



LEE KEE ANNOUNCES 2013 INTERIM RESULTS

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GROSS PROFIT INCREASES BY 113.4%; LOSS ATTRIBUTABLE TO THE SHAREHOLDERS NARROWS 89.8% TO HK\$4.8 MILLION

(Hong Kong, 2 August 2013) — **LEE KEE Holdings Limited** (“the Company”) (Stock code: 637), a leading metals supply chain company, today announced the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively “LEE KEE” or the “Group”) for the six months ended 30 June 2013.

During the period under review, the Group experienced an overall downward pressure on metal prices, of which, zinc (the main product of the Group) and nickel fell approximately 11% and 20% respectively. Revenue for the first half of 2013 fell 8.62% to approximately HK\$1,162 million, compared to approximately HK\$1,271 million for the same period last year. Tonnage sold by the Group fell around 1.94% to 61,170 metric tonnes, from 62,380 tonnes in the first half of 2012. Gross profit for the period increased 113.4% from approximately HK\$16.7 million to approximately HK\$35.6 million, largely attributable to reliable value-added services that are highly valued by customers especially under adverse business conditions. The loss attributable to shareholders was HK\$4.8 million (1H2012: loss attributable to shareholders was HK\$47.3 million), representing a significant reduction in loss despite a similar level of tonnage sold when compared to the same period of 2012. The basic loss per share was HK0.58 cent (1H2012: basic loss per share was HK5.71 cents).

Ms Clara Chan, Vice Chairman and Chief Executive Officer of LEE KEE, said, “The first half of 2013 was a period of mixed sentiment as the world economy continued to face significant uncertainty and moderate export growth. Against the backdrop of a weak global economy, LEE KEE has continued to build up a strong presence in the major manufacturing hubs in southern and eastern China, including Shenzhen, Guangzhou and Wuxi, via a network of strategic sales and distribution centres. Each sales and distribution centre continued to expand and strengthen our relationships with customers, ensuring that the Group is well positioned to capture future growth opportunities.”

Business Review

During the first six months of 2013, LEE KEE’s sales and distribution centres in the PRC contributed approximately HK\$227 million or 19.5% (1H2012: HK\$258 million or 20.2%) of the Group’s total revenue, while 80.5% (1H2012: 79.8%) of revenue was attributed to the Group’s principal sales and logistical centre located in Hong Kong, which remains the primary gateway for the import of zinc and other non-ferrous metals into the PRC.

LEE KEE maintains strong long-term collaboration with a number of non-ferrous metal suppliers around the world. In addition, LEE KEE has participated in a number of upstream and downstream businesses to provide value-added services to its customers, expanding its revenue sources and maintaining market share by differentiating its service offerings from its major competitors.

Lee Yip Metal Products Company Limited (“Lee Yip”), a wholly-owned stainless steel processing and distribution subsidiary which provides additional revenue to the Group, sold approximately 2,220 tonnes of stainless steel during the period (1H2012: 1,830 tonnes) which contributed revenue of approximately HK\$44.0 million (1H2012: HK\$38.1 million).

Genesis Alloys (Ningbo) Limited (“Genesis Ningbo”), a 50%-owned zinc alloy production joint venture, produced approximately 6,220 tonnes of zinc alloy (1H2012: 5,480 tonnes) and contributed net profit of approximately HK\$1.10 million during the first half of 2013. (1H2012: net loss of approximately HK\$1.10 million)

Promet Metals Testing Laboratory Limited (“Promet”), a wholly-owned materials testing subsidiary which is accredited by The Hong Kong Laboratory Accreditation Scheme, supplements the Group’s in-house technical support and quality assurance. It provides chemical testing and verification services, significantly adding value to the Group’s customers by helping them troubleshoot production defects, minimise production costs and lower the risk of product recalls and litigation. The Group enhances customer loyalty through Promet which thus contributes to the Group’s long-term revenue stream.

Prospects

Looking ahead, with emerging middle class with high living standard and the accelerated urbanization in China, LEE KEE’s management is particularly confident that long-term demand for LEE KEE’s high quality products will be better positioned to capture such high end market, especially in line with China’s policy to shift from one reliant on exports and investment to a more decelerate but sustainable growth based on domestic consumption and infrastructure upgrades cross South East Asia.

Ms Chan concluded, “The external macro-economic situation remains complicated, but such uncertainty also creates opportunity. LEE KEE’s strong financial position has seen the Group successfully ride through economic turmoil in the past and will do so again. In order to prepare ourselves for recovery of demand, we will continue to streamline our operations, adapt our product mix to the rapidly changing environment and leverage value-added services, such as in-house technical support, quality assurance and chemical testing and verification provided by Promet, to substantially improve the Group’s overall margins. We will also continue to strengthen client relationships, particularly in key growth areas such as North Eastern and Western China, and South East Asia. Management will also prudently explore potential opportunities to enhance the Group’s profitability during the coming year.”

-The End-

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 by far the largest zinc alloy importer in the PRC.

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