

We Create
VALUE SOLUTIONS
BEYOND Metals

引領金屬發展

共創**增值方案**

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 (*resigned with effect from
4 October 2024*)

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 Global (Cayman) Limited
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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2024 \$'000	2023 \$'000
Revenue	4	1,007,579	844,579
Cost of sales		(968,003)	(808,056)
Gross profit		39,576	36,523
Other income		7,124	5,576
Distribution and selling expenses		(12,041)	(11,262)
Administrative expenses		(45,993)	(43,828)
Other net losses		(5,763)	(728)
Loss from operations		(17,097)	(13,719)
Finance income		1,264	1,131
Finance costs		(507)	(303)
Net finance income	5(a)	757	828
Loss before taxation	5	(16,340)	(12,891)
Income tax	6	(1,510)	(1,822)
Loss for the period		(17,850)	(14,713)
Attributable to:			
Equity shareholders of the Company		(17,991)	(14,649)
Non-controlling interests		141	(64)
Loss for the period		(17,850)	(14,713)
Loss per share	8		
Basic and diluted (Hong Kong cents)		(2.17)	(1.77)

The notes on pages 8 to 19 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024 – unaudited
(Expressed in Hong Kong dollars)

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

The notes on pages 8 to 19 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024 – unaudited
(Expressed in Hong Kong dollars)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2024 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 September 2024 \$'000	At 31 March 2024 \$'000
Non-current liabilities			
Employee retirement benefit obligations		3,110	3,110
Lease liabilities		5,390	5,781
Deferred tax liabilities		11,052	10,832
		19,552	19,723
NET ASSETS			
		796,706	812,598
CAPITAL AND RESERVES			
Share capital	16	82,875	82,875
Reserves		714,004	730,037
Total equity attributable to equity shareholders of the Company			
		796,879	812,912
Non-controlling interests		(173)	(314)
TOTAL EQUITY			
		796,706	812,598

The notes on pages 8 to 19 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024 – unaudited
(Expressed in Hong Kong dollars)

	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 six months ended 30 September 2023:												
Loss for the period	-	-	-	-	-	-	-	-	(14,649)	(14,649)	(64)	(14,713)
Other comprehensive income	-	-	-	-	-	(1,383)	(13,482)	-	-	(14,865)	-	(14,865)
Total comprehensive income	-	-	-	-	-	(1,383)	(13,482)	-	(14,649)	(29,514)	(64)	(29,578)
Balance at 30 September 2023 and 1 October 2023	82,875	408,269	(17,830)	125	8,642	461	(24,345)	41,591	344,280	844,068	(222)	843,846
Changes in equity for the six months ended 31 March 2024:												
Loss for the period	-	-	-	-	-	-	-	-	(35,045)	(35,045)	(92)	(35,137)
Other comprehensive income	-	-	-	-	-	(251)	2,547	-	1,593	3,889	-	3,889
Total comprehensive income	-	-	-	-	-	(251)	2,547	-	(33,452)	(31,156)	(92)	(31,248)
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

	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 2024	82,875	408,269	(17,830)	125	8,642	210	(21,798)	41,591	310,828	812,912	(314)	812,598
Changes in equity for the six months ended 30 September 2024:												
Loss for the period	-	-	-	-	-	-	-	-	(17,991)	(17,991)	141	(17,850)
Other comprehensive income	-	-	-	-	-	(2,473)	4,431	-	-	1,958	-	1,958
Total comprehensive income	-	-	-	-	-	(2,473)	4,431	-	(17,991)	(16,033)	141	(15,892)
Balance at 30 September 2024	82,875	408,269	(17,830)	125	8,642	(2,263)	(17,367)	41,591	292,837	796,879	(173)	796,706

The notes on pages 8 to 19 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2024 \$'000	2023 \$'000
Operating activities		
Cash (used in)/generated from operations	(60,152)	55,655
Hong Kong Profits Tax paid	(11)	–
Mainland China Corporate Income Tax paid	(514)	(1,577)
Net cash (used in)/generated from operating activities	(60,677)	54,078
Investing activities		
Interest received	1,264	1,131
Proceeds from disposal of property, plant and equipment	236	–
Payment for acquisition of property, plant and equipment	(4,229)	(2,806)
Net cash used in investing activities	(2,729)	(1,675)
Financing activities		
Interest paid on other bank borrowings	(356)	(79)
Proceeds from new bank borrowings	18,995	–
Repayment of bank borrowings	(4,982)	(750)
Capital element of lease rentals paid	(1,140)	(1,078)
Interest element of lease rentals paid	(151)	(224)
Net cash generated from/(used in) financing activities	12,366	(2,131)
Net (decrease)/increase in cash and cash equivalents	(51,040)	50,272
Cash and cash equivalents at the beginning of the period	264,579	221,000
Effect of foreign exchanges rates changes	1,336	(4,514)
Cash and cash equivalents at the end of the period	214,875	266,758

The notes on pages 8 to 19 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 November 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The address of the Company's registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (together, the "Group") are trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy, stainless steel and other electroplating chemical products, provision of metal testing and consultancy services, as well as alloy production in Hong Kong and Mainland China.

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

2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 15 November 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023/24 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024/25 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023/24 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 20.

The financial information relating to the financial year ended 31 March 2024 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

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

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

4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in the trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy, stainless steel and other electroplating chemical products, provision of metal testing and consultancy services, as well as alloy production in Hong Kong and Mainland China. Revenue recognised during the period is as follows:

	Six months ended 30 September	
	2024	2023
	\$'000	\$'000
Revenue		
Sales of goods (recognised at point in time)	1,007,579	844,579

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Segment revenue and results

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

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

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

	At 30 September 2024		
	Hong Kong \$'000	Mainland China \$'000	Total \$'000
Segment assets	527,183	335,842	863,025
Segment liabilities	39,676	26,643	66,319

	At 31 March 2024		
	Hong Kong \$'000	Mainland China \$'000	Total \$'000
Segment assets	541,675	322,487	864,162
Segment liabilities	47,415	4,149	51,564

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Reconciliation of reportable segment profit or loss

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

5 LOSS BEFORE TAXATION

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

	Six months ended 30 September	
	2024 \$'000	2023 \$'000
(a) Net finance income		
Interest income	(1,264)	(1,131)
Interest on lease liabilities	151	224
Interest on bank borrowings	356	79
	(757)	(828)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

5 LOSS BEFORE TAXATION (Continued)

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

6 INCOME TAX

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

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 September 2023: 16.5%) to the six months ended 30 September 2024. Taxation for Mainland China's subsidiaries is similarly calculated using the tax rate of 25% (six months ended 30 September 2023: 25%) to the six months ended 30 September 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

7 DIVIDENDS

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: HK\$Nil).

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of \$17,991,000 (six months ended 30 September 2023: \$14,649,000) and the weighted average number of 828,750,000 (six months ended 30 September 2023: 828,750,000) ordinary shares in issue during the interim period.

(b) Diluted loss per share

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

9 INVESTMENT PROPERTIES

	Six months ended 30 September	
	2024 \$'000	2023 \$'000
Net book value as at 1 April	118,900	137,900
Fair value change	(6,600)	–
Net book value as at 30 September	112,300	137,900

10 OTHER PROPERTY, PLANT AND EQUIPMENT

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

11 INVENTORIES

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

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

12 TRADE AND OTHER RECEIVABLES

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

13 CASH AND CASH EQUIVALENTS

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

14 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	At 30 September 2024 \$'000	At 31 March 2024 \$'000
Trade and other payables		
Trade payables	1,986	1,627
Accrued expenses and other payables	10,595	11,667
	12,581	13,294
Contract liabilities	9,236	9,838
	21,817	23,132

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

	At 30 September 2024 \$'000	At 31 March 2024 \$'000
Within 1 month	1,659	1,527
Over 1 but within 3 months	236	83
Over 3 months	91	17
	1,986	1,627

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

15 BANK BORROWINGS

	At 30 September 2024 \$'000	At 31 March 2024 \$'000
Current liabilities		
Bank borrowings	20,021	5,482

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

	At 30 September 2024 \$'000	At 31 March 2024 \$'000
Within 1 year or on demand	20,021	5,482

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

	At 30 September 2024	At 31 March 2024
Bank borrowings	4.40%	6.99%

16 SHARE CAPITAL

	Number of ordinary shares '000	Nominal amount \$'000
Authorised:		
<i>Ordinary shares of \$0.1 each</i>		
As at 31 March 2024, 1 April 2024 and 30 September 2024	8,000,000	800,000
Issued and fully paid:		
<i>Ordinary shares of \$0.1 each</i>		
As at 31 March 2024, 1 April 2024 and 30 September 2024	828,750	82,875

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

	Fair value at	Fair value measurements as at		
	30 September 2024 \$'000	30 September 2024 categorised into Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurement				
Financial assets:				
Financial assets at fair value through other comprehensive income ("FVOCI")	2,765	2,765	–	–
Derivative financial instruments	23	–	23	–
	2,788	2,765	23	–
Financial liabilities:				
Derivative financial instruments	1,678	–	1,678	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

(i) Fair value hierarchy (Continued)

	Fair value at	Fair value measurements as at		
	31 March 2024 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurement				
Financial assets:				
Financial assets at FVOCI	5,238	5,238	–	–
Derivative financial instruments	2,000	–	2,000	–
	7,238	5,238	2,000	–
Financial liabilities:				
Derivative financial instruments	43	–	43	–

During the six months ended 30 September 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 September 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.

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

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 September 2024 and 31 March 2024.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

18 MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Key management personnel remuneration

	Six months ended 30 September	
	2024 \$'000	2023 \$'000
Salaries and other short term employee benefits	8,086	7,883
Post employment benefits – pension	63	63
	8,149	7,946

(b) Transactions with related companies

	Six months ended 30 September	
	2024 \$'000	2023 \$'000
Rental expenses paid to Sonic Gold Limited (note)	300	300

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

INDEPENDENT REVIEW REPORT



Review report to the board of directors of Lee Kee Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 2 to 19 which comprises the consolidated statement of financial position of Lee Kee Holdings Limited as of 30 September 2024 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 September 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 November 2024

OVERALL BUSINESS PERFORMANCE

Financial Review

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Business Review

Building for the future in adherence to the three strategies

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

Seizing opportunities and contributing to industry and society through innovation

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

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

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

Leveraging technologies to promote efficiency and operational excellence

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Taking a holistic approach towards achieving sustainability

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

Broadening presence for the collective good

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

New horizons for mutual success

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

Promoting alliances for delivering tangible results

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Accountability across all tiers

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

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

Prospects

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

Driving progress through green activism

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

Success hinges on the ability to adapt changes

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

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

Constant evolution for promoting continuous growth

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DIVIDEND

The Board of Directors of the Company does not recommend the payment of interim dividend for the Interim Period.

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

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

The Group constantly evaluates and monitors its risk exposure to metals prices with reference to the market conditions. In order to control the exposure efficiently and to capitalise on direction of price trends, the Group's management will employ appropriate operating strategies and set inventory levels accordingly.

The Group's foreign exchange exposure mainly resulted from the exchange rate between Hong Kong dollars against United States dollars and Renminbi.

EMPLOYEES

As at 30 September 2024, the Group had approximately 190 employees (as at 30 September 2023: 180 employees). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonuses and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). During the Interim Period, staff costs (including directors' emoluments) were approximately HK\$32.6 million (for the six months ended 30 September 2023: HK\$33.0 million).

DISCLOSURE OF INTERESTS

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

At 30 September 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 SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long Position in Shares of the Company

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 the spouse and family members of Mr. CHAN Pak Chung. Mr. CHAN Pak Chung is the settlor of the P.C. CHAN Family Trust and is deemed to be interested in the 600,000,000 Shares held by GAGSL under the SFO.
2. Ms. CHAN Yuen Shan Clara, 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 30 September 2024, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest in or short position in the Shares or underlying Shares in, or debentures of, of the Company and its associated corporations required to be disclosed pursuant to the SFO.

DISCLOSURE OF INTERESTS (CONTINUED)

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 30 September 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.

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

Notes:

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

Save as disclosed above, as at 30 September 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.

DISCLOSURE OF INTERESTS (CONTINUED)

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

To the knowledge and belief of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange and are not aware of any non-compliance with the code provisions of the CG Code during the Interim Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) set out in Appendix C3 of the Listing Rules. The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the Model Code by the Directors during the Interim Period.

On behalf of the Board of Directors

LEE KEE HOLDINGS LIMITED

CHAN Pak Chung

Chairman

Hong Kong, 15 November 2024

We Create Value Solutions Beyond Metals
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www.LeeKeeGroup.com

