利記控股有限公司
SINCE 1947 LEE KEE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2021

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the year ended 31st March 2021 (the "Financial Year" or the "Year") together with the comparative figures for the year ended 31st March 2020 (the "Comparative Period") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	**2021** *HK$'000*	2020 *HK$'000*
Revenue	*4*	**1,951,879**	1,864,166
Cost of sales		**(1,839,088)**	(1,862,286)
Gross profit		**112,791**	1,880
Other income		**11,039**	4,228
Distribution and selling expenses		**(24,200)**	(23,895)
Administrative expenses		**(77,415)**	(82,902)
Other net gains/(losses)		**1,035**	(18,302)
Profit/(loss) from operations		**23,250**	(118,991)
Finance income		**979**	1,605
Finance costs		**(1,921)**	(6,008)
Net finance costs	*5(a)*	**(942)**	(4,403)

	Note	2021 HK$'000	2020 HK$'000
Profit/(loss) before taxation	5	**22,308**	(123,394)
Income tax	6	**(5,466)**	(4,763)
Profit/(loss) for the year		**16,842**	(128,157)
Attributable to:			
Equity shareholders of the company		**16,882**	(128,057)
Non-controlling interests		**(40)**	(100)
Profit/(loss) for the year		**16,842**	(128,157)
Earnings/(loss) per share	8		
Basic and diluted (Hong Kong cents)		**2.04**	(15.45)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021	2020
	HK$'000	*HK$'000*
Profit/(loss) for the year	**16,842**	(128,157)
Other comprehensive income for the year:		
Items that will not reclassified to profit or loss:		
Revaluation of financial assets at fair value through other comprehensive income, net of nil tax	**7,877**	(3,729)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**14,723**	(15,451)
Cash flow hedges: net movement in the hedging reserve	**(317)**	–
Other comprehensive income for the year	**22,283**	(19,180)
Total comprehensive income for the year	**39,125**	(147,337)
Attributable to:		
Equity shareholders of the Company	**39,165**	(147,231)
Non-controlling interests	**(40)**	(106)
Total comprehensive income for the year	**39,125**	(147,337)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Investment property		**63,600**	64,600
Other property, plant and equipment	*9*	**32,744**	36,703
Financial assets at fair value through other comprehensive income		**12,528**	4,651
Prepayments	*11*	**7,795**	307
Deferred tax assets		**2,751**	2,643
		119,418	108,904
Current assets			
Inventories	*10*	**386,698**	456,552
Trade and other receivables	*11*	**239,750**	181,656
Tax recoverable		**1,150**	826
Derivative financial instruments		**828**	2,473
Cash and cash equivalents	*12*	**288,218**	306,115
		916,644	947,622
Current liabilities			
Trade and other payables and contract liabilities	*13*	**36,285**	63,573
Bank borrowings	*14*	**88,559**	107,654
Lease liabilities		**1,406**	1,112
Tax payable		**993**	935
Derivative financial instruments		**1,523**	1,043
		128,766	174,317
Net current assets		**787,878**	773,305
Total assets less current liabilities		**907,296**	882,209

	Note	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Bank borrowings	*14*	**–**	11,997
Employee retirement benefit obligations		**1,344**	2,261
Lease liabilities		**9**	573
Deferred tax liabilities		**4,005**	4,565
		5,358	19,396
NET ASSETS		**901,938**	862,813
CAPITAL AND RESERVES			
Share capital		**82,875**	82,875
Reserves		**818,979**	779,814
Total equity attributable to equity shareholders of the company		**901,854**	862,689
Non-controlling interests		**84**	124
TOTAL EQUITY		**901,938**	862,813

NOTES:

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, provision of metal testing and consultancy services, as well as alloy production 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

The financial results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31st March 2021 but are derived from those financial statements.

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2019/20 annual financial statements, except for the changes in accounting policies set out in note 3.

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange ("Listing Rules") and the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost basis, except for investment property, financial assets at fair value through other comprehensive income and derivative financial instruments which are carried at fair values.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and amended standards, that are first effective for the current accounting period of the Group.

Except for the amendment to HKFRS 16, *Leases, Covid-19-Related Rent Concessions*, 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. Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendment to HKFRS 16, *Leases, Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. The amendment does not have any material impact on the financial position and the financial result of the Group.

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:

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Sales of goods (recognised at point in time)	**1,951,879**	1,864,166

(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.

	2021		2020	
	Revenue	**Segment results**	Revenue	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Hong Kong	**959,993**	**(11,748)**	1,041,736	(127,061)
Mainland China	**991,886**	**22,924**	822,430	22,144
	1,951,879	**11,176**	1,864,166	(104,917)

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

	As at 31st March 2021		
	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment assets	**678,593**	**357,469**	**1,036,062**
Segment liabilities	**70,693**	**63,431**	**134,124**

	As at 31st March 2020		
	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	752,211	304,315	1,056,526
Segment liabilities	81,397	112,316	193,713

(b) Reconciliation of reportable segment profit or loss

	2021	2020
	HK$'000	*HK$'000*
Total segment results	**11,176**	(104,917)
Other income	**11,039**	4,228
Other net gains/(losses)	**1,035**	(18,302)
Net finance costs	**(942)**	(4,403)
Profit/(loss) before taxation	**22,308**	(123,394)

5 PROFIT/(LOSS) BEFORE TAXATION

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

	2021	2020
	HK$'000	*HK$'000*
(a) Net finance costs		
Interest income	**(979)**	(1,605)
Interest on lease liabilities	**86**	95
Interest on short-term bank borrowings	**1,605**	5,605
Interest on mortgage loan	**230**	308
	942	4,403

	2021	2020
	HK$'000	*HK$'000*
(b) Other items		
Auditor's remuneration		
– audit services	**1,900**	1,760
– other services	**445**	410
Depreciation of owned property, plant and equipment	**5,258**	6,884
Depreciation of right-of-use assets	**2,349**	2,195
Short-term lease payments not included in the measurement of lease liabilities	**930**	1,416
Cost of inventories sold	**1,891,172**	1,819,615
Gain on disposal of property, plant and equipment	**(62)**	(5)
Realised loss on metal future trading contracts and foreign exchange forward contracts	**69**	768
Unrealised gain on metal future trading contracts and foreign exchange forward contracts	**(138)**	(2,050)
Staff costs (including directors' remuneration)	**60,165**	62,557
(Reversal of)/provision for write-down of inventories	**(52,084)**	42,671
Net foreign exchange (gain)/loss	**(2,153)**	2,651
Impairment loss of property, plant and equipment	**–**	16,938
Change in fair value of investment property	**1,000**	–
(Reversal of)/provision for credit loss of trade receivables	**(151)**	167

6 INCOME TAX

	2021	2020
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**395**	154
– Mainland China Corporate Income Tax	**5,706**	4,711
Over-provision in prior years	**(30)**	(227)
	6,071	4,638
Deferred tax	**(605)**	125
	5,466	4,763

The provision for Hong Kong Profits Tax is calculated by applying the tax rate of 16.5% (2020: 16.5%). Taxation for Mainland China's subsidiaries is similarly calculated using the tax rate of 25% (2020: 25%) for the year.

7 DIVIDENDS

Dividends payable to equity shareholders attributable to the year

	2021	2020
	HK$'000	*HK$'000*
Final dividend, proposed, of HK$0.01 (2020: Nil) per ordinary share	**8,288**	–

The final dividend proposed after the year ended 31st March 2021 has not been recognised as a liability as at 31st March 2021.

8 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$16,882,000 (2020: loss of HK$128,057,000) and the weighted average number of 828,750,000 (2020: 828,750,000) ordinary shares in issue during the year.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for year ended 31st March 2021 and 2020 are the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the years.

9 OTHER PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	HK$'000	*HK$'000*
Net book value as at 1st April	**36,703**	55,054
Exchange difference	**973**	(533)
Additions	**2,687**	8,254
Disposals	**(12)**	(55)
Impairment loss	**–**	(16,938)
Depreciation	**(7,607)**	(9,079)
Net book value as at 31st March	**32,744**	36,703

10 INVENTORIES

	2021	2020
	HK$'000	*HK$'000*
Finished goods	**398,728**	520,362
Less: write-down of inventories	**(12,030)**	(63,810)
	386,698	456,552

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK$1,891,172,000 (2020: HK$1,819,615,000) for the year.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
	HK$'000	*HK$'000*
Non-current portion		
Prepayments for purchase of property, plant and equipment	**1,808**	307
Prepayment for purchase of investment property	**5,987**	–
	7,795	307
Current portion		
Trade receivables, net of loss allowance	**176,483**	128,151
Prepayments to suppliers	**41,993**	35,232
Deposits	**1,516**	1,525
Other receivables	**19,758**	16,748
	239,750	181,656
	247,545	181,963

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:

	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**146,208**	113,089
Over 1 but within 2 months	**15,758**	8,577
Over 2 but within 3 months	**11,636**	4,525
Over 3 months	**2,881**	1,960
	176,483	128,151

12 CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	*HK$'000*
Short-term bank deposits	**90,546**	70,542
Cash at bank and on hand	**197,672**	235,573
	288,218	306,115

13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**10,461**	44,592
Accrued expenses and other payables	**16,008**	8,285
	26,469	52,877
Contract liabilities	**9,816**	10,696
	36,285	63,573

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

	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**10,167**	44,317
Over 1 but within 3 months	**17**	149
Over 3 months	**277**	126
	10,461	44,592

14 BANK BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Non-current liabilities		
Mortgage loan	**–**	11,997
Current liabilities		
Short-term bank borrowings	**88,559**	106,471
Mortgage loan	**–**	1,183
	88,559	107,654
	88,559	119,651

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

	2021	2020
	HK$'000	*HK$'000*
Within 1 year or on demand	**88,559**	107,654
After 1 year but within 2 years	**–**	1,209
After 2 years but within 5 years	**–**	3,787
After 5 years	**–**	7,001
	–	11,997
	88,559	119,651

Mortgage loan of HK$13,180,000 was secured by investment property with carrying value of HK$64,600,000 as at 31st March 2020.

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

	2021	2020
Short-term bank borrowings	**1.73%**	2.73%
Mortgage loan	**N/A**	2.15%

CEO MESSAGE

Throughout the 2020/2021 financial year, Lee Kee Group and our business partners continued to face immense challenges and uncertainties. The outbreak of COVID-19 drastically disrupted the global supply chain, while stimulus policies and the weakening US dollar led metal prices to rally with high volatility.

These extraordinary times stress tested our capability to quickly respond to market change. Thanks to the effective strategies and initiatives that we have adopted in recent years to respond to other changes in the market – digitalisation, diversification and a strong commitment to sustainability. These not only helped us weather the storm but also made us more agile in adapting to external shocks. In fact, our financial performance improved in the Financial Year compared to the Comparative Period despite the huge external challenges. At the same time, we also adopted stringent cost controls to enhance our financial performance.

Our diverse geographic presence across China and emerging markets in Southeast Asia also alleviated the impact of localised lockdowns and sudden shifts in demand for our products in different areas. This enabled us to support our clients as they restarted their operations throughout the year. Our strong customer focus and responsiveness also helped customers deal with volatile demand and supply chain disruption. All of this reinforced our position as one of the world's leading and reliable suppliers of metal solutions.

LEE KEE's newly digitised and adaptive operations ensured it was able to capture the solid rebound of manufacturing activity in China following the pandemic. Tonnage sold during the year increased by 7.3%. We also pushed forward our expansion plans, with Promet Metals Testing Laboratory Limited further expanding its water testing services.

As a company with a long history and a tradition of resilience, LEE KEE has always sought to benefit from new technologies which include the transition to electric vehicles, connected homes, and the built out of 5G networks and infrastructure. Our innovative metal solutions, including customized metals and specialty alloys, fully cater to the demands of advanced manufacturing industries.

Being part of the green supply chain is also one of our key sustainability focuses. I am pleased to share that LEE KEE obtained a number of prestigious international certifications during the Financial Year, including the GRS (Global Recycled Standard), as well as becoming member of the Low Carbon Charter of the Business Environment Council. These enabled us to help customers build a sustainable green supply chain. We will continue to meet our Environmental, Social, and Governance commitments by promoting sustainable alloys and responsible sourcing.

We will also continue to improve our sustainability practices including setting a quantifiable decarbonisation target to "future proof" our production. We have also adopted a number of new green initiatives, such as green packaging, to support our customers' green supply chains and inspire them to begin the green journey in the metal industry.

With vaccination roll-outs around the world proving uneven, we believe the coming financial year will present a different set of challenges and opportunities. Nevertheless, having navigated through this unprecedented Financial Year, we are confident that we can continue to overcome any future obstacles. Looking ahead, the Group will continue to capture opportunities arising from our ongoing digital transformation, thereby strengthening our leadership in our industry while setting new standards in areas such as sustainable products and packaging to create new value for our stakeholders.

CHAN Yuen Shan Clara
Vice-Chairman and Chief Executive Officer

28th May 2021

OVERALL BUSINESS PERFORMANCE

Financial Review

The Group returned to profit in the Financial Year despite the uniquely challenging operational environment that arose following the outbreak of COVID-19. While the Group's turnaround was supported by cyclical factors such as the rally in global metal prices, it was also driven by rapid change in business environment, which has led the Group to embrace digitalisation across its business and operations, as well as the Group's proactive efforts to diversify the scope of its services and its geographic reach. The culmination of these efforts placed the Group in an optimal position to capture new opportunities arising from China's rebounding post-COVID-19 economy, which, more than ever, continues to drive demand for speciality alloys.

The Group's revenue for the Financial Year was approximately HK$1,952 million, an increase of 4.7% compared to approximately HK$1,864 million in the Comparative Period. Tonnage sold by the Group during the Financial Year was 96,010 tonnes, a rebound of 7.3% as compared to 89,460 tonnes in the Comparative Period.

The Group recorded a gross profit of HK$113 million and a gross profit margin of 5.8% for the Financial Year, a substantial increase compared to a gross profit of HK$1.9 million and a gross profit margin of 0.10% in the Comparative Period.

The Group recorded a profit attributable to the Company's equity shareholders of approximately HK$16.9 million during the Financial Year, compared to a loss of HK$128 million during the Comparative Period. The return to profit was attributable to the diversification and improvement of the Group's product and service mix, stringent cost control measures, and the rally in global metal prices.

Global zinc price continuously rallied for almost the entire Financial Year, albeit from low levels, with the start of the Financial Year coinciding with the height of COVID-19 lockdowns around the world. Later in the year, the rally strengthened even further on signs of a faster-than-expected economic recovery in the Chinese economy and optimism about overall production and manufacturing activity quickly moving back towards pre-pandemic levels.

Global nickel price started the Financial Year at its recent low. Prices recovered steadily throughout much of the Financial Year (with the exception in March 2021), both in response to economic stimulus measures, supply constraints and signs suggesting that the EV market will start demanding batteries with a higher nickel composition.

Distribution and selling expenses remained flat at HK$24.2 million for the Financial Year compared to the Comparative Period, despite the higher tonnage shipped and special delivery arrangements during the COVID-19 lockdowns due to tighter cost control measures being implemented across the Group throughout the Financial Year. Meanwhile, the Group's administrative expenses in the Financial Year fell 6.6% to around HK$77.4 million compared to the Comparative Period, with the Group being quick to implement stringent health and social distancing measures, taking full advantage of its earlier investment in fully digitising its processing sites and offices.

The Group recorded other net gains of HK$1 million during the Financial Year, compared to other net losses of approximately HK$18 million during the Comparative Period. The changes were mainly attributed to the absence of a property impairment amounting to HK$17 million which was the main attributor to the other losses during the Comparative Period.

The Group's financial costs for the Financial Year fell 68.0% to approximately HK$1.9 million due to lower bank borrowings maintained during the Financial Year.

The Group continues to retain a healthy financial position, with bank balances and cash on hand of approximately HK$288 million as of 31st March 2021.

Business review

COVID-19 proves resilience of LEE KEE's business operations and the reliability of its supply chain

LEE KEE quickly adapted to the upheavals in its operating environment caused by the outbreak of COVID-19. It rapidly modified its processes and staff deployments to safeguard the health of its workforce, while still ensuring business continuity and its ability to fully meet its commitment to provide a reliable supply of quality metals that its customers can depend on.

The Group swiftly adopted a Work from Home policy for its office-based team members, enabled by its earlier digitalisation investments, while simultaneously making changes to its production protocols to ensure a safe environment for its site-based team members. It also helped its customers deal with supply chain disruption in a COVID-safe manner through contactless delivery and other changes to its business practices.

These changes ensured that the Group was able to operate at close-to-normal capacity, strengthening its position to capture new opportunities arising from China's rapid economic recovery.

Progressive value creation for metals

The Group's leadership position in the metal industry is continually reinforced by its sophisticated and agile business model, together with its ability to forge the strategic direction needed to drive the company ahead during periods of uncertainty and volatility.

Throughout the Financial Year, LEE KEE continued to focus on operational excellence, building upon its unparalleled reputation for quality, professionalism, and innovation.

The long-term competitiveness of the Group rests on its ability to adapt and incorporate necessary changes to 'future proof' its operating model. This includes encouraging continuous innovation within its business, processes and product mix to cater for changes in the demand and in the requirements for speciality alloy and for responsible material sourcing. These shifts are likely to accelerate post-pandemic as China and other markets adopt high-quality and sustainable development policies.

Diversification unlocks new avenues for growth

The pandemic has accelerated the development of digital and industrial applications such as connected homes, 5G, and smart electric vehicles, while hastening the decline of traditional industries, thereby changing the Group's operating environment considerably. In response to these new opportunities, the Group pushed forward with its efforts to further diversify its business scope in favour of more customised and value-added services, such as speciality alloys for advanced manufacturing and other professional advisory services.

The Group focused particularly on meeting the high-quality and tailored requirements of manufacturers for advanced industries, particularly in promising areas including consumer electronics, telecommunications and intelligent electric vehicles. The Group has expanded its R&D and specialist teams to develop alloys with upgraded functionality for specific industrial applications.

The Group's diversification strategy also extends to its geographic footprint. In addition to its offices in Greater China, LEE KEE currently operates two offices in Singapore and Malaysia, and a representative office in Thailand. Southeast Asia remains an integral part of the Group's diversification strategy.

Digital Transformation

To help customers grapple with the ever-changing market environment and rapid technological disruption, the Group recently initiated several digitalisation initiatives targeting order processing, as well as quality control services that leverage automation, digital platforms and data technologies.

LEE KEE's strategy of creating value-adding solutions that enhance the customer experience continued to advance with the launch of a new internal ordering platform that enabled the Group to streamline its sales process, strengthen its service capabilities, and leverage data technologies to manage demand and logistics.

Growing testing capabilities

Promet Metals Testing Laboratory Limited ("Promet Lab") provides metals and construction material testing services for infrastructure projects in Hong Kong. Promet Lab also provides testing services for drinking water and related plumbing systems. It operates a laboratory approved by The Hong Kong Laboratory Accreditation Scheme (HOKLAS) for general users and premises seeking to comply with the "Sampling Protocol for Commissioning Test of Fresh Water Plumbing Systems" and the "New Commissioning Requirements for Plumbing Works in Occupied Buildings/Village Houses" in Hong Kong. Promet Lab recorded promising growth during the Financial Year, winning a series of testing, consultancy, training, and water monitoring projects.

The new commissioning requirements for water safety for new housing developments and replaced plumbing construction, alongside increasing public awareness about water quality, will continue to generate demand for testing services and support new revenue streams for the Group.

Commitment to sustainable operations and ESG

LEE KEE is committed to continual ESG improvement, including decarbonisation, and responsible sourcing. During the Financial Year, it undertook various initiatives to reduce the environmental impact of its operations to increase energy efficiency, reduce emissions and cut the use of plastic in its packaging. The Group is accredited with ISO 14001 Environmental Management System[#] and deepened its sustainable commitments by participating in the industrial association supporting the CarbonCare Label, Business Environmental Council (BEC) Low Carbon Charter, and the Aluminium Stewardship Initiatives.

The Group also complies with the ISO 45001[#] standard and enforces strict health measures in its workplace, factories, and warehouses, demonstrating its commitment to the occupational health and safety of its employees.

Prospect

Navigate the uneven recovery

Advanced manufacturing industries such as telecommunication and electric vehicles, will continue to grow, develop and expand, making the Group cautiously optimistic about the 2021-22 financial year.

Government-backed stimulus for infrastructure construction and affordable housing projects will drive long-term demand for metals. The progressive re-opening of Southeast Asia also offers recovery prospects.

Nevertheless, the resurgence of COVID-19 cases, uneven vaccination programs and ongoing lock-downs in different places mean the path to recovery remains challenged.

The outlook on metal prices is widely considered as positive, alongside the potential for higher inflation, steady demand recovery, supply chain constraints and shipping congestion. The Group will continue to monitor global metal trends, staying agile and flexible in responding to expansion opportunities.

[#] *The scope and number of Group companies certified with ISO 14001 and ISO 45001 are listed on the Company's website.*

Expanding margins and new sources of revenue

The Group will continue to extend the technical capabilities and service scope of Promet Lab to attract stable and higher-margin revenue by further opening up the market for water quality and other assurance services while continuing to build its leadership in the well-established market for construction and manufacturing materials testing.

For the better utilisation of the Group's financial resources, the Group acquired a property that could generate rental income and is a relatively stable return and higher than other low risk investment options. Details of this property acquisition were disclosed in the Company's announcements dated 29th January 2021 and 5th February 2021.

Ongoing digital transformation

The Group will continue to embark on its digital transformation journey to further drive cost efficiencies and enhance customer satisfaction, reinforcing its leading position in the metals industry.

The Group will continue to migrate its current ordering system to its order processing platform and digitalised channels to better gauge demand and coordinate deliveries, and enhance its interaction with potential customers respectively. The Group will also leverage virtual training events and webinars to expand to reach both new and existing customers. These initiatives will further differentiate the Group's offerings and better position it for growth in the new "post-COVID" environment.

Responsible expansion and capturing demand for greener products and services

The Group's commitment to sustainability and quality aligns closely with the growing demand for green products and responsible supply chains. LEE KEE is a signatory of the BEC Low Carbon Charter and is committed to supporting the transition of the manufacturing industry towards more high-quality development. The Group also plans to introduce eco-friendly packaging and will continue to study other measures to cut down or reuse plastics as part of its ESG commitments. LEE KEE is also committed to long-term decarbonisation in line with its corporate strategy and to create value for society.

DIVIDEND

The Board of Directors has recommended a final dividend of HK1 cent per share for the Financial Year, amounting to HK$8,288,000, to the shareholders whose names appear on the register of members of the Company on 31st August 2021. Subject to the shareholders' approval, the dividend will be paid on or around 10th September 2021.

ANNUAL GENERAL MEETING

It was proposed that the Annual General Meeting of the Company (the "AGM") will be held on 23rd August 2021. Notice of the AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the Register of Members of the Company (the "Register of Members") will be closed from Wednesday, 18th August 2021 to Monday, 23rd August 2021, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for voting at the forthcoming AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17th August 2021.

For the purpose of ascertaining shareholders' entitlement to the proposed dividend, the Register of Members be closed from Friday, 27th August 2021 to Tuesday, 31st August 2021, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for dividends, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 26th August 2021.

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

The Group primarily financed its operation through internal resources and borrowings from banks. As at 31st March 2021, the Group had unrestricted cash and bank balances of approximately HK$288 million (2020: HK$306 million) and bank borrowings of approximately HK$88.6 million (2019: HK$120 million). In March 2015, the Group obtained a Hong Kong dollar 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 Hong Kong Dollar Prime Rate less 3.1%. As at 31st March 2021, the outstanding borrowing of this facility has been fully repaid (2020: outstanding balance amounted to HK$13.2 million).

The remaining borrowings, which are short term in nature, were made in United States dollars with interest chargeable at market rates. The gearing ratio (total borrowings and lease liabilities to total equity) as at 31st March 2021 was 10.0% (2020: 14.1%). The Group has a current ratio of 712% as at 31st March 2021 (2020: 544%).

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 31st March 2021, the Group had approximately 180 employees (2020: 180 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 year, staff costs (including directors' emoluments) were approximately HK$60.2 million (2020: HK$62.6 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 Financial Year.

CORPORATE GOVERNANCE

To the knowledge and belief of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Directors are not aware of any non-compliance with the code provisions of the CG Code during the Financial Year.

SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF ANNUAL RESULTS OF THE FINANCIAL YEAR

The annual results of the Financial Year have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Financial Year as set out in the preliminary announcement of the Group's results for the Financial Year have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Financial Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 28th May 2021

*As at the date of this announcement, the Directors of the Company are Mr. CHAN Pak Chung, Ms. CHAN Yuen Shan Clara, Mr. CHAN Ka Chun Patrick, Ms. OKUSAKO CHAN Pui Shan Lillian, Mr. CHUNG Wai Kwok Jimmy**, *Mr. HO Kwai Ching Mark** *and Mr. TAI Lun Paul**.

* *Independent non-executive Directors*