[For immediate release]

利記控股有限公司
LEE KEE HOLDINGS LIMITED

LEE KEE ANNOUNCES 2012 ANNUAL RESULTS

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(Hong Kong, 15 March 2013) — **LEE KEE Holdings Limited** (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 2012.

During the year under review, there was a deepening of the sovereign debt crisis in Europe and a slow US economic recovery, which led to the falling demand for Chinese exports and LEE KEE's products. Tonnage sold by LEE KEE (including its jointly controlled entity) during 2012 was 131,000 metric tonnes (2011: 159,000 tonnes). The lower tonnage sold and fluctuating base metal prices were the main factors in a 29% decline in revenue to HK$2,516 million, compared to HK$3,520 million in 2011. Gross profit declined 19% to HK$55.2 million, compared to HK$68.2 million in the previous year.

Base metal prices fluctuated widely in 2012. The closing price of zinc was US$2,080 per metric tonne on 31 December 2012, up 10.8% from US$1,878 per metric tonne on 3 January 2012. Nickel and aluminium prices fell 9.7% and 0.2% over the year respectively, while copper rose 1.8% during 2012.

During the year under review, the Group recorded a partial reversal of a HK$22.5 million impairment booked by the Group in 2011 following the collapse of MF Global UK Limited. In October 2012, the Group sold its unsecured creditor claim for a net HK$16.7 million, reversing the earlier impairment by approximately 74%.

The net additional gains served to boost the Group's profitability. During the year under review, it recorded a loss attributable to the shareholders of HK$29.7 million, a 6% improvement on the loss of HK$31.6 million in the previous year. Basic loss per share was HK3.58 cents (2011: basic loss per share was HK3.82 cents).

Despite this loss, the Group has reduced a majority of its debt and strengthened its balance sheet, with HK$440 million cash on hand and a gearing ratio of 1.3% as at the end of the year under review. The Group is considerably less leveraged than many of its competitors and is better placed to ride out the economic cycle.

Ms Clara Chan, Vice Chairman and Chief Executive Officer of LEE KEE, said, "The business environment remained challenging especially during the first half of 2012, as weak global trade led to unstable metal prices, particularly for zinc, our main product. Confidence amongst Chinese exporters improved in the second half of the year as the European debt crisis stabilized and on greater political certainty following the completion of elections in the United States and leadership transition in China. This revival contributed to an upswing in China's economy towards the end of the year, enabling the Group to recover some profitability and margins, while cutting inventory. Despite the prevailing market challenges, LEE KEE maintained its dominant position in the PRC and regional zinc alloy industry, enabling it to increase its market share despite declining volumes sold across the entire industry."

Business Review

For the full year, LEE KEE's sales and distribution centres in the PRC contributed HK$ 534 million or 21% of the Group's total revenue. The remaining 79% of revenue is attributable to the Group's principal sales and logistics centre in Hong Kong, which remains the principal gateway for the import of zinc and other non-ferrous metals into the PRC.

LEE KEE has invested in a number of upstream and downstream businesses to provide value-added services to its customers – enabling the Group to increase margins, expand its sources of revenue and maintain market share by differentiating its service offerings from those of its competitors.

Lee Yip Metal Products Company Limited, a wholly-owned stainless steel processing and distribution subsidiary, sold approximately 3,745 tonnes of stainless steel during the year (2011: 5,063 tonnes) and contributed revenue of approximately HK$76 million (2011: HK$113 million). Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), the Group's 50%-owned zinc alloy production joint venture, produced approximately 11,140 tonnes of zinc alloy during the year (2011: 13,680 tonnes) and contributed revenue of approximately HK$46 million (2011: HK$51 million) to the Group. Genesis Ningbo was developed to provide an alternative source of zinc alloy, supporting the Group's margins.

Promet Metals Testing Laboratory Limited ("Promet") is LEE KEE's wholly-owned materials testing subsidiary, accredited by The Hong Kong Laboratory Accreditation Scheme. Supplementing the Group's in-house technical support and quality assurance, it provides chemical testing and certification – adding value to the Group's customers by helping them troubleshoot production defects, minimize production costs and lower the risk of product recalls and litigation. Through Promet's services, the Group aims to increase the loyalty of its customer base.

Prospects

The Group expects the economic upswing experienced in China towards the end of 2012 will continue into 2013. Nonetheless, risks remain, including austerity-driven recession in some European countries and the unresolved fiscal deficit debate in the United States.

Industrial metal prices in the short term should continue their upward momentum as China's economy accelerates and manufacturing activities recover, despite weak global demand. LEE KEE's management remains confident that long-term demand for its products will remain strong, especially in light of the 18th National People's Congress' commitment to further urbanization, as well as ongoing infrastructure upgrades across southeast Asia.

Ms Chan concluded, "LEE KEE's strong balance sheet has seen the Group through a number of economic cycles, while smaller competitors were forced to exit the market. In order to better position the Group for demand recovery, we will continue to streamline our operations, adapt our product mix to address changing market conditions and leverage value-added services such as those provided by Promet to increase margins and attract customers. LEE KEE will also continue to deepen client relationships, particularly in key growth areas such as northeastern and western China, and southeast Asia. Management will also prudently explore measures, including acquisitions, to enhance profitability over the coming year."

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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.

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Appendix: Consolidated Income Statement

	Year ended 31 December	
	2012	**2011**
	HK$'000	**HK$'000**
Revenue	2,515,730	3,519,748
Cost of sales	(2,460,508)	(3,451,517)
Gross profit	55,222	68,231
Other income	1,242	1,518
Distribution and selling expenses	(19,452)	(22,272)
Administrative expenses	(74,652)	(75,409)
Other gains, net	7,942	3,832
Operating loss	(29,698)	(24,100)
Finance income	5,128	3,048
Finance costs	(5,170)	(9,954)
Finance costs - net	(42)	(6,906)
Loss before income tax	(29,740)	(31,006)
Income tax expense	37	(254)
Loss for the year	(29,703)	(31,260)
Loss attributable to:		
Equity holders of the Company	(29,703)	(31,618)
Non-controlling interests	-	358
	(29,703)	(31,260)
Loss per share for loss attributable to the equity holders of the Company during the year		
- basic and diluted (Hong Kong cents)	(3.58)	(3.82)
Dividends	-	8,287

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