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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Board of Directors (the “Board”) of Lee Kee Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively “LEE KEE” or the “Group”) for the six months ended 30 September 2024 (the “Interim Period” or the “Period”) together with the comparative figures for the six months ended 30 September 2023 (the “Comparative Period”) as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 September 2024 – unaudited*

|                                   |             | <b>Six months ended 30 September</b> |                 |
|-----------------------------------|-------------|--------------------------------------|-----------------|
|                                   |             | <b>2024</b>                          | 2023            |
|                                   | <i>Note</i> | <i>HK\$'000</i>                      | <i>HK\$'000</i> |
| <b>Revenue</b>                    | 4           | <b>1,007,579</b>                     | 844,579         |
| Cost of sales                     |             | <b>(968,003)</b>                     | (808,056)       |
| <b>Gross profit</b>               |             | <b>39,576</b>                        | 36,523          |
| Other income                      |             | <b>7,124</b>                         | 5,576           |
| Distribution and selling expenses |             | <b>(12,041)</b>                      | (11,262)        |
| Administrative expenses           |             | <b>(45,993)</b>                      | (43,828)        |
| Other net losses                  |             | <b>(5,763)</b>                       | (728)           |
| <b>Loss from operations</b>       |             | <b>(17,097)</b>                      | (13,719)        |
| Finance income                    |             | <b>1,264</b>                         | 1,131           |
| Finance costs                     |             | <b>(507)</b>                         | (303)           |
| Net finance income                | 5(a)        | <b>757</b>                           | 828             |

|  |             | <b>Six months ended 30 September</b> |                               |
|--|-------------|--------------------------------------|-------------------------------|
|  |             | <b>2024</b>                          | <b>2023</b>                   |
|  | <i>Note</i> | <b>HK\$'000</b>                      | <b>HK\$'000</b>               |
| <b>Loss before taxation</b>                  | 5           | (16,340)                             | (12,891)                      |
| Income tax                                   | 6           | <u>(1,510)</u>                       | <u>(1,822)</u>                |
| <b>Loss for the period</b>                   |             | <b><u><u>(17,850)</u></u></b>        | <b><u><u>(14,713)</u></u></b> |
| <b>Attributable to:</b>                      |             |                                      |                               |
| Equity shareholders of the Company           |             | (17,991)                             | (14,649)                      |
| Non-controlling interests                    |             | <u>141</u>                           | <u>(64)</u>                   |
| <b>Loss for the period</b>                   |             | <b><u><u>(17,850)</u></u></b>        | <b><u><u>(14,713)</u></u></b> |
| <b>Loss per share</b>                        | 8           |                                      |                               |
| Basic and diluted ( <i>Hong Kong cents</i> ) |             | <b><u><u>(2.17)</u></u></b>          | <b><u><u>(1.77)</u></u></b>   |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2024 – unaudited*

|   | <b>Six months ended 30 September</b> |                 |
|---|--------------------------------------|-----------------|
|   | <b>2024</b>                          | <b>2023</b>     |
|   | <i>HK\$'000</i>                      | <i>HK\$'000</i> |
| <b>Loss for the period</b>  | <b>(17,850)</b>                      | <b>(14,713)</b> |
| <b>Other comprehensive income for the period:</b>   |                                      |                 |
| <i>Items that will not be reclassified to profit or loss, net of nil tax:</i>                 |                                      |                 |
| Revaluation of financial assets at fair value through other comprehensive income              | (2,473)                              | (1,383)         |
| <i>Items that may be reclassified subsequently to profit or loss, net of nil tax:</i>         |                                      |                 |
| Exchange differences on translation of financial statements of subsidiaries outside Hong Kong | 4,431                                | (13,482)        |
| <b>Other comprehensive income for the period</b>  | <b>1,958</b>                         | <b>(14,865)</b> |
| <b>Total comprehensive income for the period</b>  | <b>(15,892)</b>                      | <b>(29,578)</b> |
| <b>Attributable to:</b>   |                                      |                 |
| Equity shareholders of the Company  | (16,033)                             | (29,514)        |
| Non-controlling interests   | 141                                  | (64)            |
| <b>Total comprehensive income for the period</b>  | <b>(15,892)</b>                      | <b>(29,578)</b> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024 – unaudited

|  |             | At<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|--|-------------|---|---|
|  | <i>Note</i> |   |   |
| <b>Non-current assets</b>  |             |   |   |
| Investment properties  | 9           | 112,300                                       | 118,900                                   |
| Other property, plant and equipment                                  | 10          | 48,342  | 49,670                                    |
| Intangible assets  |             | 4,264   | 4,264                                     |
| Financial assets at fair value through other<br>comprehensive income |             | 2,765   | 5,238                                     |
| Prepayments  | 12          | 433   | 830                                       |
| Deferred tax assets  |             | 2,702   | 2,703                                     |
|  |             | <u>170,806</u>                                | <u>181,605</u>                            |
|  |             | -----   | -----                                     |
| <b>Current assets</b>  |             |   |   |
| Inventories  | 11          | 200,878                                       | 178,627                                   |
| Trade and other receivables  | 12          | 275,998                                       | 236,912                                   |
| Tax recoverable  |             | 445   | 439                                       |
| Derivative financial instruments                                     |             | 23  | 2,000                                     |
| Cash and cash equivalents  | 13          | 214,875                                       | 264,579                                   |
|  |             | <u>692,219</u>                                | <u>682,557</u>                            |
|  |             | -----   | -----                                     |
| <b>Current liabilities</b>   |             |   |   |
| Trade and other payables and contract<br>liabilities                 | 14          | 21,817  | 23,132                                    |
| Bank borrowings  | 15          | 20,021  | 5,482                                     |
| Lease liabilities  |             | 1,803   | 2,518                                     |
| Tax payable  |             | 1,448   | 666                                       |
| Derivative financial instruments                                     |             | 1,678   | 43  |
|  |             | <u>46,767</u>                                 | <u>31,841</u>                             |
|  |             | -----   | -----                                     |
| <b>Net current assets</b>  |             | <u>645,452</u>                                | <u>650,716</u>                            |
|  |             | -----   | -----                                     |
| <b>Total assets less current liabilities</b>                         |             | <u>816,258</u>                                | <u>832,321</u>                            |
|  |             | -----   | -----                                     |

|  | At<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|--|---|---|
| <b>Non-current liabilities</b>   |   |   |
| Employee retirement benefit obligations                                    | 3,110   | 3,110                                     |
| Lease liabilities  | 5,390   | 5,781                                     |
| Deferred tax liabilities   | 11,052  | 10,832                                    |
|  | <u>19,552</u>                                 | <u>19,723</u>                             |
| <b>NET ASSETS</b>  | <b><u>796,706</u></b>                         | <b><u>812,598</u></b>                     |
| <b>CAPITAL AND RESERVES</b>  |   |   |
| Share capital  | 82,875  | 82,875                                    |
| Reserves   | 714,004                                       | 730,037                                   |
| <b>Total equity attributable to equity<br/>shareholders of the Company</b> | <b>796,879</b>                                | <b>812,912</b>                            |
| Non-controlling interests  | (173)   | (314)                                     |
| <b>TOTAL EQUITY</b>  | <b><u>796,706</u></b>                         | <b><u>812,598</u></b>                     |

## 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 interim financial report for the period ended 30 September 2024 but are derived from that interim report.

The 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, 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 15 November 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023/24 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024/25 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.

The 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 2023/24 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

The financial information relating to the financial year ended 31 March 2024 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 the following amendments 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:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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 in the interim financial report. 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 period is as follows:

|  | <b>Six months ended 30 September</b> |                 |
|--|--------------------------------------|-----------------|
|  | <b>2024</b>                          | <b>2023</b>     |
|  | <b>HK\$'000</b>                      | <b>HK\$'000</b> |
| <b>Revenue</b>                               |                                      |                 |
| Sales of goods (recognised at point in time) | <b>1,007,579</b>                     | 844,579         |

#### (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.

|                | <b>Six months ended 30 September</b> |                 |                 |                 |
|----------------|--------------------------------------|-----------------|-----------------|-----------------|
|                | <b>2024</b>                          |                 | <b>2023</b>     |                 |
|                | <b>Revenue</b>                       | <b>Segment</b>  | <b>Revenue</b>  | <b>Segment</b>  |
|                | <b>HK\$'000</b>                      | <b>results</b>  | <b>HK\$'000</b> | <b>results</b>  |
|                | <b>HK\$'000</b>                      | <b>HK\$'000</b> | <b>HK\$'000</b> | <b>HK\$'000</b> |
| Hong Kong      | 389,934                              | (28,823)        | 377,403         | (25,360)        |
| Mainland China | 617,645                              | 10,365          | 467,176         | 6,793           |
|                | <b>1,007,579</b>                     | <b>(18,458)</b> | 844,579         | (18,567)        |

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

|                     | <b>At 30 September 2024</b> |                 |                 |
|---------------------|-----------------------------|-----------------|-----------------|
|                     | <b>Hong Kong</b>            | <b>Mainland</b> |                 |
|                     | <i>HK\$'000</i>             | <b>China</b>    | <b>Total</b>    |
|                     |                             | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Segment assets      | <u>527,183</u>              | <u>335,842</u>  | <u>863,025</u>  |
| Segment liabilities | <u>39,676</u>               | <u>26,643</u>   | <u>66,319</u>   |
|                     |                             |                 |                 |
|                     | <b>At 31 March 2024</b>     |                 |                 |
|                     | <b>Hong Kong</b>            | <b>Mainland</b> |                 |
|                     | <i>HK\$'000</i>             | <b>China</b>    | <b>Total</b>    |
|                     |                             | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Segment assets      | <u>541,675</u>              | <u>322,487</u>  | <u>864,162</u>  |
| Segment liabilities | <u>47,415</u>               | <u>4,149</u>    | <u>51,564</u>   |

**(b) Reconciliation of reportable segment profit or loss**

|                       | <b>Six months ended 30 September</b> |                 |
|-----------------------|--------------------------------------|-----------------|
|                       | <b>2024</b>                          | <b>2023</b>     |
|                       | <i>HK\$'000</i>                      | <i>HK\$'000</i> |
| Total segment results | <b>(18,458)</b>                      | (18,567)        |
| Other income          | <b>7,124</b>                         | 5,576           |
| Other net losses      | <b>(5,763)</b>                       | (728)           |
| Net finance income    | <u><b>757</b></u>                    | <u>828</u>      |
| Loss before taxation  | <u><b>(16,340)</b></u>               | <u>(12,891)</u> |



## 5 LOSS BEFORE TAXATION

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

|  | <b>Six months ended 30 September</b> |                     |
|--|--------------------------------------|---------------------|
|  | <b>2024</b>                          | <b>2023</b>         |
|  | <b>HK\$'000</b>                      | <b>HK\$'000</b>     |
| <b>(a) Net finance income</b>  |                                      |                     |
| Interest income  | (1,264)                              | (1,131)             |
| Interest on lease liabilities  | 151                                  | 224                 |
| Interest on bank borrowings  | 356                                  | 79                  |
|  | <u>(757)</u>                         | <u>(828)</u>        |
|  | <b><u>(757)</u></b>                  | <b><u>(828)</u></b> |
|  |                                      |                     |
|  | <b>Six months ended 30 September</b> |                     |
|  | <b>2024</b>                          | <b>2023</b>         |
|  | <b>HK\$'000</b>                      | <b>HK\$'000</b>     |
| <b>(b) Other items</b>   |                                      |                     |
| Depreciation of property, plant and equipment  | 4,772                                | 2,893               |
| Depreciation of right-of-use assets  | 1,182                                | 1,176               |
| Short-term lease payments not included in the measurement<br>of lease liabilities – land and buildings | 595                                  | 600                 |
| Cost of inventories sold   | 968,287                              | 809,092             |
| Change in fair value of investment properties  | 6,600                                | –                   |
| Unrealised loss/(gain) on foreign exchange forward contracts   | 1,701                                | (4,987)             |
| Staff costs (including directors' remuneration)  | 32,623                               | 32,980              |
| Reversal of write-down of inventories  | (284)                                | (1,036)             |
| Net foreign exchange (gain)/loss   | (2,494)                              | 5,715               |
| Provision for/(reversal) of credit losses of trade receivables   | 1,819                                | (89)                |
| Gain on disposal of property, plant and equipment  | (44)                                 | –                   |
|  | <u>(44)</u>                          | <u>–</u>            |
|  | <b><u>(44)</u></b>                   | <b><u>–</u></b>     |

## 6 INCOME TAX

|                                       | Six months ended 30 September |              |
|---------------------------------------|-------------------------------|--------------|
|                                       | 2024                          | 2023         |
|                                       | HK\$'000                      | HK\$'000     |
| Current tax                           |                               |              |
| – Hong Kong Profits Tax               | 100                           | 118          |
| – Mainland China Corporate Income Tax | 1,189                         | 1,652        |
|                                       | <u>1,289</u>                  | <u>1,770</u> |
| Deferred tax                          | 221                           | 52           |
|                                       | <u>1,510</u>                  | <u>1,822</u> |

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 2023: 16.5%) to the six months ended 30 September 2024. Taxation for Mainland China's subsidiaries is similarly calculated using the tax rate of 25% (six months ended 30 September 2023: 25%) to the six months ended 30 September 2024.

## 7 DIVIDENDS

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2024 (six months ended 30 September 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 interim period.

|   | Six months ended 30 September |                 |
|---|-------------------------------|-----------------|
|   | 2024                          | 2023            |
| Loss attributable to equity shareholders of the Company<br>(HK\$'000) | <u>(17,991)</u>               | <u>(14,649)</u> |
| Average number of ordinary shares in issue ('000)                     | <u>828,750</u>                | <u>828,750</u>  |
| Basic loss per share (Hong Kong cents)                                | <u>(2.17)</u>                 | <u>(1.77)</u>   |

### (b) Diluted loss per share

Diluted loss per share for the six months ended 30 September 2024 and 2023 are the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the periods.

## 9 INVESTMENT PROPERTIES

|                                   | Six months ended 30 September |                       |
|-----------------------------------|-------------------------------|-----------------------|
|                                   | 2024                          | 2023                  |
|                                   | <i>HK\$'000</i>               | <i>HK\$'000</i>       |
| Net book value as at 1 April      | 118,900                       | 137,900               |
| Fair value change                 | <u>(6,600)</u>                | <u>–</u>              |
| Net book value as at 30 September | <u><b>112,300</b></u>         | <u><b>137,900</b></u> |

## 10 OTHER PROPERTY, PLANT AND EQUIPMENT

|                                   | Six months ended 30 September |                      |
|-----------------------------------|-------------------------------|----------------------|
|                                   | 2024                          | 2023                 |
|                                   | <i>HK\$'000</i>               | <i>HK\$'000</i>      |
| Net book value as at the 1 April  | 49,670                        | 33,292               |
| Exchange difference               | 192                           | (481)                |
| Additions                         | 4,626                         | 19,166               |
| Disposals                         | (192)                         | –                    |
| Depreciation                      | <u>(5,954)</u>                | <u>(4,069)</u>       |
| Net book value as at 30 September | <u><b>48,342</b></u>          | <u><b>47,908</b></u> |

## 11 INVENTORIES

|                                 | At                    | At                    |
|---------------------------------|-----------------------|-----------------------|
|                                 | 30 September          | 31 March              |
|                                 | 2024                  | 2024                  |
|                                 | <i>HK\$'000</i>       | <i>HK\$'000</i>       |
| Finished goods                  | 205,697               | 183,646               |
| Less: write-down of inventories | <u>(4,819)</u>        | <u>(5,019)</u>        |
|                                 | <u><b>200,878</b></u> | <u><b>178,627</b></u> |

The cost of inventories recognised as expense and included in “cost of sales” amounted to HK\$968,287,000 (six months ended 30 September 2023: HK\$809,092,000) during the six months ended 30 September 2024.

## 12 TRADE AND OTHER RECEIVABLES

|   | At<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|---|---|---|
| <b>Non-current portion</b>                                |   |   |
| Prepayments for purchase of property, plant and equipment | 433   | 830                                       |
| <b>Current portion</b>                                    |   |   |
| Trade receivables, net of loss allowance                  | 208,955                                       | 188,526                                   |
| Prepayments to suppliers                                  | 49,498  | 31,730                                    |
| Deposits  | 1,564   | 1,548                                     |
| Other receivables   | 15,981  | 15,108                                    |
|   | <u>275,998</u>                                | <u>236,912</u>                            |
|   | <u>276,431</u>                                | <u>237,742</u>                            |

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<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|----------------------------|---|---|
| Within 1 month             | 200,088                                       | 128,985                                   |
| Over 1 but within 2 months | 7,187   | 34,035                                    |
| Over 2 but within 3 months | 16  | 17,292                                    |
| Over 3 months              | 1,664   | 8,214                                     |
|                            | <u>208,955</u>                                | <u>188,526</u>                            |

## 13 CASH AND CASH EQUIVALENTS

|                          | At<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|--------------------------|---|---|
| Short-term bank deposits | 60,017  | 37,783                                    |
| Cash at bank and on hand | 154,858                                       | 226,796                                   |
|                          | <u>214,875</u>                                | <u>264,579</u>                            |

## 14 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

|                                     | At<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|-------------------------------------|---|---|
| <b>Trade and other payables</b>     |   |   |
| Trade payables                      | 1,986   | 1,627                                     |
| Accrued expenses and other payables | <u>10,595</u>                                 | <u>11,667</u>                             |
|                                     | 12,581  | 13,294                                    |
| <b>Contract liabilities</b>         | <u>9,236</u>                                  | <u>9,838</u>                              |
|                                     | <u><u>21,817</u></u>                          | <u><u>23,132</u></u>                      |

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

|                            | At<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|----------------------------|---|---|
| Within 1 month             | 1,659   | 1,527                                     |
| Over 1 but within 3 months | 236   | 83  |
| Over 3 months              | <u>91</u>                                     | <u>17</u>                                 |
|                            | <u><u>1,986</u></u>                           | <u><u>1,627</u></u>                       |

## 15 BANK BORROWINGS

|                            | At<br>30 September<br>2024<br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|----------------------------|---|---|
| <b>Current liabilities</b> |   |   |
| Bank borrowings            | <u>20,021</u>                                 | <u>5,482</u>                              |

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

|                            | At<br><b>30 September</b><br><b>2024</b><br><i>HK\$'000</i> | At<br>31 March<br>2024<br><i>HK\$'000</i> |
|----------------------------|---|---|
| Within 1 year or on demand | <b>20,021</b>   | 5,482                                     |

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

|                 | At<br><b>30 September</b><br><b>2024</b> | At<br>31 March<br>2024 |
|-----------------|--|------------------------|
| Bank borrowings | <b>4.40%</b>                             | 6.99%                  |

## OVERALL BUSINESS PERFORMANCE

### Financial Review

During the Interim Period, the Group continued to operate under the cloud of lacklustre global economic activity. Notwithstanding the gradual rollout of interest rate cuts by central banks worldwide, the impact of high inflation over the past few years has created uncertainties in the global economic outlook. Despite the prevailing cautious market sentiment and challenging macroeconomic conditions, the Group has remained resilient and performed in line with expectations.

As at the six months ended 30 September 2024, the Group recorded revenue of HK\$1,008 million, compared with HK\$845 million for the Comparative Period. Tonnage sold by the Group improved by 14.6% to approximately 43,100 tonnes compared with 37,610 tonnes for the same period last year.

For the Interim Period, the Group recorded a gross profit of HK\$39.6 million and a gross profit margin of 3.9%. In contrast, a gross profit of HK\$36.5 million and a gross profit margin of 4.3% were recorded for the Comparative Period.

The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$18.0 million for the Interim Period as compared with a loss of approximately HK\$14.6 million for the Comparative Period. The increase was primarily due to the difficult property market and the increase in general and administration expenses for the reporting period.

With respect to the price of zinc, it showed greater stability during the Interim Period, fluctuating between a high of US\$3,092 and a low of US\$2,222 per metric ton, and was valued at US\$3,056 per metric ton as at the end of the Interim Period.

During the Interim Period, the Group recorded an increase in distribution and selling expenses of approximately HK\$0.8 million compared with the Comparative Period, while general and administration expenses rose by 4.9% to HK\$46.0 million compared with the Comparative Period.

The Group recorded an increase in other income to HK\$7.1 million for the Interim Period, compared with HK\$5.6 million for the Comparative Period. The increase in other income can be attributed to the increase in rental income from the Group's investment properties.

Finance costs for the Interim Period rose to HK\$0.5 million, compared with HK\$0.3 million for the Comparative Period. The Group maintains a sound financial position, with HK\$214.9 million in bank balances and cash on hand, and HK\$20.0 million in bank borrowings as at 30 September 2024.

## **Business Review**

### ***Building for the future in adherence to the three strategies***

The ongoing cautious market sentiment has hindered global economic growth, with rising geopolitical uncertainties and escalating trade tensions among the factors further hampering economic activity. For the global metals industry, the stimulus measures introduced in China have brought fresh viewpoints on local economic prospects. To both capitalize on a potential market rebound and withstand long-term market pressure, LEE KEE has effectively implemented its three key strategies, comprising responsible supply chain management, promoting sustainable manufacturing practices, and delivering innovative products and services. Among its achievements include the receipt of ISO 14064 and ISO 14067 accreditations, which testify to the Group's effective and comprehensive efforts in managing and reducing greenhouse gas (GHG) emissions produced by its operations and throughout the product lifecycle.

### ***Seizing opportunities and contributing to industry and society through innovation***

LEE KEE's own brands, Mastercast and Genesis, have been instrumental in driving the growth of LEE KEE by producing specialty alloys for unique market demands. The Group's plant in Ningbo received the Global Recycled Standard (GRS) underscoring its commitment to advancing sustainable manufacturing practices.

To showcase the wide application of metals, highlight LEE KEE's ability to produce specialty alloys tailored for the unique requirements of clients, fully leverage its established brands, and underscore the Group's dedication to delivering innovative products and services, LEE KEE recently contributed to a global sports event, specifically, it provided sustainably manufactured high-quality zinc alloy for the production of medals worn by the winning athletes. These medals will make their way around the world, helping to amplifying the "Made in Hong Kong Premium Metals" story.

The Group trusts that its premium range of products has ideally positioned it to leverage the MICE (meetings, incentives, conferences and exhibitions) sector, have a positive impact on people's lives, and promote the sustainability of the metals industry.

### ***Leveraging technologies to promote efficiency and operational excellence***

In its effort to continuously advance and evolve, the Group has accelerated the implementation of its digitalization strategy, emphasizing data-driven decision-making and process optimization. This has included leveraging the Industry 4.0 system to analyze process parameters in real-time to gather operational insights. Moreover, the Group has vigilantly monitored its performance to quickly identify and remedy anomalies, thus preventing potential incidents from arising. Still, other endeavors include capitalizing on technologies such as the use of Artificial Intelligence (AI) to improve the efficiency of simulations during the research and development (R&D) process.



### ***Taking a holistic approach towards achieving sustainability***

Committed to responsible supply chain management and sustainable manufacturing, the Group maintains stringent standards for the marking and labeling of its products to ensure data transparency. Additionally, LEE KEE actively gathers Scope 3 emissions data within its supply chain to assist clients in achieving their carbon reduction goals and fostering Responsible Supply Chain Management. Going above and beyond, the Group regularly shares in seminars and talks on metals applications and water safety for the benefit of the community.

### ***Broadening presence for the collective good***

LEE KEE has been a Category 5 Associate Trade Member of the London Metal Exchange (LME) for a decade, and is, in fact, the first Hong Kong company to be included in the category. In addition, its subsidiary, Promet Metals Testing Laboratory Limited (Promet), has been an approved LME Listed Sampler and Assayer (LSA) for pure zinc, aluminum, and aluminum alloys for almost a decade. The Group is dedicated to industry development for the supply chain. Toward this objective, LEE KEE is honored to join the World Customs Organization (WCO), Regional Private Sector Group – Asia Pacific, for a closer co-operation between customs authorities and the private sector. LEE KEE, a proponent of leading by example, can position itself as a responsible leader with commitment to advancing the metals industry together and assisting local enterprises with global perspectives.

### ***New horizons for mutual success***

While excelling in the metals industry, LEE KEE is also venturing into new business spheres, expanding its offerings beyond metals, and catering for diverse needs. Leveraging innovative technologies and technical expertise, the Group provides professional consulting services to clients from various industries and responds to their growing demand for sustainable products through the development of relevant solutions. Moreover, LEE KEE has established an advanced online platform to empower clients to differentiate their products and processes effectively through a better understanding and utilization of materials performance and their unique properties.

### ***Promoting alliances for delivering tangible results***

Recognizing the power of joint effort, the Group has leveraged its unique strengths to facilitate industry-academia collaboration and realize the full potential of R&D for commercialization. Notably, through a collaboration with a university to establish an applied technology research institute, the Group aims to enhance its product portfolio by developing cutting-edge metal materials.

LEE KEE is always attentive to the needs of clients. The Group understands and addresses their unique concerns through a comprehensive scope of services, spanning professional consultancy, specialty alloy manufacturing, quality assurance for metals, and laboratory testing for construction materials and water quality. Its subsidiary, Promet, conducts quality assurance tests to ensure that metals adhere to relevant specifications and standards.

### ***Accountability across all tiers***

Consistent with its commitment to meeting the high standards of professional conduct, LEE KEE adheres to a top-down corporate governance framework, ensuring that every organizational tier recognizes and abides by practices that promote transparency and ethical behavior.

The Group is tremendously honored that its environmental, social, and governance (ESG) efforts have been recognized by industry and society. During the Interim Period, LEE KEE was the recipient of the Hong Kong Green and Sustainability Contribution Award – Mentor Pioneer Award for ESG Connect from the Hong Kong Quality Assurance Agency.

### **Prospects**

Against a backdrop of global economic uncertainty and market volatility, compounded by rising geopolitical tensions, LEE KEE will maintain a cautious posture in managing its operations.

### **Driving progress through green activism**

Going forward, the Group aims to promote its future development while contributing to the global transition towards a circular economy. In ensuring it remains in the vanguard of the industry's green transformation; it has proactively established an environmentally friendly and sustainable supply chain. Moreover, recognizing the heightening societal expectations for environmental protection, the Group is committed to being transparent about its carbon emissions data. At the same time, it is employing farsighted initiatives to enable its clients to complete their green transformation journey.

### **Success hinges on the ability to adapt changes**

The Group's innopreneurial spirit empowers transformation and breaks away from traditional modes of operations. The Group's unwavering commitment to technical innovation is the cornerstone for navigating the course of cutting-edge technologies and inventive solutions. Regardless of the location, LEE KEE's focus remains steadfast on delivering high-quality products and exceptional services tailored to meet our client's diverse needs.

LEE KEE's commitment to innovation and sustainability is reshaping the entire supply chain ecosystem to embracing changes and evolution. This serves as an inspiration for the industry members to follow suit and lead to overall benefits for all of society.

## **Constant evolution for promoting continuous growth**

LEE KEE will continue to promote its development both within and beyond the metals industry by leveraging its robust R&D underpinnings. Given the favorable prospects for the use of AI, InnoHealth Solutions & Technology Limited, a member of the Group, has enhanced its semi-automatic 3D planning software to trial use, with the goal of expanding surgical functionalities through innovative software solutions.

To strengthen the Group's competitive edge and contribute to social well-being, more data-driven, AI-assisted solutions and high-value products will be introduced. Additionally, the Group will continue to leverage technology, utilize its functionalities and expand product variety for clients to enhance their manufacturing efficiency. These efforts are aimed at paving the way for seizing various opportunities and accelerating LEE KEE's growth within the global value chain.

## **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 30 September 2024, the Group had unrestricted cash and bank balances of approximately HK\$215 million (31 March 2024: HK\$265 million) and bank borrowings of approximately HK\$20.0 million (31 March 2024: HK\$5.48 million). The gearing ratio (total borrowings and lease liabilities to total equity) as at 30 September 2024 was 3.42% (31 March 2024: 1.70%). The Group has a current ratio of 1,480% as at 30 September 2024 (31 March 2024: 2,144%).

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 30 September 2024, the Group had approximately 190 employees (as at 30 September 2023: 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 Interim Period, staff costs (including directors' emoluments) were approximately HK\$32.6 million (for the six months ended 30 September 2023: HK\$33.0 million).

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

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

## **CORPORATE GOVERNANCE**

To the knowledge and belief of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (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 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 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 Interim Period.

## **REVIEW OF UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

The unaudited interim financial information for the six months ended 30 September 2024 has also been reviewed by the Company's Audit Committee.

By Order of the Board  
**Lee Kee Holdings Limited**  
**CHAN Pak Chung**  
*Chairman*

Hong Kong, 15 November 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. HO Kwai Ching Mark\*, Mr. TAI Lun Paul\* and Mr. WONG Kam Fai William\*.*

\* *Independent non-executive Directors*