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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 637)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

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 31 March 2024 (the "Financial Year" or the "Year") together with the comparative figures for the year ended 31 March 2023 (the "Comparative Period") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	**2024**	2023
		HK$'000	*HK$'000*
Revenue	4	**1,699,491**	2,204,673
Cost of sales		**(1,631,819)**	(2,127,327)
Gross profit		**67,672**	77,346
Other income		**12,075**	12,809
Distribution and selling expenses		**(23,294)**	(27,394)
Administrative expenses		**(86,383)**	(88,650)
Other net losses		**(18,133)**	(4,618)
Loss from operations		**(48,063)**	(30,507)
Finance income		**2,664**	1,237
Finance costs		**(407)**	(5,878)
Net finance income/(costs)	5(a)	**2,257**	(4,641)

	Note	**2024**	2023
		HK$'000	*HK$'000*
Loss before taxation	5	**(45,806)**	(35,148)
Income tax	6	**(4,044)**	(9,445)
Loss for the year		**(49,850)**	(44,593)
Attributable to:			
Equity shareholders of the Company		**(49,694)**	(44,469)
Non-controlling interests		**(156)**	(124)
Loss for the year		**(49,850)**	(44,593)
Loss per share	8		
Basic and diluted (Hong Kong cents)		**(6.00)**	(5.37)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2024 *HK$'000*	2023 *HK$'000*
Loss for the year	**(49,850)**	(44,593)
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss:		
Revaluation of financial assets at fair value through other comprehensive income, net of nil tax	**(1,634)**	(4,357)
Remeasurement of employee retirement benefit obligations	**1,593**	–
Surplus on revaluation of land and building held for own use	**–**	31,416
Tax effect to surplus on revaluation of land and buildings held for own use	**–**	(5,183)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**(10,935)**	(18,800)
Other comprehensive income for the year	**(10,976)**	3,076
Total comprehensive income for the year	**(60,826)**	(41,517)
Attributable to:		
Equity shareholders of the Company	**(60,670)**	(41,393)
Non-controlling interests	**(156)**	(124)
Total comprehensive income for the year	**(60,826)**	(41,517)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**2024** **HK$'000**	2023 HK$'000
Non-current assets			
Investment properties	9	**118,900**	137,900
Other property, plant and equipment	10	**49,670**	33,292
Intangible assets		**4,264**	4,264
Financial assets at fair value through other comprehensive income		**5,238**	6,872
Prepayments	12	**830**	16,010
Deferred tax assets		**2,703**	2,702
		181,605	201,040
Current assets			
Inventories	11	**178,627**	279,578
Trade and other receivables	12	**236,912**	222,652
Tax recoverable		**439**	525
Derivative financial instruments		**2,000**	941
Cash and cash equivalents	13	**264,579**	221,000
		682,557	724,696
Current liabilities			
Trade and other payables and contract liabilities	14	**23,132**	24,896
Bank borrowings	15	**5,482**	2,750
Lease liabilities		**2,518**	1,864
Tax payable		**666**	1,021
Derivative financial instruments		**43**	999
		31,841	31,530
Net current assets		**650,716**	693,166
Total assets less current liabilities		**832,321**	894,206

	2024	2023
	HK$'000	*HK$'000*
Non-current liabilities		
Employee retirement benefit obligations	**3,110**	5,970
Lease liabilities	**5,781**	5,956
Deferred tax liabilities	**10,832**	8,856
	19,723	20,782
NET ASSETS	**812,598**	873,424
CAPITAL AND RESERVES		
Share capital	**82,875**	82,875
Reserves	**730,037**	790,707
Total equity attributable to equity shareholders of the Company	**812,912**	873,582
Non-controlling interests	**(314)**	(158)
TOTAL EQUITY	**812,598**	873,424

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 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (together, the "Group") are trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy, stainless steel and other electroplating chemical products, 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 31 March 2024 but are derived from those financial statements.

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2022/23 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"). 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 properties, 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 the following new and amended HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 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, provision of metal testing and consultancy services, as well as alloy production in Hong Kong and Mainland China. Revenue recognised during the year is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue		
Sales of goods (recognised at point in time)	**1,699,491**	2,204,673

(a) **Segment revenue and results**

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

	2024		2023	
	Revenue	**Segment results**	Revenue	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Hong Kong	**754,397**	**(54,204)**	974,660	(58,323)
Mainland China	**945,094**	**12,199**	1,230,013	19,625
	1,699,491	**(42,005)**	2,204,673	(38,698)

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

	2024		
	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment assets	**541,675**	**322,487**	**864,162**
Segment liabilities	**47,415**	**4,149**	**51,564**

	2023		
	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	541,670	384,066	925,736
Segment liabilities	44,802	7,510	52,312

(b) Reconciliation of reportable segment profit or loss

	2024	2023
	HK$'000	*HK$'000*
Total segment results	**(42,005)**	(38,698)
Other income	**12,075**	12,809
Other net losses	**(18,133)**	(4,618)
Net finance income/(costs)	**2,257**	(4,641)
Loss before taxation	**(45,806)**	(35,148)

5 LOSS BEFORE TAXATION

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

	2024	2023
	HK$'000	*HK$'000*
(a) Net finance (income)/costs		
Interest income	**(2,664)**	(1,237)
Interest on lease liabilities	**266**	309
Interest on short-term bank borrowings	**141**	5,569
	(2,257)	4,641

	2024	2023
	HK$'000	*HK$'000*
(b) Other items		
Auditor's remuneration		
– audit services	**2,120**	2,120
– other services	**543**	402
Depreciation of property, plant and equipment	**7,413**	6,348
Depreciation of right-of-use assets	**2,650**	2,601
Short-term lease payments not included in the measurement of lease liabilities	**950**	1,058
Cost of inventories sold	**1,635,373**	2,128,867
Gain on disposals of property, plant and equipment	**(52)**	(17)
Change in fair value of investment properties	**19,000**	3,600
Realised gain on metal future trading contracts	**–**	(262)
Staff costs (including directors' remuneration)	**64,638**	67,771
Reversal of write-down of inventories	**(3,554)**	(1,540)
Net foreign exchange (gains)/losses	**(815)**	1,297
Recognition/(reversal) of credit losses of trade receivables	**37**	(500)

6 INCOME TAX

	2024	2023
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**228**	191
– Mainland China Corporate Income Tax	**1,817**	9,116
Under-provision in prior years	**24**	310
	2,069	9,617
Deferred tax	**1,975**	(172)
	4,044	9,445

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) for the year. Taxation for Mainland China's subsidiaries is similarly calculated using the tax rate of 25% (2023: 25%) for the year.

7 DIVIDENDS

Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024	2023
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year ended 31 March 2024 of HK$Nil (2023: HK$0.01) per ordinary share	**–**	8,288

The directors do not recommend the payment of final dividend for the year ended 31 March 2024 (2023: HK$Nil).

8 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company by the average number of ordinary shares in issue during the year.

	2024	2023
Loss attributable to equity shareholders of the Company (HK$'000)	**(49,694)**	(44,469)
Average number of ordinary shares in issue ('000)	**828,750**	828,750
Basic loss per share (Hong Kong cents)	**(6.00)**	(5.37)

(b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2024 and 2023 are the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the years.

9 INVESTMENT PROPERTIES

	2024	2023
	HK$'000	*HK$'000*
Net book value as at 1 April	**137,900**	104,900
Transfer from other property, plant and equipment	**–**	36,600
Fair value change	**(19,000)**	(3,600)
Net book value as at 31 March	**118,900**	137,900

The valuations of investment properties carried at fair value were updated at 31 March 2024 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the 31 March 2023 valuations, which resulted in a valuation loss of HK$19,000,000 (2023: HK$3,600,000) recognised in profit or loss for the year.

The Group's property with carrying value of HK$36,600,000 was transferred to investment property as a result of change in use to leasing from self-occupation during the year ended 31 March 2023.

10 OTHER PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	HK$'000	*HK$'000*
Net book value as at 1 April	**33,292**	44,639
Exchange difference	**(452)**	(786)
Additions	**26,940**	3,627
Disposals	**(47)**	(55)
Depreciation	**(10,063)**	(8,949)
Transfer to investment properties	**–**	(5,184)
Net book value as at 31 March	**49,670**	33,292

11 INVENTORIES

	2024	2023
	HK$'000	*HK$'000*
Finished goods	**183,646**	287,919
Less: write-down of inventories	**(5,019)**	(8,341)
	178,627	279,578

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$1,635,373,000 (2023: HK$2,128,867,000) for the year.

12 TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Non-current portion		
Prepayments for purchase of property, plant and equipment	**830**	16,010
Current portion		
Trade receivables, net of loss allowance	**188,526**	182,589
Prepayments to suppliers	**31,730**	17,032
Deposits	**1,548**	1,366
Other receivables	**15,108**	21,665
	236,912	222,652
	237,742	238,662

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:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**128,985**	141,326
Over 1 but within 2 months	**34,035**	34,915
Over 2 but within 3 months	**17,292**	6,332
Over 3 months	**8,214**	16
	188,526	182,589

13 CASH AND CASH EQUIVALENTS

	2024	2023
	HK$'000	*HK$'000*
Cash at bank and on hand	**226,796**	221,000
Short-term bank deposits	**37,783**	–
	264,579	221,000

14 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024	2023
	HK$'000	*HK$'000*
Trade and other payables		
Trade payables	**1,627**	5,119
Accrued expenses and other payables	**11,667**	11,073
	13,294	16,192
Contract liabilities	**9,838**	8,704
	23,132	24,896

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

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**1,527**	4,731
Over 1 but within 3 months	**83**	371
Over 3 months	**17**	17
	1,627	5,119

15 BANK BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Current portion of bank borrowings	**5,482**	1,500
Non-current portion of bank borrowings with repayable on demand clause	**–**	1,250
	5,482	2,750

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

	2024	2023
	HK$'000	*HK$'000*
Within 1 year or on demand	**5,482**	1,500
After 1 year but within 2 years	**–**	1,250
	5,482	2,750

As at 31 March 2024 and 2023, all the bank borrowings were guaranteed by the Company.

As at 31 March 2024, HK$420,000,000 (2023: HK$420,000,000) of the Group's bank facilities were subject to the fulfilment of covenants. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. None of the covenants relating to drawn done facilities had been breached as at 31 March 2024 and 2023.

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

	2024	2023
Bank borrowings	**6.99%**	5.57%

OVERALL BUSINESS PERFORMANCE

Financial Review

For the year ended 31 March 2024 ("Financial Year"), global economic growth remained subdued, high central bank rates to combat inflation and the withdrawal of fiscal support amid high debt were among the factors that weighed on economic activity. Despite the headwinds created by the macroeconomic environment, the Group demonstrated strong resilience and achieved steady development.

As at the Financial Year, the Group's revenue totaled approximately HK$1,699 million, a decrease of 22.9% compared with approximately HK$2,205 million recorded for the year ended 31 March 2023 (the "Comparative Period"). During the Financial Year, the total tonnage sold by the Group reached approximately 76,800 tonnes, a drop of 4.0% when compared with approximately 80,000 tonnes sold in the Comparative Period, a reflection of softened demand.

The Group recorded a gross profit of HK$67.7 million and a gross profit margin of 4.0% for the Financial Year in contrast with a gross profit of HK$77.3 million and a gross profit margin of 3.5% for the Comparative Period. The increase in gross profit margin is mainly due to better inventory management and product mix.

The Group recorded a loss attributable to the Company's equity shareholders of approximately HK$49.7 million for the Financial Year compared with a loss of HK$44.4 million reported for the Comparative Period. The loss was primarily due to lower revenue and unfavourable metal prices, partly offset by our efforts put on products and services diversification.

Throughout the fiscal year, the zinc price exhibited overall stability, maintaining a modest level of fluctuation apart from the decline in the first two months. During the Financial Year, zinc price reached a peak of approximately US$2,936 and a trough of US$2,222 per metric ton. As at the end of the Financial Year, zinc was valued at approximately US$2,394 per metric ton.

For the Financial Year, the Group's distribution and selling expenses decreased to approximately HK$23.3 million in contrast with HK$27.4 million for the Comparative Period. As for general and administrative expenses, it decreased to approximately HK$86.4 million in contrast with HK$88.7 million for the Comparative Period.

Concerning other income, it decreased modestly from HK$12.8 million recorded for the Comparative Year to HK$12.1 million for the Financial Year.

The Group's finance costs for the Financial Year amounted to HK$0.4 million, down from HK$5.9 million for the Comparative Period. The Group remains in a healthy financial position, with HK$265 million in bank balances and cash on hand as at 31 March 2024.

Business Review

Innovation and sustainability strategy facilitates resilience amid challenging macroenvironment

Along with a high interest rate environment that continued to impede economic growth, unfavorable metal prices and volatility combined to create an extremely challenging business environment for LEE KEE, the Group was able to demonstrate resilience and robustness by adhering to innovation and sustainability. Through the effective implementation of three key strategies, encompassing responsible supply chain management, promoting sustainable manufacturing practices and delivering innovative products and services, the Group has withstood various market shocks. Its diverse and high-quality product offerings have been instrumental in meeting the varied needs of its customers, which in turn enhances customer loyalty and bolsters its market position. In particular, the Group's own brands, namely Mastercast, Genesis, occupied key positions in supporting the Group's development, delivering specialty alloys that are able to address the unique demands of customers in the market. The Group also focused on diversifying its supply chain across multiple sources to enhance agility and contingencies against reliance-associated risks.

Providing valuable solutions that go beyond metals

Leveraging innovative technologies and technical expertise, the Group offers professional consultation services for clients across various industries. Through proactive engagement with customers, the Group strengthens ties between the Group and its customers by enhancing operational efficiency and addressing the evolving needs of customers. In view of the growing demand for sustainable products, LEE KEE has strategically allocated resources to research and development (R&D) in this field, as well as leveraged an advanced and comprehensive platform to assist customers in differentiating themselves from their competitors in both processes and products.

Technological empowerment for responsible supply chain management and sustainable manufacturing

Aligned with the Group's commitment to supply chain management and sustainable manufacturing, advanced technologies have been harnessed to ensure product traceability and accountability. In order to meet the international standard governing the quantification, reporting and verification of greenhouse gas (GHG) emissions information, the Group has initiated the collection of scope 3 emissions data within its supply chain. This strategic undertaking positions the Group to support customers in their pursuit of carbon reduction goals and integrate into responsible supply chains, fostering a sustainable ecosystem. Furthermore, the Group enriched the international sustainability recognition with Global Recycled Standard (GRS)[#], which further affirms our dedication to sustainable materials, and showcases our proficient utilization of technology in achieving sustainable manufacturing. The Group has also made significant strides in generating green energy, producing a commendable around 237,240 kWh of renewable energy through the utilization of 200kW solar PV systems during the Financial Year, further contributing to its environmentally conscious practices.

Unleashing the power of digitalization to enhance efficiency

The Group remains steadfast in its commitment to intensify the deployment of its digitalization strategy, effectively harnessing the transformative capabilities of the Industry 4.0 system to capture and analyze process parameters in real-time, resulting in valuable operational insights. Through continuous performance monitoring, LEE KEE is able to facilitate the early detection of abnormalities and the resolution of potential issues. By capitalizing on data-driven decision-making and process optimization, thereby greatly enhancing operational efficiency. Notably, we have achieved a remarkable milestone as the first metal solutions provider in Greater China to adopt a comprehensive digital carbon management platform. This platform evaluates the GHG emissions of an organization, enabling the implementation of cost-effective carbon reduction plans.

[#] *Lee Fung Metal Company Limited, LKG Elite (Shenzhen) Company Limited and LKG Elite (Ningbo) Company Limited, members of Lee Kee have been certified to trade GRS zinc alloy in accordance with the Global Recycle Standard 4.0 (GRS 4.0)*

Capitalizing on the unique strengths of the Group to drive synergistic industry-academia cooperation

LEE KEE leverages its strengths to advocate collaboration between industry and academia, fostering an environment conducive to innovation and technological advancement. It unleashes the potential of findings from R&D, facilitating their transformation and commercialization. In addition, Genesis was recognized as a "Science and Technology Enterprise" by the Zhejiang Provincial Department of Science and Technology. This recognition is a result of the Group's intense sense of innovation.

Pioneering R&D, the Group implemented innovative technologies across various industries. Genesis reached a strategic collaboration with a university in Ningbo, leading to the founding of the Applied Technology Research Institute for Advanced Metal Materials, which engages in the research and development of advanced metal materials. The Group will continue to promote the integration of industry, academia, and research to drive technological innovation, facilitate the translation of outcomes, pursuit the application of new energy, new materials, and non-ferrous metals, as well as spur the transformation and upgrade of traditional industries.

Taking the initiative in addressing customers' needs

Providing solutions that go beyond its traditional strengths, the Group's array of comprehensive and high-quality services include premium quality alloys, quality assurance for metals, professional consultancy, specialty alloys and laboratory testing services for construction materials and water quality.

Promet Metals Testing Laboratory Limited ("Promet"), a member of LEE KEE, has been an approved London Metal Exchange (LME) Listed Sampler and Assayer (LSA) for pure zinc, aluminum, and aluminum alloys for almost a decade. It conducts thorough quality assurance tests to ensure that metals meet the required specifications and standards. In addition, Promet possesses extensive technical experience covering various metal manufacturing industries. With the operation of a new online diagnostic platform in the Financial Year, Promet has been able to further extend its reach, engaging new customer segments and raising awareness of its testing and analysis capabilities. By providing guidance and support in optimizing material usage, maximizing output ratio, and enhancing overall production performance, Promet supports its customers to achieve their maximum operational potential.

Green financing adds impetus to fulfilling environmental agenda

The Group is honored to have secured a Sustainability-Linked Loan with an international bank in 2023, which testifies to the recognition the Group commands for its sustainability efforts. During the Financial Year, the Group tapped funds from the credit line to advance the environmental agenda by initiating and expanding the scope of environment-related projects. These efforts pave the way for long-term sustainability, fostering positive change and leaving a lasting impact on the environment and communities.

Accountability that starts from within

Congruent with the Group's culture of integrity and accountability, it upholds a top-down strategy to corporate governance, ensuring stringent regulations are adhered to at all levels of the organization as the Group recognizes the vital importance of maintaining transparent and ethical practices.

To further enhance corporate governance practices, the Group regularly conducts training and development programs for its employees on multiple topics. By equipping employees with the up-to-date knowledge and skills, the Group ensures that they are capable of upholding the standards of ethical behavior.

Prospects

The global economy is anticipated to maintain a steady but slow growth trajectory for 2024. While multilateral tensions present a potential risk to economic growth, the Group remains cautiously optimistic about the outlook for its operations.

Leading the industry forward by empowering clients' green transformation

The Group has been proactively building a green and sustainable supply chain and has made farsighted deployments to support customers in attaining their green transformation goals. Acknowledging the increased societal awareness and expectations regarding environmental protection, the Group is dedicated to improving the transparency and disclosure of carbon emissions data. As the Group's commitment to innovation and sustainability extends beyond its operations, permeating throughout the entire supply chain ecosystem, it trusts that it will influence and motivate other industry players to improve their operations and services, ultimately benefiting society as a whole.

Regional expansion through innovative products and services and the Belt and Road

Determined to maintain its growth momentum, the Group will leverage its robust R&D capabilities to continuously develop more high-value-added and exceptional products while exploring new metals applications. Such products and solutions will serve as calling cards for the Group as it capitalizes on opportunities arising from the One Belt One Road initiative, including the growing demand for high-quality metal products and technical consulting services from markets in Mainland China and Southeast Asia. At the same time, the Group will strategically strengthen its presence in these markets, reinforce ties with customers, and elevate the quality of services to drive long-term business growth.

Breaking conventions in advancing technologies, professional collaborations and social development

At LEE KEE, the spirit of innovation is fostered not only within the confines of the Group, but also in collaboration with industry partners and academia. The Group firmly believes that collective efforts are crucial in driving social progress. It demonstrated by the success of InnoHealth Solutions & Technology Limited (formerly known as Lee Tai Precious Metal Company Limited) semi-automatic 3D planning software, which awarded the "Gold Medal with Congratulations of the Jury" at the 48th Geneva International Exhibition of Inventions, the accolade not only highlights the international recognition that the software has earned for its technological breakthroughs, but also the power of industry-academia collaboration. The Group maintains a steadfast commitment to actively seeking and nurturing collaborative opportunities that further contribute to the advancement of both industry and the community.

DIVIDEND

The Board of Directors of the Company does not recommend the payment of final dividend for the Financial Year.

ANNUAL GENERAL MEETING

It was proposed that the Annual General Meeting of the Company (the "AGM") will be held on 27 August 2024. 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 Thursday, 22 August 2024 to Tuesday, 27 August 2024, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 August 2024.

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

The Group primarily financed its operation through internal resources and borrowings from banks. As at 31 March 2024, the Group had unrestricted cash and bank balances of approximately HK$265 million (2023: HK$221 million) and bank borrowings of approximately HK$5.48 million (2023: HK$2.75 million). The gearing ratio (total borrowings and lease liabilities to total equity) as at 31 March 2024 was 1.70% (2023: 1.21%). The Group has a current ratio of 2,144% as at 31 March 2024 (2023: 2,298%).

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 31 March 2024, the Group had approximately 180 employees (2023: 190 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 Financial Year, staff costs (including directors' emoluments) were approximately HK$64.6 million (2023: HK$67.8 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 C1 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 C3 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 AUDITED CONSOLIDATED ANNUAL FINANCIAL INFORMATION

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 assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 24 May 2024

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, Mr. TAI Lun Paul* and Mr. WONG Kam Fai William*.*

\# *Non-executive Directors*

* *Independent non-executive Directors*