



(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 Interim Report  
中期報告

# 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

P.O. Box 309, Uglan House,

Grand Cayman, KY1-1104, 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

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3

Building D, P.O. Box 1586

Gardenia Court

Grand Cayman KY1-1110

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:*

Maples and Calder (Hong Kong) LLP

26th Floor, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

## 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](http://www.leekeegroup.com)

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023 – unaudited  
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September	
		2023 \$'000	2022 \$'000
<b>Revenue</b>	4	<b>844,579</b>	1,304,497
Cost of sales		<b>(808,056)</b>	(1,251,511)
<b>Gross profit</b>		<b>36,523</b>	52,986
Other income		<b>5,576</b>	6,567
Distribution and selling expenses		<b>(11,262)</b>	(15,406)
Administrative expenses		<b>(43,828)</b>	(42,544)
Other net losses		<b>(728)</b>	(1,954)
<b>Loss from operations</b>		<b>(13,719)</b>	(351)
Finance income		<b>1,131</b>	358
Finance costs		<b>(303)</b>	(3,446)
Net finance income/(costs)	5(a)	<b>828</b>	(3,088)
<b>Loss before taxation</b>	5	<b>(12,891)</b>	(3,439)
Income tax	6	<b>(1,822)</b>	(3,771)
<b>Loss for the period</b>		<b>(14,713)</b>	(7,210)
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(14,649)</b>	(7,008)
Non-controlling interests		<b>(64)</b>	(202)
<b>Loss for the period</b>		<b>(14,713)</b>	(7,210)
<b>Loss per share</b>	8		
Basic and diluted (Hong Kong cents)		<b>(1.77)</b>	(0.85)

The notes on pages 9 to 20 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
<b>Loss for the period</b>	<b>(14,713)</b>	(7,210)
<b>Other comprehensive income for the period:</b>		
<i>Items that will not be reclassified to profit or loss, net of nil tax:</i>		
Revaluation of financial assets at fair value through other comprehensive income	<b>(1,383)</b>	(3,352)
<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	<b>(13,482)</b>	(26,626)
<b>Other comprehensive income for the period</b>	<b>(14,865)</b>	(29,978)
<b>Total comprehensive income for the period</b>	<b>(29,578)</b>	(37,188)
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(29,514)</b>	(36,986)
Non-controlling interests	<b>(64)</b>	(202)
<b>Total comprehensive income for the period</b>	<b>(29,578)</b>	(37,188)

The notes on pages 9 to 20 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023 – unaudited  
(Expressed in Hong Kong dollars)

	Note	At 30 September 2023 \$'000	At 31 March 2023 \$'000
<b>Non-current assets</b>			
Investment properties	9	137,900	137,900
Other property, plant and equipment	10	47,908	33,292
Intangible assets		4,264	4,264
Financial assets at fair value through other comprehensive income		5,489	6,872
Prepayments	12	671	16,010
Deferred tax assets		2,703	2,702
		<b>198,935</b>	201,040
<b>Current assets</b>			
Inventories	11	190,218	279,578
Trade and other receivables	12	228,455	222,652
Tax recoverable		439	525
Derivative financial instruments		4,999	941
Cash and cash equivalents	13	266,758	221,000
		<b>690,869</b>	724,696
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	14	20,364	24,896
Bank borrowings	15	2,000	2,750
Lease liabilities		1,784	1,864
Tax payable		1,075	1,021
Derivative financial instruments		13	999
		<b>25,236</b>	31,530
<b>Net current assets</b>		<b>665,633</b>	693,166
<b>Total assets less current liabilities</b>		<b>864,568</b>	894,206

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2023 – unaudited  
(Expressed in Hong Kong dollars)

	Note	At 30 September 2023 \$'000	At 31 March 2023 \$'000
<b>Non-current liabilities</b>			
Employee retirement benefit obligations		5,970	5,970
Lease liabilities		5,844	5,956
Deferred tax liabilities		8,908	8,856
		<b>20,722</b>	20,782
<b>NET ASSETS</b>			
		<b>843,846</b>	873,424
<b>CAPITAL AND RESERVES</b>			
Share capital	16	82,875	82,875
Reserves		761,193	790,707
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>844,068</b>	873,582
Non-controlling interests		(222)	(158)
<b>TOTAL EQUITY</b>			
		<b>843,846</b>	873,424

The notes on pages 9 to 20 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023 – 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
<b>Balance at 1 April 2022</b>	82,875	416,557	(17,830)	125	6,958	6,201	7,937	15,358	405,082	923,263	(34)	923,229
<b>Changes in equity for the six months ended 30 September 2022:</b>												
Loss for the period	-	-	-	-	-	-	-	-	(7,008)	(7,008)	(202)	(7,210)
Other comprehensive income	-	-	-	-	-	(3,352)	(26,626)	-	-	(29,978)	-	(29,978)
Total comprehensive income	-	-	-	-	-	(3,352)	(26,626)	-	(7,008)	(36,986)	(202)	(37,188)
Dividend paid in respect of the previous year (note 7)	-	(8,288)	-	-	-	-	-	-	-	(8,288)	-	(8,288)
<b>Balance at 30 September 2022 and 1 October 2022</b>	82,875	408,269	(17,830)	125	6,958	2,849	(18,689)	15,358	398,074	877,989	(236)	877,753
<b>Changes in equity for the six months ended 31 March 2023:</b>												
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(37,461)	(37,461)	78	(37,383)
Other comprehensive income	-	-	-	-	-	(1,005)	7,826	26,233	-	33,054	-	33,054
Total comprehensive income	-	-	-	-	-	(1,005)	7,826	26,233	(37,461)	(4,407)	78	(4,329)
Transfer to reserve fund	-	-	-	-	1,684	-	-	-	(1,684)	-	-	-
<b>Balance at 31 March 2023</b>	82,875	408,269	(17,830)	125	8,642	1,844	(10,863)	41,591	358,929	873,582	(158)	873,424

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2023 – unaudited  
(Expressed in Hong Kong dollars)

	Share capital \$'000	Share premium \$'000	Merger reserve \$'000	Capital redemption reserve \$'000	Reserve fund \$'000	Fair value		Property revaluation reserve \$'000	Retained profits \$'000	Total	Non- controlling interests \$'000	Total Equity \$'000
						reserve (non- recycling) \$'000	Exchange reserve \$'000					
<b>Balance at 1 April 2023</b>	82,875	408,269	(17,830)	125	8,642	1,844	(10,863)	41,591	358,929	873,582	(158)	873,424
<b>Changes in equity for the six months ended 30 September 2023:</b>												
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)
<b>Balance at 30 September 2023</b>	82,875	408,269	(17,830)	125	8,642	461	(24,345)	41,591	344,280	844,068	(222)	843,846

The notes on pages 9 to 20 form part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023 – unaudited  
(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
<b>Operating activities</b>		
Cash generated from operations	55,655	156,928
Interest paid on other bank borrowings	–	(3,283)
Mainland China Corporate Income Tax paid	(1,577)	(5,076)
<b>Net cash generated from operating activities</b>	<b>54,078</b>	<b>148,569</b>
<b>Investing activities</b>		
Interest received	1,131	358
Proceeds from disposal of property, plant and equipment	–	49
Payment for acquisition of property, plant and equipment	(2,806)	(8,218)
<b>Net cash used in investing activities</b>	<b>(1,675)</b>	<b>(7,811)</b>
<b>Financing activities</b>		
Interest paid on other bank borrowings	(79)	–
Proceeds from new bank borrowings	–	416,401
Repayment of bank borrowings	(750)	(434,657)
Dividend paid	–	(8,288)
Capital element of lease rentals paid	(1,078)	(1,092)
Interest element of lease rentals paid	(224)	(163)
<b>Net cash used in financing activities</b>	<b>(2,131)</b>	<b>(27,799)</b>
<b>Net increase in cash and cash equivalents</b>	<b>50,272</b>	<b>112,959</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>221,000</b>	<b>208,750</b>
<b>Effect of foreign exchanges rates changes</b>	<b>(4,514)</b>	<b>(12,676)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>266,758</b>	<b>309,033</b>

The notes on pages 9 to 20 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 P.O. Box 309, Umland House, Grand Cayman, KY1-1104, 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

This 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 of Hong Kong Limited, 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 16 November 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022/23 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023/24 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.

This 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 2022/23 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 pages 21 and 22.

The financial information relating to the financial year ended 31 March 2023 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 Group has applied the following new and amended HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- 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 in these 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	
	2023	2022
	\$'000	\$'000
<b>Revenue</b>		
Sales of goods (recognised at point in time)	844,579	1,304,497

# 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/(costs).

	Six months ended 30 September			
	2023		2022	
	Revenue \$'000	Segment results \$'000	Revenue \$'000	Segment results \$'000
Hong Kong	377,403	(25,360)	594,898	(15,531)
Mainland China	467,176	6,793	709,599	10,567
	<b>844,579</b>	<b>(18,567)</b>	1,304,497	(4,964)

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

	At 30 September 2023		
	Hong Kong \$'000	Mainland China \$'000	Total \$'000
Segment assets	568,851	320,953	889,804
Segment liabilities	40,311	5,647	45,958

	At 31 March 2023		
	Hong Kong \$'000	Mainland China \$'000	Total \$'000
Segment assets	541,670	384,066	925,736
Segment liabilities	44,802	7,510	52,312

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

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
Total segment results	(18,567)	(4,964)
Other income	5,576	6,567
Other net losses	(728)	(1,954)
Net finance income/(costs)	828	(3,088)
Loss before taxation	<b>(12,891)</b>	(3,439)

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

## 5 LOSS BEFORE TAXATION

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

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
<b>(a) Net finance (income)/costs</b>		
Interest income	(1,131)	(358)
Interest on lease liabilities	224	163
Interest on bank borrowings	79	3,283
	<b>(828)</b>	3,088
<b>(b) Other items</b>		
Depreciation of property, plant and equipment	2,893	3,395
Depreciation of right-of-use assets	1,176	1,251
Short-term lease payments not included in the measurement of lease liabilities – land and buildings	600	572
Cost of inventories sold	809,092	1,246,076
Change in fair value of investment properties	–	300
Unrealised gain on metal future trading contracts and foreign exchange forward contracts	(4,987)	(738)
Staff costs (including directors' remuneration)	32,980	30,819
(Reversal of)/provision for write-down of inventories	(1,036)	5,435
Net foreign exchange loss	5,715	2,394
Reversal of credit loss of trade receivables	(89)	(575)

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

## 6 INCOME TAX

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
Current tax		
– Hong Kong Profits Tax	118	314
– Mainland China Corporate Income Tax	1,652	3,260
Over-provision in prior years	–	(92)
	<b>1,770</b>	3,482
Deferred tax	52	289
	<b>1,822</b>	3,771

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 2022: 16.5%) to the six months ended 30 September 2023. Taxation for Mainland China's subsidiaries is similarly calculated using the estimated annual effective rate of 25% (six months ended 30 September 2022: 25%) to the six months ended 30 September 2023.

## 7 DIVIDENDS

### (i) Dividends payable to equity shareholders attributable to the interim period

The directors do not recommend the payment of interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: \$Nil).

### (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of \$Nil per ordinary share (six months ended 30 September 2022: \$0.01 per ordinary share)	–	8,288

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

## 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 \$14,649,000 (six months ended 30 September 2022: loss of \$7,008,000) and the weighted average number of 828,750,000 (six months ended 30 September 2022: 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 2023 and 2022 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	
	2023 HK\$'000	2022 HK\$'000
Net book value as at 1 April	137,900	104,900
Fair value change	–	(300)
Net book value as at 30 September	137,900	104,600

## 10 OTHER PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
Net book value as at 1 April	33,292	44,639
Exchange difference	(481)	(1,105)
Additions	19,166	2,322
Disposals	–	(49)
Depreciation	(4,069)	(4,646)
Net book value as at 30 September	47,908	41,161

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

### 11 INVENTORIES

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
Finished goods	197,692	287,919
Less: write-down of inventories	(7,474)	(8,341)
	<b>190,218</b>	279,578

The cost of inventories recognised as expense and included in “cost of sales” amounted to \$809,092,000 (six months ended 30 September 2022: \$1,246,076,000) during the six months ended 30 September 2023.

### 12 TRADE AND OTHER RECEIVABLES

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
<b>Non-current portion</b>		
Prepayments for purchase of property, plant and equipment	671	16,010
<b>Current portion</b>		
Trade receivables, net of loss allowance	176,181	182,589
Prepayments to suppliers	35,037	17,032
Deposits	1,337	1,366
Other receivables	15,900	21,665
	<b>228,455</b>	222,652
	<b>229,126</b>	238,662

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

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
Within 1 month	112,335	141,326
Over 1 but within 2 months	51,844	34,915
Over 2 but within 3 months	10,431	6,332
Over 3 months	1,571	16
	<b>176,181</b>	182,589

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

## 13 CASH AND CASH EQUIVALENTS

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
Short-term bank deposits	37,254	–
Cash at bank and on hand	229,504	221,000
	<b>266,758</b>	221,000

## 14 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
<b>Trade and other payables</b>		
Trade payables	1,439	5,119
Accrued expenses and other payables	9,705	11,073
	<b>11,144</b>	16,192
<b>Contract liabilities</b>	<b>9,220</b>	8,704
	<b>20,364</b>	24,896

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

	At 30 September 2023 \$'000	At 31 March 2023 \$'000
Within 1 month	1,439	4,731
Over 1 but within 3 months	–	371
Over 3 months	–	17
	<b>1,439</b>	5,119

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

### 15 BANK BORROWINGS

	<b>At 30 September 2023 \$'000</b>	At 31 March 2023 \$'000
<b>Current liabilities</b>		
Bank borrowings	1,500	1,500
Non-current portion of bank borrowings with repayable on demand clause	500	1,250
	<b>2,000</b>	<b>2,750</b>

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

	<b>At 30 September 2023 \$'000</b>	At 31 March 2023 \$'000
Within 1 year or on demand	1,500	1,500
After 1 year but within 2 years	500	1,250
	<b>2,000</b>	<b>2,750</b>

None of the banking facilities as at 30 September 2023 and 31 March 2023 is subject to the fulfilment of covenant.

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

	<b>At 30 September 2023</b>	At 31 March 2023
Bank borrowings	<b>6.67%</b>	5.57%

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Hong Kong dollars unless otherwise indicated)

## 16 SHARE CAPITAL

	Number of ordinary shares '000	Nominal amount \$'000
<b>Authorised:</b>		
<i>Ordinary shares of \$0.1 each</i>		
As at 31 March 2023, 1 April 2023 and 30 September 2023	8,000,000	800,000
<b>Issued and fully paid:</b>		
<i>Ordinary shares of \$0.1 each</i>		
As at 31 March 2023, 1 April 2023 and 30 September 2023	828,750	82,875

## 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

# 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 30 September 2023 \$'000	Fair value measurements as at 30 September 2023 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Financial assets at fair value through other comprehensive income ("FVOCI")	5,489	5,489	–	–
Derivative financial instruments	4,999	–	4,999	–
	<b>10,488</b>	<b>5,489</b>	<b>4,999</b>	<b>–</b>
Financial liabilities:				
Derivative financial instruments	13	–	13	–
<b>Recurring fair value measurement</b>				
	Fair value at 31 March 2023 \$'000	Fair value measurements as at 31 March 2023 categorised into		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets:				
Financial assets at FVOCI	6,872	6,872	–	–
Derivative financial instruments	941	–	941	–
	<b>7,813</b>	<b>6,872</b>	<b>941</b>	<b>–</b>
Financial liabilities:				
Derivative financial instruments	999	–	999	–

During the six months ended 30 September 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 September 2022: 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.

# 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)

#### (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 2023 and 31 March 2023.

## 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	
	2023 \$'000	2022 \$'000
Salaries and other short term employee benefits	7,883	8,474
Post employment benefits – pension	63	63
	<b>7,946</b>	8,537

### (b) Transactions with related companies

	Six months ended 30 September	
	2023 \$'000	2022 \$'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 20 which comprises the consolidated statement of financial position of Lee Kee Holdings Limited as of 30 September 2023 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.

## INDEPENDENT REVIEW REPORT (CONTINUED)

### 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 2023 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

16 November 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERALL BUSINESS PERFORMANCE

### Financial Review

During the Interim Period, the Group continued to be impacted by a higher interest rate environment, greater exchange rate fluctuations and unfavourable metal price trends amidst a slowing global economy. While such business headwinds have inevitably led to a corresponding decline in the Group's performance for the first half of the financial year 2023/24, the Group was able to deliver margin improvement with ongoing product mix and diversification.

The Group's revenue for the Interim Period declined to HK\$845 million, compared to HK\$1,304 million in the Comparative Period. Due to softening demand, tonnage sold by the Group has fallen 15.9% to approximately 37,610 tonnes compared to 44,730 tonnes for the same period last year.

The Group recorded a gross profit of HK\$36.5 million and a gross profit margin of 4.3% for the Interim Period, compared with a gross profit of HK\$53.0 million and a gross profit margin of 4.1% 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 equity shareholders of the Company of around HK\$14.6 million during the Interim Period, compared to a loss of HK\$7.0 million during the Comparative Period.

The loss was attributable to lower revenue and unfavourable metal prices during the Interim Period, partly offset by our efforts put on products and services diversification.

Global zinc prices retreated throughout most of the Interim Period as a result of declining global industrial activity and higher interest rates. Zinc prices traded at a high of around US\$2,900 per metric ton from the start of the Interim Period in April 2023, falling steadily to a low range of around US\$2,200 in May 2023 before stabilizing and hovering between US\$2,300 - US\$2,600 per ton until the end of September 2023.

The Group recorded a decrease in distribution and selling expenses for the Interim Period of approximately HK\$4.1 million, compared to the Comparative Period, while the general and administrative expenses increased by 3.0% to HK\$43.8 million compared to the Comparative Period.

The Group recorded a slight decrease in other income of HK\$5.6 million for the Interim Period, compared to HK\$6.6 million during the Comparative Period. Increase in other income from the Group's testing laboratory business and property investments helped partially offset a decline in overall other income.

The Group's finance costs for the Interim Period were reduced to HK\$0.3 million compared to HK\$3.4 million in the Comparative Period. The Group continues to retain a healthy financial position, with HK\$267 million cash and cash equivalents and HK\$2 million bank borrowing as of 30 September 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Business Review

#### ***Focused sustainability strategy strengthens business resilience***

During the Interim Period, macroeconomic headwinds, including sustained inflation, high interest rates and intensifying geopolitical tensions continued to dampen consumer demand, leading to a fragile global economy and significantly weakening demand for non-ferrous metals. Despite these challenges, Lee Kee Group's business model remained resilient, thanks to the strong focus on responsible supply chain management, sustainable manufacturing and innovative products and services.

As policymakers around the world pivot to sustainable development, the Group continued to see a shift in demand towards more sustainable products and services. Its unique positioning and offerings, including its own branded alloys, Mastercast and Genesis, and value-added solutions tailored for responsible sourcing and sustainable manufacturing, enabled the customers to meet stricter sustainability requirements.

#### ***Responsible supply chain management backed by advanced product traceability***

Leveraging advanced technology and origin tracking of raw materials, the Group is committed to upholding responsible mineral sourcing practices in accordance with the Organisation for Economic Cooperation and Development ("OECD") Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. By embedding traceability features into every product batch, the Group, with its dedication to Sustainability and Innovation, is leading the industry in quality, transparency and accountability in responsible sourcing and production.

#### ***Ongoing digitalization resulting in higher customer satisfaction and operational efficiency***

The Group has upgraded its production facility in Hong Kong to benefit from Industry 4.0. Its integrated digitalized platforms further strengthened communication and collaboration with the suppliers and partners, resulting in higher customer satisfaction. Ongoing monitoring of production also enables timely adjustment processing. Through data-driven decision making and process optimization, the Group shortened production and shipment lead times, greatly increasing operational efficiency and mitigating the impact of rising costs. Digitalization is also enabling the Group to be more agile and flexible in adapting to changes in the market and smaller batch shipment.

#### ***Accelerating growth through diverse services***

The Group provides value solutions beyond metals by promoting a broader range of valued-added professional services, including professional consultancy, specialty alloys, quality assurance for metals, and extending testing laboratory services to construction materials and water quality.

During the Interim Period, the Group generated higher other income from these services, in particular the testing of construction materials and water quality. Promet's new online diagnosis platform is also gaining traction from new customer segments, while the social media channels for water testing service continue to attract followers including domestic households and other businesses in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### ***Geographic diversification intensifies customer engagement***

As more manufacturers diversify their production footprint across the ASEAN region, Lee Kee Group extends its geographic presence to target the growing demand from domestic and multinational manufacturers. Its diversified sales locations are strategically placed adjacent to major manufacturing hubs, allowing the Group to forge closer relationships with customers and deepen engagement to drive long-term business growth.

### ***Green Finance Certificate opens up more financing opportunities***

During the Interim Period, the Group made substantial progress on sustainability. Lee Kee International Limited, one of the Group's subsidiaries, is certified by the Hong Kong Quality Assurance Agency (HKQAA) for compliance with the requirements of the Green and Sustainable Finance Certification Scheme.

Obtaining this certification of a sustainability-linked loan will enable more green financing opportunities for the coming years. The credentials assessed by the independent third-party organization cover a wide spectrum, including the Group's progress in reducing greenhouse emissions and energy consumption, governance and commitment to occupational health and safety.

### ***Robust risk management and governance to weather market volatilities***

The Group upholds a high level of governance and has a rigorous risk management system to ensure healthy cash flow for its business. This significantly reduces risk in a volatile business environment.

Employees are also fundamental building blocks of our sustainable business. In staff training and development, the Group provides regular and structured training and development programs, including anti-corruption, and data privacy classes, to ensure the employees are up-to-date on the latest regulation and compliance rules while providing opportunities for ongoing advancement. The Group's commitment to diversity and inclusiveness is also conducive to a harmonised work environment.

### **Prospects**

Looking into the second half of the year, the Group expects business challenges to persist, given the external macroeconomic headwinds with high interest rates, inflation and intensifying geopolitical tensions. At the same time, the Group also sees opportunities arising from accelerated shifts towards sustainable economic development, which is expected to spur demand for responsibly sourced and recycled materials.

Lee Kee Group has made much progress on sustainability over the past few years, differentiating itself from the peers. It is well-positioned to capture opportunities arising from sustainability trends.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### ***Capturing opportunities from green supply chain***

Greener manufacturing requires tailored solutions for metal testing and advisory services and will support the stable demand for specialty alloys and high-quality metals. The Group's ability to provide carbon emission data, verified by third parties, is critical in helping its clients with their transition. The Group strives to identify and capture business opportunities from these ongoing sustainability trends. At the same time, it will continue to assist its clients' transit to green manufacturing by providing metals solutions that include material traceability and responsible supply chain management while advocating green practice with the clients, sharing valuable experience on the green journey and synergies it achieved with green financing. The Group will also seek to tap adjacent market opportunities arising from the need for more carbon data disclosure in the supply chain.

### ***Continuous investment into new capacity and emerging industries***

With ongoing product innovation, the Group regularly evaluates new materials and processes through the R&D division. The Group also invests in new capacities to meet new metals demands, while exploring business opportunities in emerging industries and services. Encouraged by the results of the AI-assisted 3D surgical planning platform, which has won worldwide acclaim at the 48th Geneva International Exhibition of Invention, the Group will continue to explore new ways to deploy metals in the medical fields as well as other emerging industries, paving ways for more diversified opportunities to mitigate business challenges ahead.

## **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 2023, the Group had unrestricted cash and bank balances of approximately HK\$267 million (31 March 2023: HK\$221 million) and bank borrowings of HK\$2 million (31 March 2023: HK\$2.8 million). The gearing ratio (total borrowings and lease liabilities to total equity) as at 30 September 2023 was 1.14% (31 March 2023: 1.21%). The Group has a current ratio of 2,738% as at 30 September 2023 (31 March 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### EMPLOYEES

As at 30 September 2023, the Group had approximately 180 employees (as at 30 September 2022:180 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\$33.0 million (for the six months ended 30 September 2022: HK\$30.8 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 2023, 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 2023, 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 2023, 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:

- 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 6th 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 2023, no person, other than the Directors and Chief Executive (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 14 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 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 Interim Period.

On behalf of the Board of Directors

**LEE KEE HOLDINGS LIMITED**

**CHAN Pak Chung**

*Chairman*

Hong Kong, 16 November 2023

We Create Value Solutions Beyond Metals  
引領金屬發展 共創增值方案



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