment	**3,734**	5,023
Depreciation of right-of-use assets#	**910**	–
Amortisation of leasehold land	**–**	284
Operating lease charges: minimum lease payments – property rentals under HKAS 17#	**–**	1,541
Short-term lease payments not included in the measurement of lease liabilities – land and buildings#	**919**	–
Cost of inventories sold	**1,007,238**	1,261,053
(Gain)/loss on disposal of property, plant and equipment	**(4)**	765
Realised loss/(gain) on metal future trading contracts and foreign exchange forward contracts	**630**	(155)
Unrealised gain on metal future trading contracts and foreign exchange forward contracts	**(446)**	(280)
Staff costs (including directors' remuneration)	**32,465**	31,736
Recognition of write-down of inventories	**21,048**	20,294
Net foreign exchange loss	**853**	1,988

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, comparative information is not restated. See note 3.

6 Income tax

	Six months ended 30 September	
	2019	2018
	$'000	$'000
Current tax		
– Hong Kong Profits Tax	**91**	354
– Mainland China Corporate Income Tax	**2,194**	2,688
	2,285	3,042
Deferred tax	**767**	(748)
	3,052	2,294

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2018: 16.5%) to the six months ended 30 September 2019. Taxation for Mainland China's subsidiaries is similarly calculated using the estimated annual effective rate of 25% (six months ended 30 September 2018: 25%) to the six months ended 30 September 2019.

7 Dividends

(a) Dividends payable to equity shareholders attributable to the interim period

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2019 (Six months ended 30 September 2018: $Nil).

7 Dividends (Continued)

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 September	
	2019	2018
	$'000	$'000
Final dividend in respect of the previous financial year of $Nil (six months ended 30 September 2018: $0.015) per ordinary share	**–**	12,432

8 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of $55,513,000 (six months ended 30 September 2018: $57,225,000) and the weighted average number of 828,750,000 (six months ended 30 September 2018: 828,750,000) ordinary shares in issue during the interim period.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 September 2019 and 2018 are the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the periods.

9 Other property, plant and equipment

	Six months ended 30 September	
	2019	2018
	$'000	$'000
Net book value as at the beginning of the period	**35,744**	86,316
Exchange difference	**(464)**	(819)
Additions	**3,443**	2,822
Disposals	**(52)**	(799)
Depreciation	**(3,734)**	(5,023)
Net book value as at the end of the period	**34,937**	82,497

10 Inventories

	At 30 September 2019	At 31 March 2019
	$'000	$'000
Finished goods	**535,177**	617,971
Less: write-down of inventories	**(42,193)**	(21,102)
	492,984	596,869

The cost of inventories recognised as expense and included in "cost of sales" amounted to $1,007,238,000 (six months ended 30 September 2018: $1,261,053,000) during the six months ended 30 September 2019.

11 Trade and other receivables

	At 30 September 2019 $'000	At 31 March 2019 $'000
Non-current portion		
Prepayments for purchase of property, plant and equipment	**98**	188
Current portion		
Trade receivables, net of loss allowance	**143,861**	173,210
Prepayments to suppliers	**16,794**	5,194
Deposits	**1,432**	2,951
Other receivables	**20,737**	25,582
	182,824	206,937
	182,922	207,125

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

	At 30 September 2019 $'000	At 31 March 2019 $'000
Within 1 month	**106,315**	143,263
Over 1 but within 2 months	**26,404**	19,012
Over 2 but within 3 months	**8,233**	9,787
Over 3 months	**2,909**	1,148
	143,861	173,210

12 Cash and cash equivalents

	At 30 September 2019 $'000	At 31 March 2019 $'000
Short-term bank deposits	**59,437**	45,115
Cash at bank and on hand	**234,688**	311,619
	294,125	356,734

13 Trade and other payables and contract liabilities

	At 30 September 2019 $'000	At 31 March 2019 $'000
Trade and other payables		
Trade payables	**7,639**	52,570
Accrued expenses and other payables	**10,486**	21,472
	18,125	74,042
Contract liabilities	**9,666**	9,852
	27,791	83,894

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

	At 30 September 2019 $'000	At 31 March 2019 $'000
Within 1 month	**6,843**	52,401
Over 1 month	**796**	169
	7,639	52,570

14 Bank borrowings

	At 30 September 2019 $'000	At 31 March 2019 $'000
Non-current liabilities		
Mortgage loan	**12,599**	13,183
Current liabilities		
Short-term bank borrowings	**109,362**	182,135
Mortgage loan	**1,163**	1,149
	110,525	183,284
	123,124	196,467

At the end of the reporting period, the bank borrowings were repayable as follows:

	At 30 September 2019 $'000	At 31 March 2019 $'000
Within 1 year or on demand	**110,525**	183,284
After 1 year but within 2 years	**1,190**	1,177
After 2 years but within 5 years	**3,738**	3,694
After 5 years	**7,671**	8,312
	12,599	13,183
	123,124	196,467

Mortgage loan of $13,762,000 (31 March 2019: $14,332,000) was secured by investment property with carrying value of $64,600,000 (31 March 2019: $64,600,000) as at 30 September 2019.

14 Bank borrowings (Continued)

The effective interest rates (per annum) at the end of the reporting period were as follows:

	At 30 September 2019	At 31 March 2019
Short-term bank borrowings	**3.65%**	3.15%
Mortgage loan	**2.33%**	2.29%

15 Share capital

	Number of ordinary shares '000	**Nominal amount** $'000
Authorised:		
Ordinary shares of $0.1 each		
As at 31 March 2019, 1 April 2019 and 30 September 2019	8,000,000	800,000
Issued and fully paid:		
Ordinary shares of $0.1 each		
As at 31 March 2019, 1 April 2019 and 30 September 2019	828,750	82,875

16 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 September 2019	Fair value measurements as at 30 September 2019 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Financial assets at fair value through other comprehensive income ("FVOCI")	7,123	7,123	–	–
Derivative financial instruments	969	–	969	–
	8,092	7,123	969	–
Financial liabilities:				
Derivative financial instruments	943	–	943	–

16 Fair value measurement of financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 31 March 2019	Fair value measurements as at 31 March 2019 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Financial assets at FVOCI	8,380	8,380	–	–
Derivative financial instruments	2,041	–	2,041	–
	10,421	8,380	2,041	–
Financial liabilities:				
Derivative financial instruments	3,755	–	3,755	–

During the six months ended 30 September 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 September 2018: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

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.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 September 2019 and 31 March 2019.

17 Operating lease commitments

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	At 30 September 2019 $'000	At 31 March 2019 $'000
Within one year	–	1,402
After one year but within five years	–	331
	–	1,733

The Group is the lessee in respect of a number of properties held under leases which previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 3). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 3.

18 Material related party transactions

In addition to those disclosed elsewhere in the interim financial report, the Group had the following material related party transactions:

(a) Key management personnel remuneration

	Six months ended 30 September	
	2019 $'000	2018 $'000
Salaries and other short term employee benefits	8,375	6,677
Post employment benefits – pension	72	45
	8,447	6,722

18 Material related party transactions (Continued)

(b) Transactions with related companies

	Six months ended 30 September	
	2019	2018
	$'000	$'000
Rental expenses paid to Sonic Gold Limited (note)	**318**	318

Note: The Group paid rental expenses for a director's quarter to Sonic Gold Limited, a company controlled by Ms Chan Yuen Shan Clara, MH, an executive director of the Company, at fixed sums as agreed by both parties.

19 Comparative figures

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

INDEPENDENT REVIEW REPORT

Review report to the board of directors
of Lee Kee Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 29 which comprises the consolidated statement of financial position of Lee Kee Holdings Limited as of 30 September 2019 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2019 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 November 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL BUSINESS PERFORMANCE

The Group continued to face considerable challenges during the Interim Period, as a result of continued uncertainty in the macro-economic environment, particularly escalating trade tensions between the U.S. and PRC, as well as volatile global metal prices, particularly the declining price for LEE KEE's main product, zinc.

The Group's revenue for the Interim Period declined by 19.9% to HK$1,032 million, compared to the Comparative Period. Tonnage sold by the Group during the Interim Period was 46,860 tonnes, compared to 50,800 tonnes in the Comparative Period of last year.

The Group recorded a gross profit of HK$4 million and a gross profit margin of 0.39% for the Interim Period, compared to a gross profit of HK$7 million and a gross profit margin of 0.54% for the Comparative Period. The Group recorded a loss attributable to equity holders of the Company of HK$55.5 million during the Interim Period, compared to a loss of HK$57.2 million during the Comparative Period.

The worsening global macro-economic environment adversely impacted the Group's performance during the period. The drop in metal prices, particularly for zinc, which lowered the overall gross profit of the sales transactions made during the Interim Period, and resulted in a significant stock provision on the inventory held as at 30th September 2019 was also the main reason for the loss.

Global zinc prices fell steadily throughout most of the Interim Period, reaching a low of US$2,211 per tonne on 4th September with the trade issue between the U.S. and PRC, which in turn, negatively impacted global trade and manufacturing activity.

Global nickel prices trended slightly lower in the first half of the Interim Period, before surging in July following a decision by the Indonesian government to bring forward an export ban on unprocessed nickel ore, alongside falling inventories and continued bullishness around the electric vehicle market.

Distribution and selling expenses for the Interim Period was HK$12.4 million, a slight decrease compared to the Comparative Period. The Group's administrative expenses in the Interim Period also declined 4.43% to HK$42.0 million compared to the Comparative Period.

The Group recorded other net losses of HK$1.03 million during the Interim Period, compared to other net losses of HK$2.3 million during the Comparative Period. The reduction in other losses was mainly attributed to the absence of a loss resulting from the disposal of fixed assets, as well as lower foreign exchange losses.

The Group's finance costs for the Interim Period fell by 25.3% to HK$4.29 million due to lower bank borrowings maintained during the Interim Period.

The Group continues to retain a healthy financial position, with HK$294 million bank balances and cash on hand as of 30th September 2019.

Business Review

A leading solutions provider for metals

Since LEE KEE's founding more than 70 years ago, it has built an unparalleled 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 users of metals. In early 2016, LEE KEE"s subsidiary, Promet Metals Testing Laboratory Limited ("Promet") became an approved LME listed Sampler and Assayer, raising Promet's international profile in the area of metals testing and certification.

LEE KEE's capability in uncovering and taking advantage of growth opportunities has been and continues to be, essential to securing the Group's long-term competitiveness. In addition to its metals distribution and production business, the Group has been a forerunner in introducing a range of value-added services, including research and development, alloy customisation, metals testing and risk management. LEE KEE's strategic direction of expanding the scope of its business in order to help its customers excel in the market has proven to be correct and rewarding.

Higher contribution from Southeast Asia business

The Group currently operates two sales offices in the region, in Singapore and Malaysia, which support LEE KEE's sales team in the region to Thailand and Vietnam. It also continued to work with local partners to support its sales growth in the region.

Catering to the changing PRC market

The PRC continues to be the largest market for the Group's metal products and services. Its customers are mostly the end-users of metals, namely die-casters, manufacturers and brand owners covering a wide spectrum of industries. These include manufacturers with high standards and a focus on innovation from electronics and telecommunications who are gearing up for the upcoming launch of 5G.

The Group also continued to invest in developing its own branded metals, with sales at Genesis Alloys (Ningbo) Limited continuing to grow. The brand's quality and reliability are widely recognised in the PRC, having won the Best Zinc Alloy Brand award for two consecutive years.

Continued development of consultancy and value-added services

Throughout the Interim Period, the Group's another subsidiary, Promet Consultancy Company Limited started to gain recognition for its range of value-adding consultancy services. It launched the first series of advanced die casting training course which was well received by the industry. Other services like factory audits, composition and defect analysis, process optimisation, mould design and flow simulation are uniquely positioned to help companies produce better quality products and achieve greater cost-effectiveness and competitiveness. These outcomes will become more and more important in the toughening global macro-economic environment and the Group will continue to enrich its scope of testing services and build its reputation.

A sustainable metal company

Sustainability, both commercially and environmentally, remains a top priority for the Group. Commercially, the Group has been continually diversifying the scope of its business and its product range to meet the changing market. It is also focusing on regional expansion, the adoption of innovative technologies and the creation of new ventures focused on value-added services to safeguard its long-term sustainability and competitiveness.

LEE KEE is also dedicated to environmental protection, taking various measures to mitigate the adverse environmental impact of its business operations through responsible sourcing, emissions reduction, resource conservation and waste management. In addition to the ISO14001 Environmental Management System, the Group was successfully accredited ISO45001 in May 2019 which shows its commitment to occupational health and safety.

Prospects

Uncertain macro-economic outlook

Escalating trade tensions between the United States and the PRC continue to severely impact the confidence of the Group's SME customers, while affecting the macro-economic environment. While there are some signs that both countries are seeking to de-escalate their dispute, it is likely that the macro-economic environment will remain challenging and will continue to impact the Group's financial performance during the rest of the financial year.

Any addition or removal of current trade tariffs will also likely exacerbate the short-term volatility of global metal prices, which will challenge the Group's purchasing and pricing strategies.

The Group will monitor these events closely.

Shifting supply-side and demand-side forces to continue impacting metal prices

Global metal prices, including zinc and nickel, may be subject to further short-term fluctuations as markets react to developments and speculations related to the US-PRC trade dispute and the global macro-economic environment.

Moreover, the fundamentals and policies influencing the supply and pricing of each metal are different. Despite the recent stabilisation of prices, zinc prices will likely be depressed in the medium-to-long-term, with new supply expected to enter the market. Nickel prices will continue to be heavily influenced by the development of global electric vehicle industry and the export policies of major supplier countries such as Indonesia.

The Group will continue to closely monitor the global zinc and nickel markets.

Continued expansion in Southeast Asia

Manufacturing activity in Southeast Asia is generally expected to intensify as the region and many markets in this region have labour-cost advantages, enabling them to target low cost, labour-intensive manufacturing industries. Meanwhile, the region's competitiveness will continue to be supported by factors such as the diversification of manufacturing activities, which will further support the development of industries in the region.

The Group will continue to grow its sales in the region by catering closely to manufacturers in Southeast Asia through its growing salesforce presence in the region.

Continued commitment to R&D

As the PRC adopts increasingly advanced and environmentally-friendly industrial strategies, the Group remains committed to enhancing its research and development capabilities to develop speciality metal alloys that cater to the more advanced and increasingly complex requirements of these manufacturers. These include manufacturers in the higher-value-adding electronics, electric vehicles, telecommunications, and electronics sectors.

The Group also remains committed to strengthening its business network in the PRC to take full advantage of this trend.

Stringent controls on costs

The Group will continue to take steps to streamline its operations and metal-purchasing protocols to contain costs and protect its margins, an outcome that will be challenging in the short-term given current market volatility, the uncertain macro-economic environment and changing global trade policy.

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

DIVIDEND

The Board of Directors of the Company does not recommend the payment of 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 2019, the Group had unrestricted cash and bank balances of approximately HK$294 million (as at 31st March 2019: HK$357 million) and bank borrowings of approximately HK$123 million (as at 31st March 2019: HK$196 million). As at 30th September 2019, the outstanding balance of mortgage loan amounted to HK$13.8 million (as at 31st March 2019: HK$14.3 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. The gearing ratio (total borrowings and lease liabilities to total equity) as at 30th September 2019 was 13.3% (as at 31st March 2019: 19.5%). The Group has a current ratio of 686% as at 30th September 2019 (as at 31st March 2019: 431%).

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 2019, the Group had approximately 190 employees (as at 31st March 2019: 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). During the Interim Period, staff costs (including directors' emoluments) were approximately HK$32.5 million (six months ended 30th September 2018: HK$31.7 million).

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 30th September 2019, the interests and short positions of each Director and Chief Executive in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long Position in Shares of the Company (the "Shares")

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. CHAN Yuen Shan Clara, MH (Note 2)	Beneficiary of a trust	600,000,000	72.40%
Mr. CHAN Ka Chun Patrick (Note 2)	Beneficiary of a trust	600,000,000	72.40%
Ms. OKUSAKO CHAN Pui Shan Lillian (Note 2)	Beneficiary of a trust	600,000,000	72.40%
Mr. HO Kwai Ching Mark (Note 3)	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 the spouse and 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. CHAN Yuen Shan Clara, MH. Mr. CHAN Ka Chun Patrick and Ms. OKUSAKO CHAN Pui Shan Lillian (all of them being family members of Mr. CHAN Pak Chung and Executive Directors) are deemed to be interested in the 600,000,000 Shares held by GAGSL as they are one of the discretionary objects under the P.C. CHAN Family Trust under the SFO.

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

Save as disclosed above, as at 30th September 2019, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest in or short position in the Shares or underlying Shares in, or debentures of, of the Company and its associated corporations required to be disclosed pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2019, 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 of Shareholder	Capacity	Number of Ordinary Shares in which interested	Approximate percentage of issued Shares
Ms. MA Siu Tao (Note a)	Family interest	600,000,000	72.40%
Gold Alliance Global Service Limited (Note b)	Registered owner	600,000,000	72.40%
Gold Alliance International Management Limited (Note b)	Interest of controlled corporation	600,000,000	72.40%
HSBC International Trustee Limited (Note b)	Trustee	600,000,000	72.40%

Notes:

a. Ms. MA Siu Tao, the spouse of Mr. CHAN Pak Chung and one of the discretionary objects under the P.C. CHAN Family Trust, is deemed to be interested in the 600,000,000 Shares held by GAGSL under the SFO.

b. 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 the spouse and family members of Mr. CHAN Pak Chung.

Save as disclosed above, at 30th September 2019, no person, other than the Directors and Chief Executive (including their spouse and children under 18 years of age) had any interest or short positions in the Shares or underlying shares of the Company recorded in the register to be kept under section 336 of the SFO.

OTHER INFORMATION

SHARE OPTIONS

The Company's Pre-IPO share option scheme (the "Pre-IPO Scheme") and the share option scheme (the "Share Option Scheme") adopted pursuant to the written resolutions of the shareholder of the Company passed on 15th September 2006 were lapsed. Share options granted under the Pre-IPO Scheme were all lapsed in prior years. No options have been granted under the Share Option Scheme since the adoption date on 15th September 2006 and up to the lapse of the scheme. There are no adoption of other share option schemes.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Interim Period, there was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

On behalf of the Board of Directors

Chan Pak Chung
Chairman

Hong Kong, 19th November 2019

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