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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2022

The Board of Directors (the “**Board**”) of Lee Kee Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively “**LEE KEE**” or the “**Group**”) for the year ended 31st March 2022 (the “**Financial Year**” or the “**Year**”) together with the comparative figures for the year ended 31st March 2021 (the “**Comparative Period**”) as follows:

		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	4	<b>2,549,769</b>	1,951,879
Cost of sales		<u>(2,404,126)</u>	<u>(1,839,088)</u>
<b>Gross profit</b>		<b>145,643</b>	112,791
Other income		7,338	11,039
Distribution and selling expenses		(29,752)	(24,200)
Administrative expenses		(86,609)	(77,415)
Other net (losses)/gains		<u>(7,853)</u>	<u>1,035</u>
<b>Profit from operations</b>		<b>28,767</b>	23,250
Finance income		597	979
Finance costs		<u>(2,966)</u>	<u>(1,921)</u>
Net finance costs	5(a)	<u>(2,369)</u>	<u>(942)</u>

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit before taxation</b>	5	<b>26,398</b>	22,308
Income tax	6	<u>(7,859)</u>	<u>(5,466)</u>
<b>Profit for the year</b>		<b><u>18,539</u></b>	<b><u>16,842</u></b>
<b>Attributable to:</b>			
Equity shareholders of the company		<b>18,657</b>	16,882
Non-controlling interests		<u>(118)</u>	<u>(40)</u>
<b>Profit for the year</b>		<b><u>18,539</u></b>	<b><u>16,842</u></b>
<b>Earnings per share</b>	8		
Basic and diluted ( <i>Hong Kong cents</i> )		<b><u>2.25</u></b>	<b><u>2.04</u></b>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>18,539</b>	16,842
<b>Other comprehensive income for the year:</b>		
<i>Items that will not reclassified to profit or loss:</i>		
Revaluation of financial assets at fair value through other comprehensive income, net of nil tax	<b>(1,299)</b>	7,877
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	<b>12,022</b>	14,723
Cash flow hedges: net movement in the hedging reserve	<b>317</b>	(317)
<b>Other comprehensive income for the year</b>	<b>11,040</b>	22,283
<b>Total comprehensive income for the year</b>	<b>29,579</b>	39,125
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>29,697</b>	39,165
Non-controlling interests	<b>(118)</b>	(40)
<b>Total comprehensive income for the year</b>	<b>29,579</b>	39,125

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties	<i>9</i>	<b>104,900</b>	63,600
Other property, plant and equipment	<i>10</i>	<b>44,639</b>	32,744
Intangible assets		<b>2,430</b>	–
Financial assets at fair value through other comprehensive income		<b>11,229</b>	12,528
Prepayments	<i>12</i>	<b>382</b>	7,795
Deferred tax assets		<b>2,724</b>	2,751
		<hr/> <b>166,304</b> <hr/>	<hr/> 119,418 <hr/>
<b>Current assets</b>			
Inventories	<i>11</i>	<b>411,003</b>	386,698
Trade and other receivables	<i>12</i>	<b>330,404</b>	239,750
Tax recoverable		<b>28</b>	1,150
Derivative financial instruments		<b>662</b>	828
Cash and cash equivalents	<i>13</i>	<b>208,750</b>	288,218
		<hr/> <b>950,847</b> <hr/>	<hr/> 916,644 <hr/>
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	<i>14</i>	<b>33,265</b>	36,285
Bank borrowings	<i>15</i>	<b>140,705</b>	88,559
Lease liabilities		<b>2,265</b>	1,406
Tax payable		<b>2,878</b>	993
Derivative financial instruments		<b>1,839</b>	1,523
		<hr/> <b>180,952</b> <hr/>	<hr/> 128,766 <hr/>
<b>Net current assets</b>		<hr/> <b>769,895</b> <hr/>	<hr/> 787,878 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>936,199</b> <hr/>	<hr/> 907,296 <hr/>

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Employee retirement benefit obligations	<b>1,500</b>	1,344
Lease liabilities	<b>7,603</b>	9
Deferred tax liabilities	<b>3,867</b>	4,005
	<u>12,970</u>	<u>5,358</u>
<b>NET ASSETS</b>	<b><u>923,229</u></b>	<b><u>901,938</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>82,875</b>	82,875
Reserves	<b>840,388</b>	818,979
<b>Total equity attributable to equity shareholders of the company</b>	<b>923,263</b>	901,854
Non-controlling interests	<b>(34)</b>	84
<b>TOTAL EQUITY</b>	<b><u>923,229</u></b>	<b><u>901,938</u></b>

## NOTES:

### 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11th November 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The address of the Company's registered office is Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

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

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

### 2 BASIS OF PREPARATION

The financial results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31st March 2022 but are derived from those financial statements.

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2021/22 annual financial statements, except for the changes in accounting policies set out in note 3.

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

### 3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendment to HKFRS 16, *Covid-19-related rent concessions*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

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. Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4 REVENUE AND SEGMENT REPORTING

The Group is principally engaged in the trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy, stainless steel and other electroplating chemical products. Revenue recognised during the year are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Sales of goods (recognised at point in time)	<u><u>2,549,769</u></u>	<u><u>1,951,879</u></u>

#### (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/gains and net finance costs.

	2022		2021	
	Revenue	Segment	Revenue	Segment
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,185,071	(4,005)	959,993	(11,748)
Mainland China	1,364,698	33,287	991,886	22,924
	<u><u>2,549,769</u></u>	<u><u>29,282</u></u>	<u><u>1,951,879</u></u>	<u><u>11,176</u></u>

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

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>2022 Mainland China</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Segment assets	<u>670,740</u>	<u>446,411</u>	<u>1,117,151</u>
Segment liabilities	<u>119,935</u>	<u>73,987</u>	<u>193,922</u>
		2021 Mainland China	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	<u>678,593</u>	<u>357,469</u>	<u>1,036,062</u>
Segment liabilities	<u>70,693</u>	<u>63,431</u>	<u>134,124</u>

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total segment results	<b>29,282</b>	11,176
Other income	<b>7,338</b>	11,039
Other net (losses)/gains	<b>(7,853)</b>	1,035
Net finance costs	<b>(2,369)</b>	(942)
Profit before taxation	<u><b>26,398</b></u>	<u>22,308</u>

## 5 PROFIT BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(a) Net finance costs</b>		
Interest income	(597)	(979)
Interest on lease liabilities	147	86
Interest on short-term bank borrowings	2,819	1,605
Interest on mortgage loan	–	230
	<u>2,369</u>	<u>942</u>
<b>(b) Other items</b>		
Auditor's remuneration		
– audit services	2,025	1,900
– other services	498	445
Depreciation of property, plant and equipment	6,376	5,258
Depreciation of right-of-use assets	2,459	2,349
Short-term lease payments not included in the measurement of lease liabilities	897	930
Cost of inventories sold	2,406,472	1,891,172
Gain on disposals of property, plant and equipment	(581)	(62)
Change in fair value of investment properties	2,736	1,000
Unrealised gain on metal future trading contracts and foreign exchange forward contracts	–	(138)
Realised loss on metal future trading contracts and foreign exchange forward contracts	796	69
Staff costs (including directors' remuneration)	66,542	60,165
Reversal of write-down of inventories	(2,346)	(52,084)
Net foreign exchange loss/(gain)	4,115	(2,153)
Recognition/(reversal) of credit losses of trade receivables	<u>552</u>	<u>(151)</u>

## 6 INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	968	395
– Mainland China Corporate Income Tax	7,175	5,706
Over-provision in prior years	<u>(110)</u>	<u>(30)</u>
	<b>8,033</b>	6,071
Deferred tax	<u>(174)</u>	<u>(605)</u>
	<b><u>7,859</u></b>	<b><u>5,466</u></b>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) for the year. Taxation for Mainland China's subsidiaries is similarly calculated using the tax rate of 25% (2021: 25%) for the year.

## 7 DIVIDENDS

Dividend payable to equity shareholders of the Company attributable to the year

	2022 <i>\$'000</i>	2021 <i>\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$0.01 (2021: HK\$0.01) per ordinary share	<b><u>8,288</u></b>	<b><u>8,288</u></b>

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.

## 8 EARNINGS PER SHARE

### (a) Basic earnings per share

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

	2022	2021
Profit attributable to equity shareholders of the Company ( <i>HK\$'000</i> )	18,657	16,882
Average number of ordinary shares in issue ('000)	<u>828,750</u>	<u>828,750</u>
Basic earnings per share ( <i>Hong Kong cents</i> )	<u>2.25</u>	<u>2.04</u>

### (b) Diluted earnings per share

Diluted earnings per share for the years ended 31st March 2022 and 2021 are the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

## 9 INVESTMENT PROPERTIES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book value as at 1st April	63,600	64,600
Additions	44,036	–
Fair value change	<u>(2,736)</u>	<u>(1,000)</u>
Net book value as at 31st March	<u>104,900</u>	<u>63,600</u>

## 10 OTHER PROPERTY, PLANT AND EQUIPMENT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net book value as at 1st April	32,744	36,703
Exchange difference	351	973
Additions	20,389	2,687
Disposals	(10)	(12)
Depreciation	<u>(8,835)</u>	<u>(7,607)</u>
Net book value as at 31st March	<u><u>44,639</u></u>	<u><u>32,744</u></u>

## 11 INVENTORIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finished goods	420,640	398,728
Less: write-down of inventories	<u>(9,637)</u>	<u>(12,030)</u>
	<u><u>411,003</u></u>	<u><u>386,698</u></u>

The cost of inventories recognised as expense and included in “cost of sales” amounted to HK\$2,406,472,000 (2021: HK\$1,891,172,000) for the year.

## 12 TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current portion</b>		
Prepayments for purchase of property, plant and equipment	382	1,808
Prepayments for purchase of investment property	—	5,987
	<u>382</u>	<u>7,795</u>
<b>Current portion</b>		
Trade receivables, net of loss allowance	277,598	176,483
Prepayments to suppliers	40,388	41,993
Deposits	1,669	1,516
Other receivables	10,749	19,758
	<u>330,404</u>	<u>239,750</u>
	<u><b>330,786</b></u>	<u><b>247,545</b></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	227,469	146,208
Over 1 but within 2 months	36,548	15,758
Over 2 but within 3 months	13,405	11,636
Over 3 months	176	2,881
	<u>277,598</u>	<u>176,483</u>

### 13 CASH AND CASH EQUIVALENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cash at bank and on hand	208,750	197,672
Short-term bank deposits	–	90,546
	<u>208,750</u>	<u>288,218</u>

### 14 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Trade and other payables</b>		
Trade payables	4,565	10,461
Accrued expenses and other payables	21,243	16,008
	<u>25,808</u>	<u>26,469</u>
<b>Contract liabilities</b>	7,457	9,816
	<u>33,265</u>	<u>36,285</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	4,545	10,167
Over 1 but within 3 months	–	17
Over 3 months	20	277
	<u>4,565</u>	<u>10,461</u>

## 15 BANK BORROWINGS

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>		
Short-term bank borrowings	<u><b>140,705</b></u>	<u>88,559</u>

At the end of the reporting period, the bank borrowings were repayable within one year.

None of the banking facilities as at 31st March 2022 and 31st March 2021 is subject to the fulfilment of covenant.

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

	<b>2022</b>	2021
Short-term bank borrowings	<u><b>2.02%</b></u>	<u>1.73%</u>

## CEO Message

The fast-changing operating environment has persisted throughout the 2021/2022 financial year (the “**Financial Year**”). Sporadic pandemic outbreaks, lockdowns and ongoing disruptions to the global supply chain adversely impacted the end production in many sectors. Our business units responded swiftly to mitigate supply chain disruptions and overcome logistics challenges, benefiting from our unique corporate culture that emphasizes agility, integrity, and accountability.

Our geographically diverse presence and extensive business experience spanning Greater China and Southeast Asia further enabled our company to mitigate the impacts of localized lockdowns while flexibly capturing business from rerouted orders. Our total dedication and responsiveness also helped our customers manage demand fluctuation amid supply chain challenges. As a result of these proactive efforts, the Group maintained a similar level of tonnage sold during the Financial Year compared with the previous year.

Faced with volatile commodity markets and extreme price swings, we also stepped up our efforts to strengthen our risk management system to manage our risk exposure. Our robust risk management further reinforced Lee Kee’s position as a reliable and resourceful metal solutions provider.

As we witnessed new demands for specialty alloys for traditional industries, electric vehicles, telecommunications, and emerging technology fields, we experimented with new metal solutions to optimize our product mix and enhance our margins. Our reliable supply of quality metals and product homogeneity reinforced customer satisfaction. Our Promet Metals Testing Laboratory Limited also extended its customer reach and services to meet the new demands.

We made solid progress in advancing our digital transformation journey during this Financial Year. Our digitalization channels proved invaluable in tackling logistical challenges during lockdowns. We will continue to develop new applications that will further our digital transformation in the coming years.

Carbon neutrality is an important goal to us, and we are committed to reducing carbon emissions at our production facilities and across our operations. To that end, measuring carbon emissions was an essential priority in this Financial Year. We are inspired to introduce carbon reduction at the product level in the coming years with new methods and processes that support our customers. Moreover, we constantly identify ways to improve our sustainability practice and have invested in new green initiatives such as renewable energy and recycled packaging to facilitate customers’ transition to green supply chains.

I am pleased to share some of the sustainability recognitions the Group attained in FY2021/2022, such as CarbonCare® Label – Level 3, CarbonCare® ESG Label – Level 3, Global Recycled Standard (GRS)<sup>#</sup> certification, and BEC Low Carbon Charter. We firmly believe that our ongoing efforts to pursue green initiatives and development will benefit ourselves, our industry and the overall supply chain.

Leveraging our firm foundation of 75 years of excellence, we will continue to reinforce our positioning as the leading metal supplier to traditional and advanced manufacturing industries in the future. Riding on the sustainability and green economy trends, we will innovate metal solutions to create sustainable value for our stakeholders and shareholders.

**CHAN Yuen Shan Clara**

*Vice-Chairman and Chief Executive Officer*

27th May 2022

<sup>#</sup> *Lee Fung Metal Co., Ltd. and LKG Elite (Shenzhen) Co., Ltd., members of Lee Kee Group, have been certified to trade GRS zinc alloy in accordance with the Global Recycled Standard 4.0 (GRS 4.0).*

## OVERALL BUSINESS PERFORMANCE

### Financial Review

For the year ended 31st March 2022 (“**Financial Year**”), the Group continued to achieve robust revenue with consecutive years of profit, driven by higher metal prices and optimized product and service mix. The Group achieved this despite facing an uncertain operating environment marked by severe supply chain disruptions, rising logistics costs, and ongoing COVID-19 outbreaks in different parts of Asia.

The Group’s revenue for the Financial Year was approximately HK\$2,550 million, an increase of 30.6% compared to approximately HK\$1,952 million for the year ended 31st March 2021 (the “**Comparative Period**”). During the Financial Year, tonnage sold by the Group was around 96,790 tonnes, compared to 96,010 tonnes in the Comparative Period.

The Group recorded a gross profit of HK\$146 million and a gross profit margin of 5.7% for the Financial Year, compared to a gross profit of HK\$113 million and gross profit margin of 5.8% in the Comparative Period.

The Group recorded a profit attributable to the Company’s equity shareholders of approximately HK\$18.7 million during the Financial Year, compared to HK\$16.9 million during the Comparative Period. The increase in profit was attributable to the positive effects of product and service mix and higher metal prices.

The positive momentum for global zinc prices has continued with the gradual relaxation of COVID-19 restrictions during the Financial Year. Global zinc prices rallied further on signs of economic recovery, soaring commodities inflation and supply chain disruptions toward the second half of the Financial Year.

With the increase in logistics costs during the period under review, the selling and distribution expenses grew 22.9% to HK\$29.8 million, compared to the Comparative Period, while the general and administrative expenses were up 11.9% to HK\$86.6 million compared to the Comparative Period.

The Group recorded other net losses of HK\$7.9 million during the Financial Year, compared to other net gains of approximately HK\$1.0 million during the Comparative Period. The changes were mainly attributed to the revaluation of investment properties and cost of forward contracts during the Financial Year.

The Group’s finance costs for the Financial Year were HK\$3.0 million compared to HK\$1.9 million in the Comparative Period.

The Group continues to retain a healthy financial position, with HK\$209 million bank balances and cash on hand as of 31st March 2022.

## **Business Review**

### ***LEE KEE's geographically diverse operations prove resilient during logistical disruptions***

Ongoing waves of COVID-19 outbreak and supply chain disruptions have impacted the Group's products and services throughout the Financial Year. LEE KEE adapted swiftly to mitigate the challenging operating environment and managed its process digitally, while ensuring compliance with various health measures to ensure operational continuity across different regions.

The Group's diversification strategy remains an integral part of its corporate development, enabling the Group to overcome various logistical challenges while capturing business opportunities. Despite ongoing supply chain disruptions, the Group was able to maintain a similar tonnage sold level during the Financial Year.

No matter where we faced a localized pandemic outbreak and lockdown during the Financial Year, the Group has responded swiftly to help its customers meet overseas orders, leveraging its geographically diverse presence in Asia.

During the Financial Year, Lee Kee continued to harness synergies across different business units and further enhanced the agility of its operations to dynamically respond to changing market conditions, and continued to strengthen its strategic position and competitiveness in Southeast Asia.

The Group's proven capability to navigate temporary disruption and supply chain complexity has earned its status as one of the most reliable suppliers of metals solutions.

### ***Product innovation that adds value to traditional and new industries***

The Group captured new demands for its premium and specialty alloys that required higher performance and low tolerance rates. Our specialty alloys not only catered for the traditional industries but also addressed the rising needs for advanced manufacturing and new industrial applications, such as electric vehicles, connected homes and telecommunication. As more customers adopt high-quality and sustainable policies, the Group expanded its R&D and specialists' team to develop customized alloys with upgraded functionality for tailored applications. At the same time, it continued to optimize and reduce new alloy development time, while enabling specific functionality to meet upgraded industrial applications and international standards. Our reliable supply of quality metals and product homogeneity reinforced customer satisfaction.

It also proactively set more stringent requirements for its operations to ensure responsible sourcing of raw materials, and further promote the transition to a greener supply chain for the benefit of a more sustainable world.

### ***Further diversified business scope with expanded tailored services***

The Group continued its efforts to diversify its business scope and offer customers more tailored and value-added services. Promet Metals Testing Laboratory Limited (“**Promet Testing**”) extended its service to testing drinking water and related plumbing systems. Promet Testing also offered technical consultancy services and water testing reports and safeguarded the health and safety of our community.

### ***Continuous efforts on sustainability***

The pandemic has accelerated the transition for many traditional industries, as more and more brands pledge to work only with suppliers that adhere to a responsible supply chain, and have also set carbon-neutrality goals and promoted gender and racial diversity.

Lee Kee is committed to the continual improvement of its ESG initiatives. The Group has made satisfactory progress on decarbonization and responsible sourcing during the Financial Year. We measured carbon emissions from all its production facilities, enabling more effective monitoring of carbon emission reductions. Genesis Alloys (Ningbo) Ltd., member of Lee Kee Group, used electric vehicles to replace traditional fuel vehicles during the Financial Year. The Group also installed solar panels to generate renewable energy and extended the use of recyclable packaging for its deliveries to reduce waste.

The Group has attained related local and international sustainability recognition during the year, including CarbonCare<sup>®</sup> Label – Level 3, CarbonCare<sup>®</sup> ESG Label – Level 3, Global Recycled Standard (GRS)<sup>#</sup> certification, and BEC Low Carbon Charter. It also continued to participate the Aluminium Stewardship Initiatives to support the aluminium value chain and fostering responsible production and sourcing of metals.

## **Prospect**

### ***Managing a sustainable recovery***

Against the backdrop of an inflationary environment with metal prices supported by supply constraints, the Group is cautiously optimistic about the outlook. Although the path to recovery will remain uneven while localized logistic challenges will likely persist due to temporary pandemic measures, the Group is confident to gradually resume operations across the Greater China and Southeast Asia region in near future.

<sup>#</sup> Lee Fung Metal Co., Ltd. and LKG Elite (Shenzhen) Co., Ltd., members of Lee Kee Group, have been certified to trade GRS zinc alloy in accordance with the Global Recycled Standard 4.0 (GRS 4.0).

The Group also sees opportunities in Greater China especially the Greater Bay Area, and Southeast Asia given the upcoming infrastructure development and favourable government policy to boost economic growth and integration. Simultaneously, the formal implementation of the Regional Comprehensive Economic Partnership (RCEP) also brings corresponding opportunities and challenges.

### ***Product extension and innovation***

The Group will build on its core competencies and R&D capability to innovate and provide customized metals solutions for new industries and end customers. Having supported the customers in both traditional and new industries to mitigate various challenges throughout the pandemic, Lee Kee is in a solid position to further collaborate with our clients, meeting their evolving needs for green and advanced manufacturing. The Group's continuous efforts in innovation and product extension will further broaden its revenue sources.

### ***High-quality testing service that safeguards the health of our community***

Leveraging on our strong track record in technical capabilities, the Group will continue to implement our diversification strategy, expanding the service scope of Promet Testing. It will introduce our testing service to new sectors and customer groups to achieve continuous growth.

### ***Advancing digital transformation***

The Group will continue to progress on its digital transformation and automation to capture new market opportunities. The well-established digital platform is capable to utilize data for business analysis, enabling us to identify issues and solutions to meet customers' needs. The Group's digitized and adaptive operations, together with its robust digital platform will serve its customers well in a challenging environment.

### ***Capturing opportunities from new trends***

Environmental trends will inevitably affect the industry and supply chain. The Group's commitment to reducing carbon emissions is critical in differentiating us from our peers. It will also open up new opportunities for the Group, enabling it to expand the business scope. The Group will continue improving production processes and adopting new methods to reduce carbon impact on our environment while grasping new market space from the green trends.

The Group's aspiration to create a positive impact does not stop at the environmental aspect. On the corporate level, it embraces diversity and ensures health and safety for its employees. It is also committed to upholding a high level of corporate transparency with its strategic direction and execution overseen by the Board. As far as the social aspect is concerned, it strives to build thriving communities through staff volunteering, long-term collaboration with charity organizations and donations. The Group's commitment to good governance and making a positive impact on the community will undoubtedly strengthen its competitiveness and ensure its sustainable success.

## **DIVIDEND**

The Board of Directors has recommended a final dividend of HK\$0.01 per share for the Financial Year, amounting to HK\$8,288,000, to the shareholders whose names appear on the register of members of the Company on 5th September 2022. Subject to the shareholders' approval, the dividend will be paid on or around 19th September 2022.

## **ANNUAL GENERAL MEETING**

It was proposed that the Annual General Meeting of the Company (the "AGM") will be held on 26th August 2022. Notice of the AGM will be published and issued to shareholders in due course.

## **CLOSURE OF REGISTER**

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the Register of Members of the Company (the "**Register of Members**") will be closed from Tuesday, 23rd August 2022 to Friday, 26th August 2022, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for voting at the forthcoming AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration not later than 4:30 p.m. on Monday, 22nd August 2022.

For the purpose of ascertaining shareholders' entitlement to the proposed dividends, the Register of Members will be closed from Thursday, 1st September 2022 to Monday, 5th September 2022, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for dividends, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration not later than 4:30 p.m. on Wednesday, 31st August 2022.

*Remark: The address of the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15th August 2022. For details, please refer to the Company's announcement to be made in due course.*

## **LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK**

The Group primarily financed its operation through internal resources and borrowings from banks. As at 31st March 2022, the Group had unrestricted cash and bank balances of approximately HK\$209 million (2021: HK\$288 million) and bank borrowings of approximately HK\$141 million (2021: HK\$88.6 million).

The borrowings, which are short term in nature, were made in United States dollars with interest chargeable at market rates. The gearing ratio (total borrowings and lease liabilities to total equity) as at 31st March 2022 was 16.3% (2021: 10.0%). The Group has a current ratio of 525% as at 31st March 2022 (2021: 712%).

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

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

## **EMPLOYEES**

As at 31st March 2022, the Group had approximately 180 employees (2021: 180 employees). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonuses and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). During the year, staff costs (including directors' emoluments) were approximately HK\$66.5 million (2021: HK\$60.2 million).

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

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

## **CORPORATE GOVERNANCE**

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

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **REVIEW OF ANNUAL RESULTS OF THE FINANCIAL YEAR**

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

## SCOPE OF WORK OF KPMG

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

By Order of the Board  
**CHAN Pak Chung**  
*Chairman*

Hong Kong, 27th May 2022

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

\* *Independent non-executive Directors*