利記控股有限公司
LEE KEE HOLDINGS LIMITED

SINCE 1947

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立之有限公司）
Stock code 股份代號：637

We Create
VALUE SOLUTIONS
BEYOND Metals

引領金屬發展
共創增值方案

2023/24 Annual Report
年報

We Create
VALUE SOLUTIONS
BEYOND Metals

Laying a solid foundation
to convert challenges into unlimited opportunities.

Contents

Corporate Information

DIRECTORS

Executive Directors

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

Non-executive Director

CHUNG Wai Kwok Jimmy

Independent Non-executive Directors

HO Kwai Ching Mark
TAI Lun Paul
WONG Kam Fai William

AUDIT COMMITTEE

HO Kwai Ching Mark *(Chairman of the Audit Committee)*
TAI Lun Paul
WONG Kam Fai William

REMUNERATION COMMITTEE

HO Kwai Ching Mark
(Chairman of the Remuneration Committee)
CHAN Pak Chung
TAI Lun Paul

NOMINATION COMMITTEE

CHAN Pak Chung *(Chairman of the Nomination Committee)*
TAI Lun Paul
Wong Kam Fai William

COMPANY SECRETARY

LEE King On

AUTHORISED REPRESENTATIVES

CHAN Yuen Shan Clara
LEE King On

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16 Dai Fat Street
Tai Po Industrial Estate
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay,
Grand Cayman, KY1-9009,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road, Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law:
Kwok Yih & Chan
Suites 1501, 15th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

As to Cayman Islands Law:
OGIER
89 Nexus Way, Camana Bay,
Grand Cayman, KY1-9009,
Cayman Islands

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8/F., Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

637

WEBSITE OF THE COMPANY

www.leekeegroup.com

Corporate Structure

(operating companies as at 31.03.2024)

利記控股有限公司 LEE KEE HOLDINGS LIMITED

- 利記集團有限公司 LEE KEE GROUP LIMITED
  - Billion Trend Limited
  - Essence Metal (Asia) Company Limited
  - Lee City Asia Company Limited
  - Lee Fung Metal Company Limited
  - Lee Kee International Limited
  - Lee Kee Metal Company Limited
  - Lee Kee Store Company Limited
  - Lee Yip Metal Products Company Limited
  - Promet Consultancy Company Limited
  - Promet Metals Testing Laboratory Limited
  - Silver Goal International Limited
  - Standard Glory Management Limited
  - Toba Company Limited
  - LKG Elite (Shenzhen) Company Limited
  - LKG Elite (Guangzhou) Company Limited
  - LKG Elite (Wuxi) Company Limited
  - Genesis Alloys (Ningbo) Limited
  - Mega International Resources Company Limited Taiwan Branch
  - LKG (Singapore) Private Limited
    - LKG (Malaysia) Sdn Bhd*
  - Lee Kee Development (Thailand) Limited

*75% owned

Commitment to PREVAIL

Navigation to success with resilient leadership and invaluable experience

Chairman's Statement

CHAN Pak Chung
Chairman

Dear Stakeholders,

During the year ended 31 March 2024 (the "Financial Year"), the operating environment remained difficult due to macro uncertainties, economic slowdown, and geopolitical instability, which inevitably affected LEE KEE Holdings Limited (the "Company") and its subsidiaries (collectively "LEE KEE Group" or the "Group" or "we"). Despite these difficulties, we remained resilient and proactively implemented strategies that converted challenges into opportunities, laying a solid foundation for the Group's sustainable long-term development.

With over three quarters of a century in the metals industry, we have amassed experience and knowledge, allowing the Group to navigate numerous peaks and troughs. Innovation and sustainability have become the cornerstones of the Group and integral to our ongoing development. Our endeavors in innovation and sustainability have garnered widespread recognition, leading to the attainment of prestigious accolades.

On the innovation front, we have embraced digitalization, leveraging advanced data analytics tools to convert data into valuable insights for informed decision-making and process optimization. By actively transforming innovative concepts into functional applications, we have enhanced both the Group's competitiveness and customer satisfaction.

The seamless integration of industry, academia and research has also been actively fostered, creating boundless opportunities for the Group. Our strategic collaboration with a university in Ningbo in establishing an Applied Technology Research Institute for Advanced Metal Materials is allowing the Group to realize new productive forces as well as actively pursue new industrialization and high-quality sustainable development.

Chairman's Statement

Our sustainability approach along the value chain, which encompasses carbon footprint data collection, aligns with the country's goal of achieving carbon peak and carbon neutrality. In addition, the Group encourages clients and supply chains to integrate innovative technologies into their manufacturing and industrial processes, which in turn facilitates sustainable and advanced manufacturing. Moreover, we have expanded the Group's Hong Kong production in terms of capacity and scalability to further support our ability to meet growing demand of sustainable manufacturing.

Our commitment to corporate excellence and professional integrity drives stringent governance policies, as we believe that robust corporate governance is the foundation for long-term success. Going forward, we will continue to align our development with the strategic direction of the nation and Hong Kong, providing high-quality products and value-added services to customers across various industries. Our extensive range of products has already found applications in everyday necessities, making us closely intertwined with people's lives. Through the Group's unwavering efforts, our own brands can meet dynamic market demands by delivering exceptional quality specialty alloys that are praised by customers.

Looking ahead, we remain cautiously optimistic despite the weak recovery momentum observed in the fourth quarter, subdued economic growth prospects, and the potential for macroeconomic challenges to affect consumer confidence. Our mission of "We Create Value Solutions Beyond Metals" remains resolute, we will capitalize on market trends and evolving customer needs, invest in R&D, and explore new applications beyond metals. Concurrently, we will expand our footprint in Mainland China and Southeast Asia, leveraging opportunities that emerge from the One Belt One Road initiative and becoming an influencer in the region.

While challenges lie ahead, our concerted efforts and accumulated competitive strengths will help LEE KEE Group withstand the testing times and emerge even stronger.

CHAN Pak Chung
Chairman

24 May 2024

Bridging metals with
INNOVATION and SUSTAINABILITY

Pursue transformation for business success and accelerate to the new height of industrialization

Financial Summary

Following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the last five financial years presented on a basis as stated below:

CONSOLIDATED RESULTS

	Year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**1,699,491**	2,204,673	2,549,679	1,951,879	1,864,166
(Loss)/profit before income tax	**(45,806)**	(35,148)	26,398	22,308	(123,394)
Income tax expense	**(4,044)**	(9,445)	(7,859)	(5,466)	(4,763)
(Loss)/profit attributable to the equity shareholders of the Company for the year	**(49,850)**	(44,593)	18,539	16,842	(128,157)
Attributable to:					
Equity shareholders of the Company	**(49,694)**	(44,469)	18,657	16,882	(128,057)
Non-controlling interests	**(156)**	(124)	(118)	(40)	(100)
	(49,850)	(44,593)	18,539	16,842	(128,157)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**181,605**	201,040	166,304	119,418	108,904
Total current assets	**682,557**	724,696	950,847	916,644	947,622
Total assets	**864,162**	925,736	1,117,151	1,036,062	1,056,526
Total non-current liabilities	**19,723**	20,782	12,970	5,358	19,396
Total current liabilities	**31,841**	31,530	180,952	128,766	174,317
Total liabilities	**51,564**	52,312	193,922	134,124	193,713
Net assets	**812,598**	873,424	923,229	901,938	862,813

Management Discussion and Analysis

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.

[#] *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)*

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.

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.

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).

Directors, Senior Management and Advisor

EXECUTIVE DIRECTORS

Mr. CHAN Pak Chung, aged 76, is the Chairman of the Board and an Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Chan has been serving the Group since 1967 and is now leading and governing the Board of the Company to ensure the Board works and performs its responsibilities effectively. Mr. Chan has more than 50 years of experience in the group development and non-ferrous metals industry. He obtained a Master Degree in Material Engineering from the Yanshan University. Mr. Chan is also a Permanent Honorary President of Hong Kong Foundry Association, Honorary Fellow (Machinery and Metal Industry) of the Professional Validation Council of Hong Kong Industries, Honorary President of the Professional Validation Council of Hong Kong Industries, Chairman of the Hong Kong Metal Merchants Association and Honorary President of The Hong Kong Association for the Advancement of Science and Technology. Mr. Chan is the spouse of Ms. MA Siu Tao (deemed to be a substantial shareholder of the Company under Securities and Futures Ordinance), father of Ms. CHAN Yuen Shan Clara, Mr. CHAN Ka Chun Patrick and Ms. OKUSAKO CHAN Pui Shan Lillian.

Ms. CHAN Yuen Shan Clara, aged 52, is the Vice-Chairman, the Chief Executive Officer and an Executive Director of the Company. She is also a director of certain subsidiaries of the Company. Ms. Chan joined the Group in 1995 and is responsible for setting the Group's strategic direction and formulating its long-term growth strategies. She also leads the Group to strive toward its sustainability and innovation excellence goals. Ms. Chan has over 25 years of experience in the non-ferrous metals industry. She is awarded The Medal of Honour by HKSAR Government in 2018. She is a member of Hong Kong Housing Authority and its Subsidised Housing Committee, the Operations Review Committee of Independent Commission Against Corruption, the Steering Committee on the Child Development Fund of Hong Kong Labour and Welfare Bureau, the Business Facilitation Advisory Committee, the Green Technology and Finance Development Committee of Financial Services and the Treasury Bureau, and the Regional Comprehensive Economic Partnership Task Force on Trade and Investment under the HKTDC Belt and Road & Greater Bay Area Committee, as well as the Council Member of the Hong Kong Productivity Council. She is a Director of Nano and Advanced Material institute Limited. Besides, she serves as an Executive Deputy Chairman of Federation of Hong Kong Industries (FHKI). She is also an Independent Non-Executive Director of Computer and Technologies Holdings Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited). Ms. Chan holds a Master of Social Science degree in Global Political Economy from The Chinese University of Hong Kong. Ms. Chan is the daughter of Mr. CHAN Pak Chung and Ms. MA Siu Tao, sister of Mr. CHAN Ka Chun Patrick and Ms. OKUSAKO CHAN Pui Shan Lillian.

Mr. CHAN Ka Chun Patrick ("Mr. Patrick Chan"), aged 51, is an Executive Director of the Company and a director of certain subsidiaries of the Company. Mr. Patrick Chan joined the Group in 2006 and has a leading role in the Group's strategic direction and future developments in areas including advance manufacturing and technological innovation. He has 18 years of experience in the stainless steel industry and metal diecasting. Mr. Patrick Chan obtained a Bachelor's of Science Degree in Aeronautical Science from Embry-Riddle Aeronautical University and holds a Master Degree in Business Administration from the University of Hong Kong. He is the Honorary President of Hong Kong Electrical Appliances Industries Association, the Vice-Chairman of the Hong Kong Metal Merchants Association, a director of Hong Kong Auto Parts Industry Association and a member of HKTDC Electronics/Electrical Appliances Industries Advisory Committee. Prior to joining the Group, Mr. Patrick Chan was an Airline Pilot. Mr. Patrick Chan is the son of Mr. CHAN Pak Chung and Ms. MA Siu Tao, brother of Ms. CHAN Yuen Shan Clara and Ms. OKUSAKO CHAN Pui Shan Lillian.

Ms. OKUSAKO CHAN Pui Shan Lillian ("Ms. Lillian Chan"), aged 49, is an executive director of the Company and a director of the Company's certain subsidiaries. She joined the Group in 2001 and she is the Group's Chief Operating Officer. Ms. Lillian Chan is overseeing the Group's business operation and implement the corporate strategy including responsible sourcing and supply chain management. She has over 20 years of industry experience and leads the strategic direction of the group in particular to ESG and Sustainable development. Ms. Lillian Chan obtained a double bachelor's degree in marketing and Psychology. Ms. Lillian Chan is a daughter of Mr. CHAN Pak Chung and Ms. MA Siu Tao, a sister of Ms. CHAN Yuen Shan Clara and Mr. CHAN Ka Chun Patrick.

NON-EXECUTIVE DIRECTOR

Mr. CHUNG Wai Kwok Jimmy, aged 74, was appointed as an Independent Non-executive Director of the Company in September 2006 and designated as a Non-executive Director of the Company since October 2022. Mr. Chung has over 30 years of experience in financial advisory, taxation and management. He was a partner of PricewaterhouseCoopers and retired in June of 2005. In October of 2005, he joined a professional consulting firm, Russell Bedford Hong Kong Limited (now known as Russell Bedford Hong Kong), as Director – Tax & Business Advisory. Mr. Chung is a member of the Hong Kong Institute of Certified Public Accountants, the Taxation Institution of Hong Kong and the Association of Chartered Certified Accountants (ACCA). He was the President of the Hong Kong branch of ACCA for the year 2005/06. Mr. Chung was an independent non-executive director of Tradelink Electronic Commerce Limited (listed on the Main Board of The Stock Exchange of Hong Kong Limited) and retired in May 2024.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HO Kwai Ching Mark, aged 62, is an Independent Non-executive Director of the Company appointed since June of 2014. He is currently the co-founder and CEO of ProMEX Limited. He was previously the Chief Operating Officer of Oriental Patron Securities Limited ("OPSL"). Prior to joining OPSL, he was the Chief Compliance Officer of Hong Kong Mercantile Exchange Limited, the Director of Business Development of Sun Hung Kai Securities Limited and a Director of Phillip Securities (HK) Limited. He was also previously Vice President of Corporate Strategy of Hong Kong Exchanges and Clearing Limited and Head of Compliance of Hong Kong Futures Exchange Limited. He is also an independent non-executive director of Hengan International Group Company Limited and Green Future Food Hydrocolloid Marine Science Company Limited (both companies listed on The Stock Exchange of Hong Kong Limited).

Mr. TAI Lun Paul, aged 57, is an Independent Non-executive Director of the Company appointed since April 2020. He is currently the Regional Managing Director of Asia of Mainetti (Far East) Limited ("Mainetti") overseeing its Asian operations and actively participating in the group's major expansion and acquisition projects. Prior to joining Mainetti, he worked in a bluechip property company in Hong Kong. Mr. Tai has over 30 years' experience in corporate development, specializing in Asian operations, financial matters and mergers and acquisitions. Mr. Tai is a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of The Association of Chartered Certified Accountants and a Chartered Accountant of Singapore. Mr. Tai was awarded a Master Degree in Business Administration from The Hong Kong University of Science and Technology.

Mr. WONG Kam Fai William, aged 63, is an Independent Non-executive Director of the Company appointed since October 2022. He is currently the Associate Dean (External Affairs) of the Faculty of Engineering and Professor in the Department of Systems Engineering and Engineering Management of The Chinese University of Hong Kong. He is also a member of the 14th National Committee of CPPCC, a member of the 7th Legislative Council of the HKSAR, a Fellow of the Association of Computational Linguistics (ACL), Vice Chairman & Secretary General of Hong Kong Alliance of Technology and Innovation. He graduated from The University of Edinburgh, Scotland with a bachelor degree and a doctorate degree in Electrical Engineering and obtained the qualification as a Chartered Engineer (CEng). Mr. Wong was an Independent Non-executive Director of Hengdeli Holdings Limited (listed on the Main Board of the Stock Exchange) and resigned in September 2023.

SENIOR MANAGEMENT

Mr. CHEUK Wa Pang, aged 59, is the Chief Financial Officer of the Company and a director of certain subsidiaries of the Company. Mr. Cheuk joined the Group in December of 2002 and is responsible for the financial matters of the Group. Prior to joining the Group, Mr. Cheuk worked as financial controller and company secretary as well as business consultant of various private and listed companies. Mr. Cheuk has over 30 years of experience in finance, accounting and auditing. Mr. Cheuk holds a Bachelor Degree of Science in Engineering from the University of Hong Kong, a Master Degree in Applied Finance and a Master Degree in Business Administration from Macquarie University in Australia. Mr. Cheuk is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. YAN Cheuk Yam, aged 76, was appointed an Independent Non-executive Director of the Company in September of 2006. He resigned from the directorship in February of 2007 and has acted as the Head of China Division of the Group since March of 2007. Mr. Yan is responsible for advising the Group's PRC development and local relationships in the PRC. He is also a director of several of the Group's PRC subsidiaries. Prior to this employment, Mr. Yan was a director of a steel pipes company and a consultant of a Dongguan metals factory. Mr. Yan has more than 35 years of experience in the steel business and metal trading in the PRC, Taiwan and Hong Kong.

ADVISOR

To further strengthen the Group's expertise and development in the metal industry, the Group has engaged advisors from different areas from time to time. During the Financial Year, the following advisor was engaged:

Ms. Lesley Anne CAMPBELL has specialised in commodity risk management for many years, working with a broad range of LME clients and with a number of global organisations including the World Bank. She was a consultant to the LME and subsequently joined HKEx to assist with the development of their commodity franchise. Ms. Campbell has presented programmes on finance for BBC and wrote a book called Forged Metal on the aluminium industry. Ms. Campbell obtained a Master's Degree of Arts from Glasgow University.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") recognises the importance of business ethics and incorporating elements of good corporate governance (including but not limited to traditional corporate values) in the business and operation, management structures, risk management and internal control of the Group so as to achieve effectiveness and accountability. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards. In addition, the Company implemented specific measures to comply with the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Financial Year.

To the knowledge of the Directors and save as disclosed herein, the Directors consider that the Company has complied with the code provisions of the CG Code and are not aware of any non-compliance with the then provisions in the CG Code for the financial year.

CORPORATE CULTURE

The Group has consolidated its core value, business principles, and corporate governance in cultivating a unique corporate culture across the three dimensions of strategy, execution, and human capital which serve as a reference for development and operation.

Building upon the corporate culture, the Group strengthens the traditional metal-based solutions and develops beyond metals, with emphasis on innovation and sustainability. The corporate mission of "We Create Value Solution Beyond Metals" and the belief in "Innovation From a Solid Foundation" demonstrate the alignment of corporate culture and business objectives.

The Board has also taken appropriate measures to promote the corporate culture among staff and to integrate its key elements into the daily operation.

DIRECTORS' SECURITIES TRANSACTIONS

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.

BOARD OF DIRECTORS

The composition of the Board and the biographical details of the Directors are set out in the Report of the Directors and also Directors, Senior Management and Advisor of the annual report respectively. The Board is responsible for providing entrepreneurial leadership, either directly or through its committees, to the Company and its subsidiaries (collectively the "Group") in order to deliver long-term value to shareholders. In general, the Board assumes the responsibility of leading and controlling the company and collectively responsible for promoting its success by directing and supervising its affairs. It also establishes company purpose, values, and strategy to algin with corporate culture. The Board established on 20 December 2006 the Executive Committee which can exercise the powers delegated by the Board pursuant to the written terms of reference, except the powers to approve major issues and reserved matters, such as acquisition and disposal, connected transactions which are reserved by the Board. The management is responsible for day-to-day management of the Company under the leadership of the Chief Executive Officer. The Company has received the annual confirmation of independence from all the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules and reviewed by Nomination Committee to consider them independent to the Group. Save as disclosed in the Directors, Senior Management and Advisor section and to the best knowledge of the Directors, the Board is not aware of any financial, business, family or other material/relevant relationships among the board members. The Directors have participated to continuous professional development ("CPD") and provided their CPD records during the Financial Year. They attended seminars/courses (including webinar) or reading materials on regulations, updates. The Company also invited external parties to deliver and organized itself various trainings during the Financial Year.

Directors' trainings

	Attending Seminars/courses/ webinar	Reading materials on regulations, updates	Receiving briefing and updates
CHAN Pak Chung	✓		✓
CHAN Yuen Shan Clara	✓	✓	✓
CHAN Ka Chun Patrick	✓	✓	✓
OKUSAKO CHAN Pui Shan Lillian	✓	✓	✓
CHUNG Wai Kwok Jimmy	✓	✓	✓
HO Kwai Ching Mark	✓	✓	✓
TAI Lun Paul	✓	✓	✓
WONG Kam Fai William	✓	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has two different persons for the posts of the Chairman of the Board and Chief Executive Officer. The Chairman of the Board, Mr. CHAN Pak Chung, leads and governs the Board (including but not limited to chairing all the board meetings and general meetings), and in his absence, another Director of the Company will be chosen to chair such meetings pursuant to the Company's Articles. He is also responsible for the overall business strategy of the Group. The Chief Executive Officer of the Company, Ms. CHAN Yuen Shan Clara, is responsible for proposing strategies to the Board and implementing the strategies and policies laid down by the Board. She also leads the management in the development and daily operations of the Group.

NON-EXECUTIVE DIRECTORS

A Non-executive Director of the Company entered into appointment letters with the Company for a term of two years with expiry on 3 October 2024. All Independent Non-executive Directors entered into appointment letters with the Company for a term of two years with expiry on 31 March 2026, 15 June 2026 and 3 October 2024 respectively.

BOARD COMMITTEES

Remuneration Committee

The Company established the Remuneration Committee on 15 September 2006 with written terms of reference. The primary duties of the Remuneration Committee includes reviewing the terms of remuneration packages and determining the award of bonuses. The Remuneration Committee has three members comprising of Mr. CHAN Pak Chung, Mr. HO Kwai Ching Mark and Mr. TAI Lun Paul, two of whom are Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. HO Kwai Ching Mark and discharged its duties by reviewing the remuneration policy and procedure to develop remuneration policy, approving/recommending the remuneration packages (including bonus) of Directors and the Senior Management with reference to various benchmarks during the financial year. The remuneration to Directors is set out in note 29 to the Financial Statements.

Nomination Committee and Diversity

The Company established the Nomination Committee on 15 September 2006 with written terms of reference. The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors and the management of the Board succession. The Nomination Committee has three members comprising of Mr. CHAN Pak Chung, Mr. TAI Lun Paul and Mr. WONG Kam Fai William, two of whom are Independent Non-Executive Directors. The Nomination Committee is chaired by Mr. CHAN Pak Chung and discharged its duties.

The Company adopted a nomination policy to set out the general principles (namely, competency, fairness, responsibility and compliance) and process to identify and evaluate any candidate for the directorship selection through considering a variety of factors, such as, minimum requirements (i.e., character, integrity, commitment, background, etc.), contribution from experience, skills, and ability that will be brought to the Board and the Company, board composition, compliance with diversity policy, potential conflict of interest. The nomination may be made by a referral or through a search firm/ management at the request of the Nomination Committee or shareholder(s) in accordance with the Company's Articles of Association. Upon verifying by the Secretary of the Company the qualifications of nominated candidate(s), the Nomination Committee will evaluate and select the candidate(s) with recommendation to the Board for consideration.

During the Financial Year, the Nomination Committee reviewed the Company's diversity policy and the measurable objective adopted by the Company. The diversity policy sets out the approach to achieve diversity in the Company's Board to ensure the balance of skills, experience and diversity of perspective appropriate to the requirements of the Group's business model and specific needs. The Nomination Committee also reviewed the structure, size and the composition of the Board, assessed independence of INED and retirement of Directors at the Annual General Meeting with reference to the Company's applicable policies, nomination policy (including nomination procedures and process) and considered the succession plan.

The Company recognizes the benefits of diversity and believes that diversity can be achieved through consideration of several factors, such as, gender, age, cultural background, educational background, professional experience, skills, knowledge and/or length of service. With Nomination Committee's review and reporting, the Board considered that the measurable objects were achieved with reference to the board composition about the gender, age and directors' background against the business model and strategic direction:

- female and male board members representing around 25% and 75% of the total number of the Directors
- average age of the Directors was within the target range
- Non-executive Directors represent at least 1/3 of the total number of Directors

Along with the long corporate culture about diversity, the Group recruits and promotes staff based on various factors, such as ability, expertise, skills and integrity. In view of female and male staff of around 50:50 ratio for years (including the financial year), it was considered not necessary to set specific target of gender diversity for the group.

The Board also reviewed the mechanism to ensure independent views and input are available to the Board during the Financial Year.

Corporate Governance Committee

The Company established the Corporate Governance Committee on 23 March 2012 with written terms of reference. The Corporate Governance Committee is mainly responsible for reviewing and monitoring corporate governance issues. The Corporate Governance Committee has four members comprising of Mr. CHAN Pak Chung (Chairman of the Board), Ms. CHAN Yuen Shan Clara (Vice Chairman of the Board and Chief Executive Officer), Mr. CHUNG Wai Kwok (Non-executive Director), Mr. CHEUK Wa Pang (Chief Financial Officer) and LEE King On (Company Secretary). It is chaired by Mr. CHAN Pak Chung and discharged its duties by reviewing and recommending the group's overall corporate governance covering policies, code of conduct, training records of directors during the financial year. The Group has also adopted Compliance Policy for Corporate Governance and Inside Information/Notifiable Transaction (the "Compliance Policy"). Such policy has set out the process for handling of potential inside information/notifiable transaction and reporting channel. Being part of continuous improvement, the Corporate Governance Committee also continued to strengthen the program to enhance staff's awareness to the importance of corporate governance and compliance, such as trainings, set and review the compliance reporting from subsidiaries and departments during the Financial Year. It also reviewed the policies and codes regarding corporate governance, such as the Compliance Policy, the Group's Code of Conduct, the contents of the Corporate Governance Report and take action (including recommendation of adoption/amendment of various policies/ code) to comply with the latest amendments of the Listing Rules.

Audit Committee

The Company established the Audit Committee on 15 September 2006 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee include reviewing and supervising the financial reporting processes, risk management and the internal control systems of the Group. The Audit Committee comprises Mr. HO Kwai Ching Mark, who is the Chairman, Mr. TAI Lun Paul and Mr. WONG Kam Fai William, all of whom are Independent Non-executive Directors. The Group has also adopted Whistleblowing Policies so that employees and external parties could via such established channel directly report to the designated persons or Audit Committee of any possible improprieties of the Group. During the financial year, the Audit Committee discharged its duties by reviewing financial matters (including annual results, interim results and financial statements), risk management (including the relevant policy, framework and annual review with appropriate opinion) and internal control (including selection of independent internal auditor and discussing the review scope) as well as discussing matters with the management and the auditor of the Company, and making recommendations to the Board.

PREPARATION OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing consolidated financial statements of the Group for the year (the "Financial Statements") which is prepared on a going concern basis whose details are set out in the Financial Statements. The auditor of the Company also set out their reporting responsibilities on the Financial Statements in its Independent Auditor's Report of the annual report.

AUDITORS' REMUNERATION

The remuneration of the audit services rendered by the auditor of the Company were mutually agreed in view of the scope of services. The fee for audit services (including annual audit and interim review) during the year was HK$2,120,000 for annual audit. The non-audit service fee was HK$543,000 during the Financial Year. The aggregate fee amounted to approximately HK$2,663,000.

ATTENDANCE OF DIRECTORS AND COMMITTEE MEMBERS

The following tables summarise the attendance of individual Director(s) and committee member(s) in the Financial Year:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Mr. CHAN Pak Chung	6/6	–	3/3	3/3
Ms. CHAN Yuen Shan Clara	6/6	–	–	–
Mr. CHAN Ka Chun Patrick	6/6	–	–	–
Ms. OKUSAKO CHAN Pui Shan Lillian	6/6	–	–	–
Mr. CHUNG Wai Kwok Jimmy	6/6	–	–	–
Mr. HO Kwai Ching Mark	6/6	2/2	3/3	–
Mr. TAI Lun Paul	6/6	2/2	3/3	3/3
Mr. WONG Kam Fai William	6/6	2/2	–	3/3

All Directors then attended the 2023 annual general meeting of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the risk management and internal control systems and reviewing their effectiveness annually. The Board with the assistance of its committees (including Audit Committee and Corporate Governance Committee) and the management team (comprising CEO, CFO and COO) fulfills its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management, internal control and the adequacy of resources on the finance reporting function on an ongoing basis. There is an annual review on both risk management and internal control systems. The Group has also adopted (and/or enhanced) policies and procedures to improve the effectiveness of risk management and internal control from time to time as necessary. However, such systems/policies are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company engages an external independent professional firm to review the internal control of the Group with an agreed internal audit plan before starting the yearly review. The review is mainly to determine if the key internal controls are in place and in compliance with the Group's requirement/policy. It conducts reviews on internal control areas annually and by rotation on different areas of the Group. After the review, the professional firm will issue a report to the Board on its findings (by sampling of checking transactions and documentation) with corresponding risk rating and the recommendation after communication with the management. The Audit Committee and the Board review the recommendations regularly to ensure implementation, particularly in relation to material defects (if any). During the Financial Year, no material control failures were identified and the necessary actions are being implemented to enhance the internal control of the Group, both the Audit Committee and the Board are satisfied with the results and concluded that the Group's internal control system is sound and effective.

During the Financial Year, the Risk Management Working Committee (comprising CEO, CFO, COO) worked closely to enhance the risk management system and reported it to the Audit Committee. The Group has classified two categories of risk, namely Material Risk and Operational Risk.

Material Risk

The risk management system was designed, implemented and monitored with a structured approach starting from evaluating the risks the Group faces against goals to achieve:

(1) risk appetite – addressing, formalising and reaching internal consensus on its risk appetite to consider the amount of risk that is proportionate to achieve its stated goals. In assessing this issue, the Group used the template of the Treadway Commission (COSO) and other applicable methodology.

(2) managing risk – review of the risks that it faces and model them with scenario analysis. Trigger points that may cause the Group to reevaluate the operations and risk management measures were identified. It forms the basis of risk register (Note), which systematically considers all the risks being faced with priorities and takes the appropriate action to manage them.

Note: The risk register constantly monitors commodity markets, financial markets and economic indicators with benchmarking the orders, transactions to the appropriate underlying market price and to each other which allows the Group to put in place frameworks for the management of risk. The register consists of a description of the key risks faced by the Group and an assessment of the likelihood of those risks occurring and their likely impact. It also establishes ownership of those risks and outlines the significant risks, monitors performance in managing significant risks, makes it possible to identify new emerging risks and reassures stakeholders that effective controls are in place to manage significant risks. However, the risk register is not in the public domain.

(3) risk defense – each individual department head is accountable for specific risk management objectives with three lines of defense principle to ensure prompt and appropriate response to the risks with ongoing monitoring according to the risk register. The delegated persons working on risk management have the necessary qualifications and experience/training to understand the risks and the actions that may be taken to mitigate them where necessary. The Board compiles and updates a list of all the risks it faces by listing Key Risk Indicators and prioritises those risks with decisions on the parameters for taking action (or no immediate action because the risk falls within the boundaries set by the risk appetite). One of the methodologies to determine the priorities is to measure the risk based on the likelihood of an adverse event happening or a loss occurring and to combine these calculations with a consideration of the impact of such a loss or event. In order to avoid compounding errors or inaccuracies over time, the methodologies are reviewed regularly.

Among the risks faced by the Group, the risks currently considered material and the most acute are: commodity price risk, currency risk, volume risk, credit risk, liquidity risk, cyber risk and climate risk.

1. For commodity price and volume risks, the Group has used stress-testing analysis but recognises that while such exercises support risk mitigation activities they cannot offer absolute reassurance where the ongoing monitoring of threats is essential. Analysis has been granular and has clarified the risk emanating from the following scenarios:

- Volatility of the prices of mainly zinc
- Currency movements
- Changes in interest rates and liquidity

The Group has considered a wider range of products to mitigate risk, where necessary, including futures, options and OTC contracts. When considering volume risk and the possible solution of geographical expansion, the Group analysed its existing business and identified areas which could both complement and support these operations, allowing us to be clear about the level of risk to be taken in order to increase business. It conducted at the time of major investment a comprehensive risk/reward analysis, assessing the trends in consumption, competitive presence and barriers to entry, before focusing on the areas it is believed the Company can offer the greatest potential rewards within an acceptable risk framework.

2. Details of currency risk (ie foreign exchange risk), credit risk and liquidity risk are set out in note 3 to the consolidated financial statements. The Group manages such risks with a combination of hedges to lock in advantageous rates when possible and assigning special teams to handle the situation with close monitoring and regular reporting.

3. Cyber risk is different from many other financial and operational risks in that it evolves and changes very quickly. The Group's approach, therefore, is to anticipate as well as mitigate by putting considerable effort into keeping abreast of current and future threats by attending seminars and training courses. The Group engages an independent professional firm to conduct an assessment of the Group's cyber security to evaluate the risk from different areas and make the recommendations to improvement. During the Financial Year, the Group implemented the recommendations with the support from the professional firm to improve the protection against cyber risk. As with all risk management policies, awareness of cyber risk is embedded in the corporate culture.

4 Climate risk is classified as the Group's material risk and evaluated from the impact of physical risk and transition risk. The Senior Management was involved in managing such risk with objective to reduce the impact from climate change.

Operational Risk

Apart from the material risks above, other risks emanating from the daily operation are monitored under the ISO system. This system applied the concept and requirements of "Risk-based thinking" and "Actions to address risks and opportunities" whose details can be consulted in ISO9001:2015 section 0.3.3 and section 6.1 respectively. Accordingly, the Group followed ISO's methodology to determine and take necessary actions to risks. The Group has gone through a systematic process to create a risk register (not in the public domain):

(1) Identification of risk – the Management Representative designated under the ISO system and related operational process owners (usually department head) identify and recognize the risks that may affect the operations.

(2) Analysis of risk – once the risks are identified, the Severity of Effect (S) and Probability of Occurrence (O) of each risk are analyzed and determined by the operational process owners.

(3) Scoring of risk – the risk magnitude can be represented by the Score of Risk which is the multiple of Severity of Effect (S) and Probability of Occurrence (O) (ie., Score = S x O).

(4) Action to the risk – the risks are classified into High Risk, Medium Risk and Low Risk based on the score of each risk. Action Plans are provided to mitigate the risks which are scored as High Risk and Medium Risk. A Risk Register with detailed risks and action plan is maintained by the Management Representative.

(5) Monitor and Review of the risk – the risks are monitored and reviewed by the operational process owners and the Management Representative from time to time. The operational process owners shall revise the Risk Register if there is any change or necessity to revise the Risk Register. The overall operation of the Risk Management for Operations is reported to the Group's COO in monthly meeting and annual Management Review Meeting.

During the Financial Year, both the Audit Committee and the Board are satisfied with the Group's risk management system and concluded that it is effective and adequate. They are not aware of any areas of concern that would have an immediate material impact on the financial and operations of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The report of Environmental, Social and Governance of the Group is available at the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and Company's website (www.leekeegroup.com).

SHAREHOLDERS RIGHTS AND INVESTOR RELATIONS

The Company adopted a Shareholders Communication Policy to provide the shareholders of the company (the "Shareholders") with ready, equal and timely access to the information about the Company to ensure that the Shareholders have the ability to exercise their rights in an informed manner, and to allow the Shareholders to engage actively with the Company. All the Shareholders have the right to attend and vote at the general meetings and can convene an extraordinary general meeting pursuant to Article 79 of the Company's Articles of Association. Prior to proposing a resolution at the general meeting, the Shareholders should submit the proposed resolution to the Company Secretary via email to ir@leekeegroup.com with the details. The Board welcomes opinions and questions from the Shareholders who may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary by post to No. 16 Dai Fat Street, Tai Po Industrial Estate, New Territories, Hong Kong or by email to ir@leekeegroup.com. In addition, the Group maintains its own website at which the Shareholders can access for the Company's information and for communication with the Company. The Shareholders are encouraged to provide their email address(es) to the Company for further communication. During the year, designated staff were required to check the function of various channels and monitor enquiry from shareholders to ensure timely reply. The Board was reported of the check and monitor findings during the financial year and considered the Shareholders Communication policy was implemented effectively.

The Company has adopted its dividend policy to set out the principles as a reference to determine the dividend distribution. The Board will consider paying dividend only from consolidated profits and company reserves lawfully available for distribution and take into account of various factors, such as, market, macroeconomic conditions, operating results, financial conditions, future operating and capital requirements of the Group. There is no assurance that a dividend of any amount will be declared or distributed in any year.

There are no significant changed in the Company's Amended and Restated Memorandum and Articles of Association during the Financial Year. However, the Company will propose an amendment to Amended and Restated Memorandum and Articles of Association at the forthcoming Annual General Meeting with details on the Company's announcement published on 24 May 2024 and the relevant circular to be issued to the shareholders of the Company.

COMPANY SECRETARY

The Company Secretary is an employee of the Company and is appointed by the Board of Directors. In compliance with Rule 3.29 of the Listing Rules, the Company Secretary undertakes no less than 15 hours of relevant professional training annually.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained sufficient public float for the financial year.

Report of the Directors

The Directors are pleased to present their report along with the audited consolidated financial statements of Lee Kee Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 March 2024 (the "Financial Year").

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of 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 activities of the subsidiaries are set out in note 25 to the financial statements. An analysis of the Group's performance for the year by operating segment is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The directors do not recommend the payment of final dividend for the year ended 31 March 2024.

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 40.

CLOSURE OF REGISTER OF MEMBERS

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.

DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately HK$196,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 19 to the consolidated financial statements. There were no movements during the Financial Year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2024 amounted to approximately HK$729,723,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Amended and Restated Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a prorata basis to existing shareholders.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 10.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor its subsidiaries has purchased or sold any of the Company's shares during the Financial Year.

SHARE OPTIONS

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

DIRECTORS

The Directors during the Financial Year and up to the date of this report were:

Executive Directors

Mr. CHAN Pak Chung *(Chairman)*
Ms. CHAN Yuen Shan Clara
Mr. CHAN Ka Chun Patrick
Ms. OKUSAKO CHAN Pui Shan Lillian

Non-executive Directors

Mr. CHUNG Wai Kwok Jimmy

Independent Non-executive Directors

Mr. HO Kwai Ching Mark
Mr. TAI Lun Paul
Mr. WONG Kam Fai William

In accordance with Article 130 of the Amended and Restated Articles of Association of the Company, Mr. CHAN Pak Chung, Mr. CHUNG Wai Kwok Jimmy and Mr. HO Kwai Ching Mark shall retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Financial Year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and the Senior Management are set out on page 16 of the Annual Report.

Directors' and Chief Executives' interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated corporations

At 31 March 2024, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange under Division 7 and 8 of Part XV of the SFO or required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

1. Long Position in Shares of the Company

Name of Director	Capacity	Number of Shares in which interested	Approximate percentage of issues Shares
Mr. CHAN Pak Chung (Note 1)	Founder of a discretionary trust	600,000,000	72.40
Ms. CHAN Yuen Shan Clara (Note 2)	Beneficiary of a trust	600,000,000	72.40
Mr. CHAN Ka Chun Patrick (Note 2)	Beneficiary of a trust	600,000,000	72.40
Ms. OKUSAKO CHAN Pui Shan Lillian (Note 2)	Beneficiary of a trust	600,000,000	72.40
Mr. HO Kwai Ching Mark (Note 3)	Interest held by spouse	50,000	0.006

Notes:

1. The 600,000,000 Shares are held by Gold Alliance Global Services Limited ("GAGSL") whose entire share capital is held by Gold Alliance International Management Limited ("GAIML"), which is in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the P.C. CHAN Family Trust. The P.C. CHAN Family Trust is an irrevocable discretionary trust set up by Mr. CHAN Pak Chung as settlor and HSBC Trustee as trustee on 6 March 2006. The discretionary objects of which include Ms. MA Siu Tao and the other family members of Mr. CHAN Pak Chung. Mr. CHAN Pak Chung is the settlor of the P.C. CHAN Family Trust and is deemed to be interested in the 600,000,000 Shares held by GAGSL under the SFO.

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

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

Save as disclosed above, as at 31 March 2024, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest or short positions in the Shares or underlying Shares in, or debentures of, the Company or its associated corporation required to be disclosed pursuant to the SFO.

Substantial Shareholders' Interests and/or Short Positions in the Shares, Underlying Shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2024, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

Long Position in the Shares of the Company

Name	Capacity	Number of Shares in which interested	Approximate percentage of issued Shares
Ms. MA Siu Tao (Note a)	Family interest	600,000,000	72.40
Gold Alliance Global Services Limited (Note b)	Registered owner	600,000,000	72.40
Gold Alliance International Management Limited (Note b)	Interest of controlled corporation	600,000,000	72.40
HSBC International Trustee Limited (Note b)	Trustee	600,000,000	72.40

Note:

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

b. The entire share capital of GAGSL is held by GAIML, which is in turn held by HSBC Trustee acting as the trustee of the P.C. CHAN Family Trust. The P.C. CHAN Family Trust is an irrevocable discretionary trust set up by Mr. CHAN Pak Chung as settlor and HSBC Trustee as trustee on 6 March 2006. The discretionary objects of which include Ms. MA Siu Tao and other family members of Mr. CHAN Pak Chung.

Saved as disclosed above, at 31 March 2024, no person, other than the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest or short positions in the Shares or underlying Shares of the Company recorded in the register to be kept under section 336 of the SFO.

Other Persons' Interests and/or Short Positions in the Shares, Underlying Shares of the Company

As at 31 March 2024, no other persons had any interest or short positions in the Shares or underlying Shares of the Company recorded in the register to be kept under the SFO.

BUSINESS REVIEW AND DISCLOSURE OF ENVIRONMENTAL PROTECTION

The business review and environmental protection sections are set out in the sections headed "Management Discussion and Analysis" of this Annual Report and the ESG Report respectively.

The ESG Report is published on the Company's website which could be viewed at www.leekeegroup.com for details. Such report has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide, Appendix C2 ("ESG Reporting Guide") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The scope of the ESG report includes operations in Greater China (ie., offices, warehouses, production plant and laboratory) and Southeast Asia (ie., offices). It provides an overview of Lee Kee Group's ESG policies and management approach and presents its sustainability initiatives and performance for the Financial Year. The Group was recognised through various awards and certificates for caring community services and environmental protection.

The Group has adopted its own Environmental Policy and is committed to minimising any negative impacts arising from the operations and raising environmental awareness among the staff and stakeholders. In addition to the Environmental Policy, the Group incorporated environmental protection guidelines, requirements, and measures to reduce resource consumption in daily operations. The Group constantly searches for opportunities to improve environmental performance throughout our business. Within environmental management system framework, an Environmental Aspects Identification and Assessment is performed regularly and respective control and measurement activities are carried out. Since 2015, the Group has involved in the Environment Protection Department's Carbon Footprint Repository and Carbon Audit Green Partner programme. The Group engages a qualified third-party consultant annually to conduct air quality assessments, and the results from the test reports are deemed satisfactory.

Certain laws and regulations are considered the most relevant to the Group. For example, in Hong Kong, there are Listing Rules, Employment Ordinance (Cap 57), Minimum Wage Ordinance (Cap. 608), MPF Ordinance (Cap. 485), Personal Data (Privacy) Ordinance (Cap. 486), Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527), Race Discrimination Ordinance (Cap. 602), Inland Revenue Ordinance (Cap. 112), Occupational Safety and Health Ordinance (Cap. 509), Noise Control Ordinance (Cap. 400) and Waste Disposal (Chemical Waste) (General) Regulation. In the Mainland, there are Labor Contract Law, Environmental Protection Law, and Suppression of Corruption Regulation. There was no reporting case of any non-compliance of such relevant laws and regulations that caused material impact during the Financial Year. Not merely compliance to laws but more, the Group recognizes the importance of staff and is dedicated to offering a supportive, safe and harmonious working environment to them. A Safety Committee was established to ensure safe workplace and implemented ISO 45001:2018 Safety Management System to mitigate and control occupational health and safety hazards in the operations. The Group also established open communication channels between staff and management, such as, encouraging direct communication by putting in place a CEO mailbox, organizing various recreational activities to enhance out of office relationship.

Other than staff, the Group also seeks to foster positive relationship with our suppliers and customers, and respond in a timely manner to address their concerns and expectations. To demonstrate the commitment to quality standards, the Group has adopted the international ISO 9001:2015 Quality Management Systems and IATF 16949:2016 Automotive Quality Management System standards, and products also comply with international standards for regulating product specifications. To demonstrate the environmental responsibility, the Group recognises the opportunity to extend sustainability considerations across our supply chain. The Group's requirements are stipulated in relevant guidelines and documents, such as the Environmental Agreement and Safety Agreement, which are distributed to suppliers and contractors. All suppliers and contractors are required to comply with all local environmental, employment and safety regulations.

MAJOR SUPPLIERS AND CUSTOMERS

During the Financial Year, the Group sold approximately 14.5% of its goods to its five largest customers. The percentage of purchases for the Financial Year attributable to the Group's major suppliers is as follows:

Purchases	
– the largest supplier	17.5%
– five largest suppliers combined	51.2%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year.

DISCLOSURE OF INFORMATION PURSUANT TO RULE 13.51 OF THE LISTING RULES

The monthly salary (including basic salary, statutory mandatory provident fund contribution and other allowances, if any) of Ms. CHAN Yuen Shan Clara, Mr. CHAN Ka Chun Patrick and Ms. OKUSAKO CHAN Pui Shan Lillian were revised effect from 1 April 2024 from HK$267,690 to HK$271,680, from HK$137,360 to HK$139,400 and from HK$141,820 to HK$143,930 respectively.

PERMITTED INDEMNITY PROVISIONS

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Financial Year. The Company has taken out Directors' and Officers' insurance to cover the liability incurred by directors and officers in the execution and discharge of their duties, or in relation thereto.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board of Directors

CHAN Pak Chung
Chairman

Hong Kong, 24 May 2024

Independent Auditor's Report

Independent auditor's report
to the shareholders of Lee Kee Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Lee Kee Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 40 to 104, which comprise the consolidated statement of financial position as at 31 March 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER (Continued)

Valuation of inventories	
Refer to note 16 to the consolidated financial statements and the accounting policy note 2(k).	
The Key Audit Matter	**How the matter was addressed in our audit**
The principal activity of the Group is the trading of commodities, principally zinc, zinc alloys and other metal products, in Hong Kong and Mainland China. At 31 March 2024, the Group held inventories, which mainly comprised zinc alloys and other metals, in Hong Kong and the Mainland China with an aggregate carrying amount of HK$179 million which included provisions of HK$5 million. Inventories are valued at the lower of cost and net realisable value. The Group maintains its inventory levels based on forecast demand and expected future metal prices. The purchase and selling prices of the Group's inventories are mainly determined with reference to the primary metal market prices publicly available on the London Metal Exchange ("LME") or Shanghai Futures Exchange ("SHFE") at the time when purchases and sales orders are confirmed with suppliers and customers respectively. Any drop in the LME or SHFE metal prices may result in the selling prices of certain inventories falling below their purchase costs. Management assesses the level of provisions for inventories required at each reporting date after considering the prevailing commodity prices. This assessment involves significant management judgement and estimation. We identified valuation of inventories as a key audit matter because the Group held significant inventories at the reporting date and because of the significant degree of management judgement and estimation involved in evaluating the provisions for inventories, particularly in respect of estimating future selling prices.	Our audit procedures to assess the valuation of inventories included the following: • obtaining an understanding of and assessing the design and implementation of management's key internal controls over the processes for assessing provisions for inventories; • comparing the purchase prices of inventories with supplier invoices, on a sample basis; • comparing, on a sample basis, the actual selling prices achieved during the current year with the estimated selling prices of the respective inventories at the end of the previous financial year to assess the historical accuracy of management's estimating process and whether there were any indications of management bias; • assessing the classification of inventory items in the inventory ageing report by comparing a sample of individual items with goods receipt records and other relevant underlying documentation; • comparing the carrying value of a sample of inventory items at the reporting date with their subsequent selling prices achieved after the reporting date; • assessing the reasonableness of the estimated selling price with reference to market prices at the reporting date and historical gross margins achieved; and • recalculating the provisions for inventories at the reporting date based on management's estimated selling prices of the respective inventories at the reporting date.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tsui Kin Wa.

KPMG
Certified Public Accountants

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

24 May 2024

Consolidated statement of profit or loss

for the year ended 31 March 2024 (Expressed in Hong Kong dollars)

	Note	**2024** **$'000**	2023 $'000
Revenue	5	**1,699,491**	2,204,673
Cost of sales		**(1,631,819)**	(2,127,327)
Gross profit		**67,672**	77,346
Other income	6	**12,075**	12,809
Distribution and selling expenses		**(23,294)**	(27,394)
Administrative expenses		**(86,383)**	(88,650)
Other net losses	7	**(18,133)**	(4,618)
Loss from operations	8	**(48,063)**	(30,507)
Finance income		**2,664**	1,237
Finance costs		**(407)**	(5,878)
Net finance income/(costs)	9	**2,257**	(4,641)
Loss before taxation		**(45,806)**	(35,148)
Income tax	11	**(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			
Basic and diluted (Hong Kong cents)	12	**(6.00)**	(5.37)

The notes on pages 46 to 104 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 13.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2024 (Expressed in Hong Kong dollars)

	2024 $'000	2023 $'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 building 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)
	(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)

The notes on pages 46 to 104 form part of these financial statements.

Consolidated statement of financial position

at 31 March 2024 (Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Non-current assets			
Investment properties	14	**118,900**	137,900
Other property, plant and equipment	14	**49,670**	33,292
Intangible assets		**4,264**	4,264
Financial assets at fair value through other comprehensive income	15	**5,238**	6,872
Prepayments	17	**830**	16,010
Deferred tax assets	23	**2,703**	2,702
		181,605	201,040
Current assets			
Inventories	16	**178,627**	279,578
Trade and other receivables	17	**236,912**	222,652
Tax recoverable		**439**	525
Derivative financial instruments		**2,000**	941
Cash and cash equivalents	18	**264,579**	221,000
		682,557	724,696
Current liabilities			
Trade and other payables and contract liabilities	21	**23,132**	24,896
Bank borrowings	22	**5,482**	2,750
Lease liabilities	24	**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

Consolidated statement of financial position

at 31 March 2024 (Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Non-current liabilities			
Lease liabilities	24	**5,781**	5,956
Employee retirement benefit obligations		**3,110**	5,970
Deferred tax liabilities	23	**10,832**	8,856
		19,723	20,782
Net assets		**812,598**	873,424
Capital and reserves			
Share capital	19	**82,875**	82,875
Reserves	20	**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

The consolidated financial statements on page 40 to 104 were approved by the Board of Directors on 24 May 2024 and were signed on its behalf.

CHAN Pak Chung
Director

CHAN Yuen Shan, Clara
Director

The notes on pages 46 to 104 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2024 (Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company											
	Share capital $'000	Share premium $'000	Merger reserve $'000	Capital redemption reserve $'000	Reserve fund $'000	Fair value reserve (non-recycling) $'000	Exchange reserve $'000	Property revaluation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2022	82,875	416,557	(17,830)	125	6,958	6,201	7,937	15,358	405,082	923,263	(34)	923,229
Changes in equity for the year ended 31 March 2023:												
Loss for the year	–	–	–	–	–	–	–	–	(44,469)	(44,469)	(124)	(44,593)
Other comprehensive income	–	–	–	–	–	(4,357)	(18,800)	26,233	–	3,076	–	3,076
Total comprehensive income	–	–	–	–	–	(4,357)	(18,800)	26,233	(44,469)	(41,393)	(124)	(41,517)
Dividend paid in respect of the previous year (note 13(b))	–	(8,288)	–	–	–	–	–	–	–	(8,288)	–	(8,288)
Transfer to reserve fund	–	–	–	–	1,684	–	–	–	(1,684)	–	–	–
Balance at 31 March 2023	82,875	408,269	(17,830)	125	8,642	1,844	(10,863)	41,591	358,929	873,582	(158)	873,424

	Attributable to equity shareholders of the Company											
	Share capital $'000	**Share premium $'000**	**Merger reserve $'000**	**Capital redemption reserve $'000**	**Reserve fund $'000**	**Fair value reserve (non-recycling) $'000**	**Exchange reserve $'000**	**Property revaluation reserve $'000**	**Retained profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 April 2023	**82,875**	**408,269**	**(17,830)**	**125**	**8,642**	**1,844**	**(10,863)**	**41,591**	**358,929**	**873,582**	**(158)**	**873,424**
Changes in equity for the year ended 31 March 2024:												
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(49,694)**	**(49,694)**	**(156)**	**(49,850)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(1,634)**	**(10,935)**	**–**	**1,593**	**(10,976)**	**–**	**(10,976)**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(1,634)**	**(10,935)**	**–**	**(48,101)**	**(60,670)**	**(156)**	**(60,826)**
Balance at 31 March 2024	**82,875**	**408,269**	**(17,830)**	**125**	**8,642**	**210**	**(21,798)**	**41,591**	**310,828**	**812,912**	**(314)**	**812,598**

The notes on pages 46 to 104 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2024 (Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Operating activities			
Net cash generated from operations	26(a)	**55,260**	203,130
Interest paid		**(141)**	(5,569)
Hong Kong Profits Tax refunded/(paid)		**42**	(1,451)
Mainland China Corporate Income Tax paid		**(2,329)**	(10,565)
Net cash generated from operating activities		**52,832**	185,545
Investing activities			
Interest received		**2,664**	1,237
Proceeds from disposals of property, plant and equipment	26(b)	**99**	72
Payment for the acquisition of property, plant and equipment		**(8,821)**	(18,864)
Payment for the acquisition of intangible assets		**–**	(1,834)
Dividend received from listed securities		**–**	250
Net cash used in investing activities		**(6,058)**	(19,139)
Financing activities			
Proceeds from new bank borrowings	26(c)	**4,232**	588,990
Repayment of bank borrowings	26(c)	**(1,500)**	(726,945)
Capital element of lease rentals paid	26(c)	**(2,405)**	(2,305)
Interest element of lease rentals paid	26(c)	**(266)**	(309)
Dividend paid		**–**	(8,288)
Net cash generated from/(used in) financing activities		**61**	(148,857)
Increase in cash and cash equivalents		**46,835**	17,549
Cash and cash equivalents at beginning of the year		**221,000**	208,750
Effect of foreign exchange rates changes		**(3,256)**	(5,299)
Cash and cash equivalents at end of the year	18	**264,579**	221,000

The notes on pages 46 to 104 form part of these financial statements.

Notes to the consolidated financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 November 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The address of the Company's registered office is 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 Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in thousands of Hong Kong dollars ("HK dollars"), unless otherwise stated, and have been approved for issue by the Board of Directors on 24 May 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company 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"). These financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange and the Hong Kong Companies Ordinance ("CO"). The consolidated financial statements have been prepared under the historical cost basis, except for investment properties, financial assets and derivative financial instruments which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in note 4.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(b) Application of new and revised Hong Kong financial reporting standards

(i) Changes in accounting policies for the year ended 31 March 2024

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(b) Application of new and revised Hong Kong financial reporting standards (Continued)

(ii) Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(c) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(c) Consolidation (Continued)

(i) Business combinations

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against merger reserve. Any cost directly attributable to the combination is recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

Business combinations involving entities not under common control

The Group applies the acquisition method to account for business combinations involving entities not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gain on transactions between group companies are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(c) Consolidation (Continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. In addition, any amounts previously recognised in other comprehensive income in respect of the former subsidiary are reclassified to profit or loss.

(iv) The Company's statement of financial position

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required when there is any indication that the investment is impaired or upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the Company's statement of financial position exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in foreign operation which are recognised in other comprehensive income (see note 2(o)).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting currency translation differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in the other comprehensive income.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment and right-of-use assets

Property, plant and equipment, including right-of-use assets arising from leases of property, plant and equipment (see note 2(h)), are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment and right-of-use assets are calculated using the straight-line basis to allocate cost less estimated residual values, if any, over their estimated useful lives. The principal annual rates are as follows:

– Buildings	2.5% to 5%
– Leasehold land	Over the lease term
– Properties leased for own use	Over the lease term
– Leasehold improvements	20% to 33⅓%
– Motor vehicles and yacht	10% to 30%
– Machinery	10% to 30%
– Furniture, fixtures and office equipment	20%
– Computer system	20% to 33⅓%

The assets' residual values, if any, and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

On the transfer of owner-occupied property to investment property, increases in the carrying amount arising on revaluation are credited to other comprehensive income and accumulated in property revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against property revaluation reserve directly in equity whereas all other decreases are charged to the consolidated statement of profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment and right-of-use assets (Continued)

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other net losses/gains" in the consolidated statement of profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to profit or loss.

(f) Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for accounting purposes. The deemed cost of property, plant and equipment is used as the basis for the carrying amount and depreciation of the asset.

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(x)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(i)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(e) and 2(i)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in" other property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient 46A not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(w).

(i) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the consolidated statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(j) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below. Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(w).

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Credit losses from financial instruments

The Group requires a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Financial assets measured at fair value, including equity securities measured at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses from financial instruments (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls of trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(w) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the asset become 1 year past due or when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as contract assets.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method and including allowance for credit losses (see note 2(l)).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(l).

(o) Derivative financial instruments

Derivative financial instruments are used solely to manage exposures to fluctuations in foreign currency rates in accordance with the Group's risk management policies. The Group does not hold or issue derivative financial instruments for proprietary trading purposes.

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting.

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss. The amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedge cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at invoice amounts using the effective interest method.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(r) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(m)).

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Income tax

Income tax for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Employee benefits

(i) Pension obligation

The Group participates in mandatory provident fund ("MPF") schemes for all employees in Hong Kong pursuant to the Mandatory Provident Fund Schemes Ordinance. The contributions to the MPF Schemes are based on a minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a current cap of $1,500). The assets of the MPF Schemes are held in separate trustee-administered funds.

The Group's contributions to the MPF Schemes are expensed as incurred.

The employees of the Group's operations in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group's relevant entities are required to contribute a specified percentage of its payroll costs to the central pension scheme. The contributions are expensed in the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service payments are recognised when they accrue to employees. Provisions are made for the estimated liability for annual leave and long service payments as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(u) Employee benefits (Continued)

(iii) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of the bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iv) Employee retirement benefit obligations

The Group's net obligation in respect of long service payment ("LSP") obligation is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(v) Provisions and contingent liabilities (Continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(w) Revenue and income recognition

Income is classified by the Group as revenue when it arises from the sale of goods or the use by other of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from sale of goods is recognised when the customer take possession of and accepts the products, which generally coincides with the time when the goods are delivered to customers and title has passed. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Interest income is recognised on a time-proportion basis using the effective interest method.

Management fee income is recognised when services are rendered.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Technical consultancy service income is recognised when services are rendered.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's senior executive management, including executive directors, chief executive officer, chief operation officer and chief financial officer, who collectively review the Group's internal reporting in order to make strategic decisions.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(aa) Related parties

(i) A person, or close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) the entity and the Group are members of the same group (which means that each parent, subsidiary and follow subsidiary is related to the others).

(2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) both entities are joint ventures of the same third party.

(4) one entity is a joint venture of a third party and the other entity is an associate of the third entity.

(5) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) the entity is controlled or jointly controlled by a person identified in (i).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions applies: (Continued)

(7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close family members of an individual are those family members who may be expected to influence, or influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognised assets and liabilities, such as bank balances and cash, trade receivables, trade payables and bank borrowings, denominated in United States Dollars ("US dollars"), Renminbi ("RMB") and New Taiwan dollars ("NTD").

Management conducts periodic reviews of exposure and requirements of various currencies, and will consider hedging significant foreign currency exposures should the need arise.

In respect of United States dollars, the Group considers that minimal risk arises as the rate of exchange between Hong Kong dollars and United States dollars is controlled within a tight range under the Hong Kong's Linked Exchange Rate System.

In respect of RMB, at 31 March 2024, if RMB had weakened/strengthened by 5% (2023: 5%) against the Hong Kong dollars with all other variables held constant, post-tax loss for the year would have been decreased/increased by approximately $1,647,000 (2023: increased/decreased by approximately $432,000).

In respect of NTD, at 31 March 2024, if NTD had weakened/strengthened by 5% (2023: 5%) against the Hong Kong dollars with all other variables held constant, post-tax loss for the year would have been decreased/increased by approximately $1,435,000 (2023: $1,369,000).

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Cash flow and fair value interest rate risks

The Group has certain bank borrowings at floating interest rates which subject the Group to cash flow interest rate risk.

At 31 March 2024, if interest rates on bank borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been increased/decreased by approximately $5,000 (2023: $17,000).

The Group's bank deposits were at fixed rates and expose the Group to fair value interest risk. As all the Group's bank deposits were short-term in nature, any change in the interest rate from time to time is not considered to have significant impact to the Group's financial performance.

(iii) Price risk

The Group is exposed to equity securities price risk mainly because of the investment in listed equity instrument in Hong Kong, classified on the consolidated statement of financial position as financial assets at FVOCI.

At 31 March 2024, if the fair value of the listed equity instrument increased/decreased by 5%, the Group's equity would have been increased/decreased by approximately $262,000 (2023: $344,000).

The Group is also exposed to commodity price risk in relation to its metal products which is largely dependent on the material price of the relevant commodity. The Group closely monitors the price of its products in order to determine its pricing strategies.

(iv) Credit risk

Credit risk is managed on a group basis. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers and other counter parties, including outstanding trade and other receivables and committed transactions.

The carrying amounts of bank deposits and trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure of credit risk in relation to its financial assets.

All bank deposits are placed with highly reputable and sizable banks and financial institutions without significant credit risk.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and the exposure over a large number of customers and other counter parties.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group offers credit terms to customers ranging from cash on delivery to 90 days. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past twelve months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group assessed that there is no significant loss recognised and therefore, no provision matrix has been disclosed.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 **$'000**	2023 $'000
At beginning of the year	**345**	845
Recognition/(reversal) of credit losses during the year	**37**	(500)
At end of the year	**382**	345

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors the Group's liquidity on the basis of availability of bank balances and cash and unutilised committed credit lines. Available bank and cash balances and committed credit lines as of 31 March 2024 are as follows:

	2024 **$'000**	2023 $'000
Bank balances and cash	**264,579**	221,000
Committed credit lines available (Note)	**423,000**	423,000
Less: Utilised credit lines for bank borrowings	**(7,232)**	(3,000)
	415,768	420,000

Note: Credit lines available were guaranteed by the Company (note 22).

The following table shows the remaining contractual maturities at the end of the reporting periods of the Group's non-derivative financial liabilities and net-settled derivative financial instruments, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

For bank loans subject to repayment on demand clause which can be exercised at the bank's sole discretion, the maturity analysis shows the cash outflow based on expected repayment dates with reference to the schedule of repayments set out in the banking facilities letter and, separately, the impact to the timing of the cash outflow if the lenders were to invoke unconditional rights to call the loans with immediate effect.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

	Contractual undiscounted cash flow					
	On demand or within one year $'000	Between 1-2 years $'000	Between 2-5 years $'000	Over 5 years $'000	Total $'000	Carrying amount $'000
At 31 March 2024						
Trade payables, accrued expenses and other payables	**13,294**	**–**	**–**	**–**	**13,294**	**13,294**
Lease liabilities	**2,794**	**1,370**	**2,041**	**3,146**	**9,351**	**8,299**
Bank borrowings	**5,537**	**–**	**–**	**–**	**5,537**	**5,482**
Derivative financial instruments	**43**	**–**	**–**	**–**	**43**	**43**
	21,668	**1,370**	**2,041**	**3,146**	**28,225**	**27,118**
Adjustments to present cash flows: Interest-bearing bank borrowings based on lender's right to demand repayment	**(55)**	**–**	**–**	**–**	**(55)**	**–**
	21,613	**1,370**	**2,041**	**3,146**	**28,170**	**27,118**
At 31 March 2023						
Trade payables, accrued expenses and other payables	16,192	–	–	–	16,192	16,192
Lease liabilities	2,085	990	2,058	3,822	8,955	7,820
Bank borrowings	1,616	1,282	–	–	2,898	2,750
Derivative financial instruments	999	–	–	–	999	999
	20,892	2,272	2,058	3,822	29,044	27,761
Adjustments to present cash flows: Interest-bearing bank borrowings based on lender's right to demand repayment	1,134	(1,282)	–	–	(148)	–
	22,026	990	2,058	3,822	28,896	27,761

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, draw down or repay bank borrowings.

Management monitors the utilisation of borrowings and ensures full compliance with loan covenants during the period and at the end of each reporting period.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total bank borrowings and lease liabilities divided by total equity.

The gearing ratios at of 31 March 2024 and 2023 are as follows:

	2024 **$'000**	2023 $'000
Total bank borrowings (note 22)	**5,482**	2,750
Total lease liabilities (note 24)	**8,299**	7,820
	13,781	10,570
Total equity	**812,598**	873,424
Gearing ratio	**1.7%**	1.2%

(c) Fair value measurement

The carrying amounts of the Group's financial assets including trade and other receivables and bank balances and cash; and financial liabilities including trade and other payables and bank borrowings approximate their fair values.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques.

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value measurement (Continued)

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

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

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

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

	Fair value at 31 March 2024	Fair value measurement as at 31 March 2024 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets				
Derivative financial instruments	**2,000**	**–**	**2,000**	**–**
Financial assets at FVOCI	**5,238**	**5,238**	**–**	**–**
	7,238	**5,238**	**2,000**	**–**
Liabilities				
Derivative financial instruments	**43**	**–**	**43**	**–**

	Fair value at 31 March 2023	Fair value measurement as at 31 March 2023 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Assets				
Derivative financial instruments	941	–	941	–
Financial assets at FVOCI	6,872	6,872	–	–
	7,813	6,872	941	–
Liabilities				
Derivative financial instruments	999	–	999	–

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value measurement (Continued)

The fair values of financial assets at FVOCI are based on quoted market prices at the date of consolidated statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of derivative financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. All significant inputs required to fair value the instruments are observable and accordingly, the instruments are included in level 2.

There were no transfers of financial assets between level 1 and level 2, or transfer into or out of level 3 in respect of the fair value hierarchy classifications during the year ended 31 March 2024 (2023: Nil).

The maximum notional principal amounts of these future contracts at 31 March 2024 and 2023 are as follows:

	2024 **$'000**	2023 $'000
Future exchange contracts		
Renminbi	**81,778**	90,220
New Taiwan dollars	**34,375**	34,917

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

4 ACCOUNTING ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. As the future is inherently uncertain, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 ACCOUNTING ESTIMATES (Continued)

(a) Net realisable value of inventories

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. These estimates are based on current market conditions and historical experience of selling goods of a similar nature. They could change as a result of changes in market conditions. Management reassesses the estimations at the end of each reporting period.

(b) Credit losses of trade and other receivables

The Group performs regular review of the receivables and makes loss allowance based on various factors including the ageing of the receivables, historical write-off experience and forward looking information. The identification of credit losses of receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying values of receivables and the credit losses on receivable is recognised in the years in which such estimates have been changed.

5 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 year are as follows:

	2024 **$'000**	2023 $'000
Revenue		
Sales of goods	**1,699,491**	2,204,673

The chief operating decision-maker has been identified as the Group's senior executive management, including executive directors, chief executive officer, chief operation officer and chief financial officer, who collectively review the Group's internal reporting in order to assess performance, allocate resources and make strategic decisions.

The chief operating decision-maker reviews the performance of the Group mainly from a geographical perspective. The Group is organised into two operating segments, namely (i) Hong Kong and (ii) Mainland China. Both operating segments represent trading of different types of metal products.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for metal products such that information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of metal products that had an original expected duration of one year or less is not presented in these financial statements.

5 REVENUE AND SEGMENT REPORTING (Continued)

(a) Segment information

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).

The segment information for the reporting segments as at and for the year ended 31 March 2024 and 2023 is as follows:

	Hong Kong		Mainland China		Total	
	2024	2023	**2024**	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Segment revenue	**754,397**	974,660	**945,094**	1,230,013	**1,699,491**	2,204,673
Segment results	**(54,204)**	(58,323)	**12,199**	19,625	**(42,005)**	(38,698)
Other segment expenditure items included in the segment results:						
Cost of inventories recognised as expense	**725,764**	941,369	**909,609**	1,187,498	**1,635,373**	2,128,867
Depreciation of property, plant and equipment	**8,214**	6,712	**1,849**	2,237	**10,063**	8,949
Reversal for write-down of inventories	**(4,286)**	(1,414)	**732**	(126)	**(3,554)**	(1,540)
Segment assets	**541,675**	541,670	**322,487**	384,066	**864,162**	925,736
Segment liabilities	**47,415**	44,802	**4,149**	7,510	**51,564**	52,312

5 REVENUE AND SEGMENT REPORTING (Continued)

(b) Reconciliation of segment results

	2024 $'000	2023 $'000
Segment results		
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)

6 OTHER INCOME

	2024 $'000	2023 $'000
Provision of technical consultancy services	**6,082**	4,432
Government grants (note)	**298**	2,659
Dividend income from listed securities	**–**	250
Rental income	**4,325**	2,359
Others	**1,370**	3,109
	12,075	12,809

Note: During the year ended 31 March 2023, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding was to provide financial support to enterprises to retain their current employees or hire more employees when the business revives. Under the terms of the grant, the Group was required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

7 OTHER NET LOSSES

	2024 $'000	2023 $'000
Gain on disposals of property, plant and equipment (note 26(b))	**52**	17
Realised gain on foreign exchange forward contracts	**–**	262
Net foreign exchange gains/(loss)	**815**	(1,297)
Change in fair values of investment properties (note 14)	**(19,000)**	(3,600)
	(18,133)	(4,618)

8 LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting):

	2024 $'000	2023 $'000
Auditor's remuneration		
– audit services	**2,120**	2,120
– other services	**543**	402
Depreciation		
– owned property, plant and equipment	**7,413**	6,348
– right-of-use assets	**2,650**	2,601
Lease payment not included in the measurement of lease liabilities	**950**	1,058
Cost of inventories recognised as expense	**1,635,373**	2,128,867
Reversal of write-down of inventories	**(3,554)**	(1,540)
Recognition/(reversal) of credit losses of trade receivables	**37**	(500)

9 NET FINANCE INCOME/(COSTS)

	2024 $'000	2023 $'000
Interest income	**2,664**	1,237
Interest on lease liabilities	**(266)**	(309)
Interest on bank borrowings	**(141)**	(5,569)
	2,257	(4,641)

10 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	2024 $'000	2023 $'000
Wages, salaries and allowances	**64,695**	61,630
Post-employment benefits – pension	**1,210**	1,671
(Reversal)/addition of employee retirement benefit obligations	**(1,267)**	4,470
	64,638	67,771

11 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 $'000	2023 $'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 (note 23)	**1,975**	(172)
Income tax expense	**4,044**	9,445

The provision for Hong Kong Profits Tax is calculated by applying the 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.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2024 $'000	2023 $'000
Loss before taxation	**(45,806)**	(35,148)
Notional tax on loss before taxation, calculated at rates applicable in the jurisdictions concerned	**(8,031)**	(3,207)
Income not subject to tax	**(2,745)**	(2,194)
Expenses not deductible for tax purposes	**6,069**	4,944
Tax losses not recognised	**11,276**	10,326
Utilisation of previously unrecognised tax losses	**(2,561)**	(970)
Under-provision in prior years	**24**	310
Others	**12**	236
Income tax expense	**4,044**	9,445

12 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 ($'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.

13 DIVIDENDS

(a) Dividend payable to equity shareholders of the Company attributable to the year

The directors did not recommend the payment of interim and final dividend for the years ended 31 March 2024 and 2023. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

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

14 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets – leasehold land held for own use $'000	Right-of-use assets – properties held for own use $'000	Right-of-use assets – machineries held for own use $'000	Buildings $'000	Leasehold improvements $'000	Motor vehicles and yacht $'000	Machinery $'000	Furniture, fixtures and office equipment $'000	Computer system $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:												
At 1 April 2023	24,227	8,980	6,816	16,271	42,689	36,353	36,743	9,306	13,268	194,653	137,900	332,553
Exchange difference	(65)	(177)	–	(736)	(2)	(23)	(601)	(170)	(137)	(1,911)	–	(1,911)
Additions	–	2,939	–	–	838	908	21,571	283	401	26,940	–	26,940
Disposals	–	–	–	–	–	(1,334)	(706)	–	–	(2,040)	–	(2,040)
Fair value change	–	–	–	–	–	–	–	–	–	–	(19,000)	(19,000)
At 31 March 2024	24,162	11,742	6,816	15,535	43,525	35,904	57,007	9,419	13,532	217,642	118,900	336,542
Representing:												
Cost	24,162	11,742	6,816	15,535	43,525	35,904	57,007	9,419	13,532	217,642	–	217,642
Valuation – 2024	–	–	–	–	–	–	–	–	–	–	118,900	118,900
At 31 March 2024	24,162	11,742	6,816	15,535	43,525	35,904	57,007	9,419	13,532	217,642	118,900	336,542
Accumulated depreciation and impairment losses:												
At 1 April 2023	15,841	7,360	722	15,857	37,688	35,402	29,211	7,488	11,792	161,361	–	161,361
Exchange difference	(29)	(100)	–	(574)	(2)	(14)	(523)	(110)	(107)	(1,459)	–	(1,459)
Depreciation charge for the year	232	1,876	542	252	2,047	406	3,767	334	607	10,063	–	10,063
Written back on disposals	–	–	–	–	–	(1,334)	(659)	–	–	(1,993)	–	(1,993)
At 31 March 2024	16,044	9,136	1,264	15,535	39,733	34,460	31,796	7,712	12,292	167,972	–	167,972
Net book value:												
At 31 March 2024	8,118	2,606	5,552	–	3,792	1,444	25,211	1,707	1,240	49,670	118,900	168,570

14 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

	Right-of-use assets – leasehold land held for own use $'000	Right-of-use assets – properties held for own use $'000	Right-of-use assets – machineries held for own use $'000	Buildings $'000	Leasehold improvements $'000	Motor vehicles and yacht $'000	Machinery $'000	Furniture, fixtures and office equipment $'000	Computer system $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:												
At 1 April 2022	30,229	8,949	6,816	20,823	42,703	35,681	37,340	8,915	13,158	204,614	104,900	309,514
Exchange difference	(102)	(360)	–	(1,152)	3	(34)	(975)	(228)	(190)	(3,038)	–	(3,038)
Additions	–	391	–	–	656	706	883	691	300	3,627	–	3,627
Disposals	–	–	–	–	–	–	(505)	(65)	–	(570)	–	(570)
Transfer from land and building to investment property	(5,900)	–	–	(3,400)	(673)	–	–	(7)	–	(9,980)	36,600	26,620
Fair value change	–	–	–	–	–	–	–	–	–	–	(3,600)	(3,600)
At 31 March 2023	24,227	8,980	6,816	16,271	42,689	36,353	36,743	9,306	13,268	194,653	137,900	332,553
Representing:												
Cost	24,227	8,980	6,816	16,271	42,689	36,353	36,743	9,306	13,268	194,653	–	194,653
Valuation – 2023	–	–	–	–	–	–	–	–	–	–	137,900	137,900
At 31 March 2023	24,227	8,980	6,816	16,271	42,689	36,353	36,743	9,306	13,268	194,653	137,900	332,553
Accumulated depreciation and impairment losses:												
At 1 April 2022	18,413	5,762	180	17,615	36,207	34,569	28,577	7,413	11,239	159,975	–	159,975
Exchange difference	(43)	(228)	–	(859)	1	(14)	(806)	(162)	(141)	(2,252)	–	(2,252)
Depreciation charge for the year	233	1,826	542	478	2,130	847	1,895	304	694	8,949	–	8,949
Written back on disposals	–	–	–	–	–	–	(455)	(60)	–	(515)	–	(515)
Elimination on revaluation	(2,762)	–	–	(1,377)	(650)	–	–	(7)	–	(4,796)	–	(4,796)
At 31 March 2023	15,841	7,360	722	15,857	37,688	35,402	29,211	7,488	11,792	161,361	–	161,361
Net book value:												
At 31 March 2023	8,386	1,620	6,094	414	5,001	951	7,532	1,818	1,476	33,292	137,900	171,192

The Group's investment properties are situated in Hong Kong and are held under medium term leases.

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The fair value measurement of the investment properties as at 31 March 2024 and 2023 was categorised into level 3.

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the year ended 31 March 2024 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The valuation of the investment properties at fair value as at 31 March 2024 were performed by the Group's independent valuer, Jones Lang LaSalle Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, using the market comparison method. The Group's management has reviewed the valuation results performed by the independent valuer for financial reporting purposes by verifying all major inputs and assumptions, and assessing the reasonableness of property valuation. Such valuation is performed at each interim and annual reporting date and is reviewed and approved by senior management.

The unobservable input used for the Level 3 fair value measurements is as follows:

	2024	2023
(Discount)/premium on quality of the properties	**(8%)-20%**	(13%)-3%

The fair value of investment properties is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's property compared to the recent sales. Higher premium for higher quality property will result in a higher fair value measurement.

14 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement (Continued)

Fair value hierarchy (Continued)

The movements during the year in the balance of these level 3 fair value measurements are disclosed in note 14. Change in fair value of investment property of $19,000,000 has been charged to profit or loss during the year ended 31 March 2024 (2023: $3,600,000).

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

Investment properties

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 $'000	2023 $'000
Within 1 year	**5,390**	1,293
After 1 year but within 2 years	**2,886**	1,205
After 2 years but within 3 years	**–**	500
	8,276	2,998

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	**2024 $'000**	2023 $'000
Leasehold land held for own use	(i)	**8,118**	8,386
Properties held for own use	(ii)	**2,606**	1,620
Machineries held for own use	(iii)	**5,552**	6,094
		16,276	16,100

14 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (Continued)

Right-of-use assets (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 $'000	2023 $'000
Depreciation charge on right-of-use assets:		
Leasehold land held for own use, with remaining lease term between 10 and 50 years	**232**	233
Machineries held for own use	**542**	542
Properties held for own use	**1,876**	1,826
	2,650	2,601
Interest on lease liabilities (note 9)	**266**	309

During the year ended 31 March 2024, additions to right-of-use assets were $2,939,000 (2023: $391,000). This amount primarily related to the capitalise lease payments payable under new/renewed rental agreements.

Details of the maturity analysis of lease liabilities are set out in note 24.

(i) Leasehold land held for own use

The Group holds several industrial buildings for its metal trading business, where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Properties held for own use

The Group has obtained the right to use other properties as its warehouses and offices through tenancy agreements. The leases typically run for an initial period of two to three years.

(iii) Machineries held for own use

The Group has also obtained the right to use of solar panels through a lease arrangement which runs for a period of thirteen years.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 $'000	2023 $'000
Financial assets at FVOCI (non-recycling)		
Equity securities listed in Hong Kong at fair value	**5,238**	6,872
Unlisted limited partnership, at fair value	**–**	–
	5,238	6,872

The Group designated its investments in Dai Ming International Holdings Limited (HKSE: 1090) and the unlisted limited partnership at FVOCI under HKFRS 9 as these investments are held for strategic purposes. Dai Ming International Holdings Limited is principally engaged in the processing, distribution and sale of stainless steel products and carbon steel products in the People's Republic of China ("PRC").

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

The investment cost of unlisted limited partnership of $7,046,000 was fully impaired in prior years as it is expected to be irrecoverable by management as a result of the financial difficulties experienced by the investee. Accordingly, management estimated the fair value of the investment in unlisted partnership at 31 March 2024 and 2023 to be nil.

16 INVENTORIES

	2024 $'000	2023 $'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 $1,635,373,000 (2023: $2,128,867,000) during the year ended 31 March 2024.

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 $'000	2023 $'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

All of the current portion of trade and other receivables are expected to be recovered or recognised as expense within one year. At the end of the reporting period, the ageing of trade receivables, based on invoice date and net of loss allowance, is as follows:

	2024 $'000	2023 $'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

The carrying amounts of the trade receivables are denominated in the following currencies:

	2024 $'000	2023 $'000
HK dollars	**5,397**	5,777
US dollars	**43,982**	41,849
New Taiwan dollars	**10,544**	8,613
Renminbi	**127,760**	126,118
Thai Baht	**843**	232
	188,526	182,589

17 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

The ageing of trade receivables, based on due date and net of loss allowance, is as follows:

	2024 **$'000**	2023 $'000
Current	**118,554**	133,987
Within 1 month past due	**53,538**	40,939
Over 1 but within 2 months past due	**9,817**	7,628
Over 2 but within 3 months past due	**6,611**	24
Over 3 months past due	**6**	11
	188,526	182,589

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 3(a)(iv).

18 CASH AND CASH EQUIVALENTS

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

The weighted average effective interest rate on short-term bank deposits of the Group was 1.94% per annum as at 31 March 2024.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The carrying amounts of bank balances and cash are denominated in the following currencies:

	2024 **$'000**	2023 $'000
HK dollars	**17,923**	23,715
US dollars	**169,832**	106,197
New Taiwan dollars	**7,360**	11,264
Renminbi	**58,651**	75,117
Others	**10,813**	4,707
	264,579	221,000

19 SHARE CAPITAL

Authorised and issued capital

	Number of shares '000	Nominal amount $'000
Authorised:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	8,000,000	800,000
Issued and fully paid – ordinary shares of $0.1 each:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	828,750	82,875

20 RESERVES

Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out in note 28(a) to the financial statements.

Nature and purpose of reserves

(i) Share premium

Pursuant to the Companies Law (2004 Revision) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve arose from an adjustment to eliminate the Group's share of share capital of a then non-wholly owned subsidiary against the Group's investment cost in the subsidiary using the principle of merger accounting in respect of a business combination under common control during the year ended 31 December 2007.

(iii) Reserve funds

In accordance with the relevant rules and regulations, the Group's entities registered in the Mainland China are required to transfer part of its profit after income tax to reserve funds. The transfer is also subject to the approval of the respective board of directors of these entities, in accordance with their articles of association.

20 RESERVES (Continued)

Nature and purpose of reserves (Continued)

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(j)).

(v) Property revaluation reserve

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies set out in note 2(e).

21 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024 $'000	2023 $'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

(a) Trade and other payables

Trade and other payables are expected to be settled within one year or are repayable on demand.

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

	2024 $'000	2023 $'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

21 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (Continued)

(a) Trade and other payables (Continued)

The carrying amounts of trade payables are denominated in the following currencies:

	2024 $'000	2023 $'000
HK dollars	**56**	–
US dollars	**341**	2,273
Renminbi	**1,230**	2,846
	1,627	5,119

(b) Contract liabilities

The Group receives deposits from customers for sale of goods. This amount is recognised as a contract liability until the sales are completed and the goods are legally assigned to the customers.

	2024 $'000	2023 $'000
Movements in contract liabilities		
Balance at 1 April	**8,704**	7,457
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(5,769)**	(7,457)
Increase in contract liabilities as a result of receiving prepayments from customers during the year in respect of goods not yet delivered as at 31 March	**6,903**	8,704
Balance at 31 March	**9,838**	8,704

The contract liabilities are expected to be recognised as income within one year.

22 BANK BORROWINGS

	2024 $'000	2023 $'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

22 BANK BORROWINGS (Continued)

	2024 $'000	2023 $'000
Analysed into bank borrowings repayable:		
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 banking 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 down facilities had been breached as at 31 March 2024 and 2023.

The carrying amounts of the bank borrowings are denominated in the following currencies:

	2024 $'000	2023 $'000
HK dollars	**1,250**	2,750
US dollars	**4,232**	–
	5,482	2,750

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

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

23 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2024 **$'000**	2023 $'000
Deferred tax assets	**2,703**	2,702
Deferred tax liabilities	**(10,832)**	(8,856)
	(8,129)	(6,154)

The net movement on the deferred tax is as follows:

	2024 **$'000**	2023 $'000
At beginning of the year	**(6,154)**	(1,143)
(Charged)/credited to profit or loss (note 11)	**(1,975)**	172
Charged to other comprehensive income	**–**	(5,183)
At end of the year	**(8,129)**	(6,154)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets						Deferred tax liabilities			
	Tax losses		Unrealised profit on inventories		Accelerated accounting depreciation		Accelerated tax depreciation		Revaluation of assets	
	2024 **$'000**	2023 $'000	**2024** **$'000**	2023 $'000	**2024** **$'000**	2023 $'000	**2024** **$'000**	2023 $'000	**2024** **$'000**	2023 $'000
At beginning of the year	**1,008**	1,008	**172**	185	**2,530**	2,539	**(1,933)**	(2,127)	**(7,931)**	(2,748)
Credited/(charged) to profit or loss	**–**	–	**15**	(13)	**(14)**	(9)	**(1,976)**	194	**–**	–
Charged to other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(5,183)
At end of the year	**1,008**	1,008	**187**	172	**2,516**	2,530	**(3,909)**	(1,933)	**(7,931)**	(7,931)

Deferred tax assets not recognised

Deferred tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of $74,490,000 (2023: $65,775,000) in respect of tax losses amounting to $451,450,000 (2023: $398,634,000) that can be carried forward against future taxable income. The tax losses arose in Hong Kong and have no expiry date.

23 DEFERRED TAX (Continued)

Deferred tax liabilities not recognised

Pursuant to the Mainland China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared by foreign investment enterprises established in Mainland China for distribution to foreign investors. The requirement is effective from 1 January 2008 onwards, and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008 onwards.

No deferred tax liabilities have been recognised for withholding taxes on the unremitted earnings, which are subject to the abovementioned withholding taxes, of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in the subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately $42,565,000 at 31 March 2024 (2023: $55,594,000).

24 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2024		2023	
	Present value of the minimum lease payments $'000	**Total minimum lease payments $'000**	Present value of the minimum lease payments $'000	Total minimum lease payments $'000
Within 1 year	**2,518**	**2,794**	1,864	2,085
After 1 year but within 2 years	**1,181**	**1,370**	815	990
After 2 years but within 5 years	**1,680**	**2,041**	1,647	2,058
After 5 years	**2,920**	**3,146**	3,494	3,822
	5,781	**6,557**	5,956	6,870
	8,299	**9,351**	7,820	8,955
Less: total future interest expenses		**(1,052)**		(1,135)
Present value of lease liabilities		**8,299**		7,820

25 SUBSIDIARIES

	The Company 2024 $'000	2023 $'000
Unlisted shares, at cost	**224,379**	224,379
Amounts due from subsidiaries	**917,619**	916,151
	1,141,998	1,140,530
Less: impairment loss	**(349,922)**	(322,363)
	792,076	818,167

As the Group has been loss making continuously, there was an indication that the carrying value of the Company's interests in subsidiaries as at 31 March 2024 may be impaired. Management has therefore assessed the recoverable amount of interests in subsidiaries and an impairment loss of $27,559,000 was recognised in the Company's profit or loss during the year ended 31 March 2024.

The following is a list of principal subsidiaries at 31 March 2024:

Company name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued capital/ paid-up capital	Interest held 2024	Interest held 2023
Lee Kee Group (BVI) limited	British Virgin Islands ("BVI"), limited liability company	Investment holding in BVI	2 shares of HK$1 each	**100%**	100%
Lee City Asia Company Limited	Hong Kong, limited liability company	Property holding in Hong Kong	$10,000	**100%**	100%
Lee Fung Metal Company Limited	Hong Kong, limited liability company	Trading of non-ferrous metal in Hong Kong	$100,000	**100%**	100%
Lee Kee Group Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	$1,000	**100%**	100%
Lee Kee Metal Company Limited	Hong Kong, limited liability company	Trading of zinc and zinc alloy in Hong Kong	$5,000,000	**100%**	100%
Lee Kee International Limited	Hong Kong, limited liability company	Trading of non-ferrous metals in Hong Kong	$100,000	**100%**	100%
Lee Yip Metal Products Company Limited	Hong Kong, limited liability company	Trading of stainless steel in Hong Kong	$1,000,000	**100%**	100%

(Expressed in Hong Kong dollars unless otherwise indicated)

25 SUBSIDIARIES (Continued)

Company name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued capital/ paid-up capital	Interest held 2024	2023
Essence Metal (Asia) Company Limited	Hong Kong, limited liability company	Manufacturing and trading of customised zinc alloy in Hong Kong	$1	**100%**	100%
Promet Metals Testing Laboratory Limited	Hong Kong, limited liability company	Provision of technical consultancy services in Hong Kong	$1	**100%**	100%
Silver Goal International Limited	Hong Kong, limited liability company	Property holding in Hong Kong	$1	**100%**	100%
Standard Glory Management Limited	Hong Kong, limited liability company	Provision of management services in Hong Kong	$10,000	**100%**	100%
Toba Company Limited	Hong Kong, limited liability company	Property holding in Hong Kong	$10,000	**100%**	100%
InnoHealth Solutions & Technology Limited	Hong Kong, limited liability company	Integrated E platform and medical supply chain services	$10,000	**100%**	100%
LKG Elite (Shenzhen) Co., Ltd.	The PRC, limited liability company	Distribution of non-ferrous metals in Mainland China	RMB30,954,000	**100%**	100%
LKG Elite (Guangzhou) Co., Ltd.	The PRC, limited liability company	Distribution of non-ferrous metals in Mainland China	RMB5,020,000	**100%**	100%
LKG Elite (Wuxi) Co., Ltd.	The PRC, limited liability company	Distribution of non-ferrous metals in Mainland China	USD3,600,000	**100%**	100%
Genesis Recycling Technology (BVI) Limited	BVI, limited liability company	Investment holding in BVI	2,100,000 shares of USD1 each	**100%**	100%
Genesis Alloys (Ningbo) Limited	The PRC, limited liability company	Manufacturing and trading of zinc alloy products in Mainland China	USD9,000,000	**100%**	100%

Lee Kee Group (BVI) Limited is directly held by the Company. All of the other entities disclosed above are held indirectly by the Company through Lee Kee Group (BVI) Limited.

26 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before taxation to net cash generated from operations:

	2024 $'000	2023 $'000
Loss before taxation	**(45,806)**	(35,148)
Adjustments for:		
Depreciation of property, plant and equipment	**10,063**	8,949
Interest income	**(2,664)**	(1,237)
Interest on bank borrowings	**141**	5,569
Interest on lease liabilities	**266**	309
Change in fair values of investment properties	**19,000**	3,600
Dividend income from listed securities	**–**	(250)
Gain on disposals of property, plant and equipment	**(52)**	(17)
(Reversal)/recognition of employee retirement benefit obligations	**(1,267)**	4,470
Reversal of write-down of inventories	**(3,554)**	(1,540)
Recognition/(reversal) of credit losses of trade receivables	**37**	(500)
Effect of foreign exchange rates changes	**5,658**	8,879
Changes in working capital:		
Decrease in inventories	**99,312**	125,317
(Increase)/decrease in trade and other receivables	**(22,062)**	93,667
Decrease in trade and other payables and contract liabilities	**(3,812)**	(8,938)
Net cash generated from operations	**55,260**	203,130

(b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2024 $'000	2023 $'000
Disposals of property, plant and equipment:		
Net book value	**47**	55
Gain on disposals of property, plant and equipment (note 7)	**52**	17
Proceeds from disposals of property, plant and equipment	**99**	72

26 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities $'000 (note 24)	Bank borrowings $'000 (note 22)	Total $'000
At 1 April 2022	9,868	140,705	150,573
Changes from financing cash flows:			
Proceeds from new bank borrowings	–	588,990	588,990
Repayment of bank borrowings	–	(726,945)	(726,945)
Capital element of lease rentals paid	(2,305)	–	(2,305)
Interest element of lease rentals paid	(309)	–	(309)
Total changes from financing cash flows	(2,614)	(137,955)	(140,569)
Exchange adjustment	(134)	–	(134)
Other changes:			
Interest expense (note 9)	309	–	309
Increase in lease liabilities from entering into new leases during the year	391	–	391
Total other changes	700	–	700
At 31 March 2023	7,820	2,750	10,570

26 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities $'000 (note 24)	Bank borrowings $'000 (note 22)	Total $'000
At 1 April 2023	**7,820**	**2,750**	**10,570**
Changes from financing cash flows:			
Proceeds from new bank borrowings	**–**	**4,232**	**4,232**
Repayment of bank borrowings	**–**	**(1,500)**	**(1,500)**
Capital element of lease rentals paid	**(2,405)**	**–**	**(2,405)**
Interest element of lease rentals paid	**(266)**	**–**	**(266)**
Total changes from financing cash flows	**(2,671)**	**2,732**	**61**
Exchange adjustment	**(55)**	**–**	**(55)**
Other changes:			
Interest expense (note 9)	**266**	**–**	**266**
Increase in lease liabilities from entering into new leases during the year	**2,939**	**–**	**2,939**
Total other changes	**3,205**	**–**	**3,205**
At 31 March 2024	**8,299**	**5,482**	**13,781**

(d) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2024 $'000	2023 $'000
Within operating cash flows	**950**	1,058
Within financing cash flows	**2,671**	2,614
	3,621	3,672

These amounts relate to the following:

	2024 $'000	2023 $'000
Lease rentals paid	**3,621**	3,672

27 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties:

	2024 $'000	2023 $'000
Expense		
Rental paid to Sonic Gold Limited	**600**	600

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

(b) Key management compensation

	2024 $'000	2023 $'000
Salaries and other short term employee benefits	**15,293**	16,087
Post-employment benefits – pension	**117**	126
	15,410	16,213

Key management has been identified as the executive directors, chief executive officer, chief operation officer, chief financial officer and senior personnel from various departments of the Group.

Senior management remuneration

The emoluments payable to the senior management of the Group as disclosed in section "Directors, Senior Management and Advisors" in the annual report during the year ended 31 March 2024 fell within the following emolument bands:

	2024	2023
HK$0 to HK$1,000,000	**1**	–
HK$1,000,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$3,000,000	**1**	1
	2	2

28 COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	2024 $'000	2023 $'000
Non-current assets			
Interests in subsidiaries	25	**792,076**	818,167
Current assets			
Prepayments and other receivables		**4,817**	4,772
Cash and cash equivalents		**15,920**	16,018
		20,737	20,790
Current liabilities			
Other payables		**23**	23
Net current assets		**20,714**	20,767
Total assets less current liabilities		**812,790**	838,934
Non-current liabilities			
Employee retirement benefit obligations		**192**	984
Net assets		**812,598**	837,950
Capital and reserves (note a)			
Share capital		**82,875**	82,875
Reserves		**729,723**	755,075
Total equity		**812,598**	837,950

The statement of financial position of the Company was approved by the Board of Directors on 24 May 2024 and was signed on its behalf.

CHAN Pak Chung
Director

CHAN Yuen Shan, Clara
Director

28 COMPANY'S STATEMENT OF FINANCIAL POSITION (Continued)

Note (a): Changes in equity of the Company

	Share capital	Share premium	Contributed surplus (Note)	Capital redemption reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2023	**82,875**	**408,269**	**640,631**	**125**	**(293,950)**	**837,950**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(25,352)**	**(25,352)**
At 31 March 2024	**82,875**	**408,269**	**640,631**	**125**	**(319,302)**	**812,598**
At 1 April 2022	82,875	416,557	640,631	125	(277,639)	862,549
Loss and total comprehensive income for the year	–	–	–	–	(16,311)	(16,311)
Dividend paid in respect of the previous year (note 13(b))	–	(8,288)	–	–	–	(8,288)
At 31 March 2023	82,875	408,269	640,631	125	(293,950)	837,950

Note: The contributed surplus of the Company represents the value of the one share of Lee Kee Group (BVI) Limited allotted and issued to the Company at premium of approximately $640,631,000 at the direction of Mr Chan Pak Chung ("Mr Chan") and pursuant to a deed of gift entered into between Mr Chan and the Company in consideration of the conversion of the ordinary shares of Lee Kee Group Limited held by Mr Chan to non-voting deferred shares in 2006.

Pursuant to the Companies Law (2004 Revision) of the Cayman Islands, the contributed surplus is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

29 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G))

The remuneration of the directors for the years ended 31 March 2024 and 2023 are set out below.

Name of directors	Fees $'000	Salary $'000	Discretionary bonuses $'000	Other benefits (Note 1) $'000	Employer's contribution to a retirement benefit scheme $'000	Total $'000
Year ended 31 March 2024						
Executive directors						
Mr Chan Pak Chung	**–**	**2,400**	**–**	**–**	**–**	**2,400**
Ms Chan Yuen Shan Clara (Chief executive officer)	**–**	**2,594**	**–**	**600**	**18**	**3,212**
Ms Okusako Chan Pui Shan Lillian	**–**	**1,684**	**–**	**–**	**18**	**1,702**
Mr Chan Ka Chun Patrick	**–**	**1,630**	**–**	**–**	**18**	**1,648**
Non-executive director						
Mr Chung Wai Kwok, Jimmy (note 3)	**240**	**–**	**–**	**–**	**–**	**240**
Independent non-executive directors						
Mr Ho Kwai Ching, Mark	**240**	**–**	**–**	**–**	**–**	**240**
Mr Tai Lun, Paul	**240**	**–**	**–**	**–**	**–**	**240**
Mr Wong Kam Fai, William (note 2)	**240**	**–**	**–**	**–**	**–**	**240**
	960	**8,308**	**–**	**600**	**54**	**9,922**
Year ended 31 March 2023						
Executive directors						
Mr Chan Pak Chung	–	2,400	–	–	–	2,400
Ms Chan Yuen Shan Clara (Chief executive officer)	–	2,505	–	600	18	3,123
Ms Okusako Chan Pui Shan Lillian	–	1,604	–	–	18	1,622
Mr Chan Ka Chun Patrick	–	1,553	–	–	18	1,571
Non-executive director						
Mr Chung Wai Kwok, Jimmy (note 3)	240	–	–	–	–	240
Independent non-executive directors						
Mr Ho Kwai Ching, Mark	240	–	–	–	–	240
Mr Tai Lun, Paul	240	–	–	–	–	240
Mr Wong Kam Fai, William (note 2)	118	–	–	–	–	118
	838	8,062	–	600	54	9,554

29 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G)) (Continued)

Notes:

(1) Other benefits include the rental expenses paid for a director's quarter.

(2) Mr. Wong Kam Fai, William was appointed as independent non-executive director with effect from 4 October 2022.

(3) Mr. Chung Wai Kwok, Jimmy was redesignated from independent non-executive director to non-executive director with effect from 4 October 2022.

During the year, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2023: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2023: Nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2023: Nil).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2023: None).

No emoluments have been paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year include four (2023: four) directors whose emoluments are reflected within this note above.

The emoluments payable to the remaining one (2023: one) of the five highest paid individuals during the year are as follows:

	2024 $'000	2023 $'000
Salaries and other allowances	**2,220**	2,658
Post-employment benefits – pension	**18**	18
	2,238	2,676

The emoluments payable to this individual during the year fell within the following emolument bands:

	Number of individuals	
	2024	2023
$2,000,001 to $2,500,000	**1**	1

30 COMMITMENTS

Capital commitments outstanding at 31 March 2024 not provided for in the financial statements were as follows:

	2024 **$'000**	2023 $'000
Contracted for acquisition of plant and machinery	**247**	3,806

31 ULTIMATE AND IMMEDIATE HOLDING COMPANIES

At 31 March 2024, the directors consider Gold Alliance International Management Limited and Gold Alliance Global Services Limited, both of which are incorporated in the British Virgin Islands, to be the ultimate and immediate holding companies of the Company, respectively. Neither of them produces financial statements available for public use.

Particulars of Investment Properties

Location	Existing Use	Lease Term	Attributable interest of the Group
Investment properties			
Ground Floor of No.282 and No.284 Lai Chi Kok Road and 1st Floor of Nos.282 and 282A Lai Chi Kok Road, Man On Building, Kowloon	Shop	Medium	100%
Office G on 31st Floor and Car Parking Nos. P27, P28 and P29 on 7th Floor, COS Centre, No. 56 Tsun Yip Street, Kowloon, Hong Kong	Office	Medium	100%
The Remaining Portion of Lot No. 1931 and the Remaining Portions of Sub-sections 2 & 3 of Section B of Lot No. 1932 in D.D. 76, Ma Mei Ha, Sha Tau Kok, New Territories, Hong Kong	Warehouse	Medium	100%

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