[For immediate release]

利記控股有限公司
LEE KEE HOLDINGS LIMITED
SINCE 1947

LEE KEE ANNOUNCES 2011 ANNUAL RESULTS

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(Hong Kong, 23 March 2012) — **LEE KEE Holdings Limited** ("LEE KEE" or the "Company") (Stock code: 637), a leading metals supply chain company, today announced the consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the year ended 31 December 2011.

2011 was a year that presented a number of challenges which affected the world economy. The natural disasters that struck Japan and Thailand, Europe's sovereign debt crisis and China's tightening credit control policy all severely hindered the performances of many industries. Notwithstanding the volatile environment, LEE KEE still managed to maintain turnover and tonnage sold at levels almost comparable with that of last year. Revenue experienced a modest decline of 2.5% to approximately HK$3,519.7 million in 2011 (2010: HK$3,610.3 million). Tonnage sold was 159,400 metric tonnes in 2011 (2010: 170,000 metric tonnes).

With the downward price trend of most base metals in 2011, especially in the second half year, LEE KEE's gross profit was negatively affected, falling to approximately HK$68.2 million in 2011 (2010: HK$160.2 million). The closing price of zinc – a major product of the Group – on the London Metal Exchange fell from US$2,470 per metric tonne on 4 January 2011 to US$2,365 on 30 June 2011, representing a 4.3% decrease. Subsequently, price of zinc slid to US$1,845 per metric tonne by 30 December 2011 or an additional drop of approximately 22%, representing nearly a 25% drop for the full year. Nickel, copper and aluminum prices fell as well, down by approximately 25%, 20% and 18% respectively during 2011.

In October 2011, a well-known metal broking firm, MF Global UK Limited ("MF Global UK"), applied to the High Court in London for special administration, and the cash balance of around HK$22.5 million maintained with MF Global UK by the Group for metal trading was duly treated as an impairment loss and recorded in the accounts in 2011. The Group took prompt action, including engaging and consulting with legal advisers in London to seek recovery of the funds and closely monitored the situation.

Overall, the Group reported a loss attributable to equity holders of the Company of HK$31.6 million (2010: profit attributable to equity holders of the Company of HK$59.5 million). Basic loss per share was HK3.82 cents (2010: basic earnings per share were HK7.18 cents).

Ms. Clara Chan, Chief Executive Officer of LEE KEE, said, "In the face of challenging operating conditions in 2011, LEE KEE introduced a number of initiatives which, based on a stringent review of cost control measures, were designed to enhance both upstream and downstream operations. Flexibility of our operations was enhanced through a streamlining exercise and the demands of our customers were fulfilled in a very timely manner. The Group also secured quality suppliers with new storage and blending capacity. All of the aforesaid efforts will enable the Group to quickly recover and emerge stronger once the global economy improves."

Business Review

In recent years, the Chinese Government has been promoting investment in the manufacturing industries in central and western parts of the country. Having established an office in Chengdu, LEE KEE can now extend its sales and distribution reach to strategically cover key regions of Central and Western China. Revenue from China rose to approximately HK$719 million, up 30.8% over 2010, and the proportion of revenue derived from China also increased from 15.2% to 20.4%.

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In respect of Promet Metals Testing Laboratory Limited ("Promet"), a wholly-owned subsidiary of the Group that is accredited by The Hong Kong Laboratory Accreditation Scheme ("HOKLAS"), the company further bolstered its competence in providing technical support to the Group by expanding its scope of testing services to stainless steel during the year. LEE KEE regards Promet as a vehicle that provides the Group with a significant competitive edge over its competitors.

In 2011, Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), the Group's 50%-owned zinc alloy production joint venture, produced approximately 13,680 tonnes of zinc alloy (2010: 14,230 tonnes) and contributed revenue of approximately HK$51 million (2010: HK$78 million) to the Group.

Optimistic about stainless steel development and contributions from Lee Yip Metal Products Company Limited ("Lee Yip"), the Group increased its stake in Lee Yip from 70% to 100% in September 2011 at a total consideration of HK$4.6 million. Lee Yip, which enjoys the twin benefits of sharing its location with Tai Po Technology and Logistic Centre and having its operations extended to the PRC, sold 5,063 tonnes (2010: 5,617 tonnes) of stainless steel, contributing revenue of approximately HK$113 million (2010: HK$133 million) to the Group during the year.

Prospects

LEE KEE remains cautiously optimistic about the outlook of the global economy in 2012. The combination of declining global inflation, accommodative monetary policies and inventory building should expand global industrial output in the short-term, thus ultimately lead to strengthening demand for minerals and metals. The Group believes these factors will help stimulate its developments in the future.

Looking forward, domestic demand will become the primary force that drives China's economic growth, which in turn will generate demand for LEE KEE's products and services. The Group will leverage its existing advantage of being a leading metal supply-chain management specialist, and fully utilise its integrated operations to capitalise on market growth. As well, LEE KEE will closely monitor all areas of China, and carefully explore any and all opportunities that may arise in the future.

Global production of stainless steel saw a strong recovery in 2011, rising by 23.6% over the preceding year. With an increased stake in Lee Yip, LEE KEE expects to benefit from greater turnover that the company will generate in the future.

Ms. Chan concluded, "We invest into our future through enhancing performances in core business segments and diversifying into new business segments. We have the financial strength, operating skills and presence across a range of markets to give us the resilience and confidence to move forward through changing and demanding times. It is expected that growth will recommence when the business environment improves, at which time LEE KEE should reach new heights and bring attractive returns to our loyal shareholders."

About LEE KEE Holdings Limited

Established in 1947 in Hong Kong, LEE KEE is a leading metals supply chain management company which specializes in providing value-added services to customers with its own integrated value added services (IVAS) model. With an extensive and strong portfolio of worldwide suppliers and customers, LEE KEE continues to be the largest zinc alloy importer in the PRC, with total sales of zinc alloy making up approximately 72% of the total alloy import volume of the country.

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Appendix: Consolidated Income Statement for the year ended 31 December 2011

	Year Ended 31 December	
	2011	**2010**
	HK$'000	**HK$'000**
Revenues	3,519,748	3,610,302
Cost of sales	(3,451,517)	(3,450,070)
Gross profit	68,231	160,232
Other income	4,566	2,948
Distribution and selling expenses	(22,272)	(16,637)
Administrative expenses	(75,409)	(74,701)
Other gains, net	3,832	8,305
Operating (loss)/ profit	(21,052)	80,147
Finance costs	(9,954)	(6,109)
(Loss)/ profit before income tax	(31,006)	74,038
Income tax expense	(254)	(12,020)
(Loss)/ profit for the year	(31,260)	62,018
(Loss)/ profit attributable to:		
Equity holders of the Company	(31,618)	59,472
Non-controlling Interests	358	2,546
	(31,260)	62,018
(Loss)/ earnings per share for (loss)/ profit attributable to the equity holders of the Company during the year - basic and diluted (Hong Kong cents)	(3.82)	7.18
Dividends	8,287	20,718

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