



LEE KEE RETURNS TO PROFIT IN FY2013/14 AND SETS PATH FOR POWERING GROWTH

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Highlights

- HK\$3.87 million profit for 15-months ended 31 March 2014; EPS of HK0.47 cents
- Tonnage sold increased around 20%
- Performance boosted by recovery in the U.S and European markets, expanded range of value-added services and more diversified customer base
- The Board of Directors proposes a final dividend of HK1 cent per share

(Hong Kong, 12 June 2014) — **LEE KEE Holdings Limited** (“LEE KEE” or the “Company”) (Stock code: 637), a leading solutions provider for the metals industry, today announced the consolidated results for the Company and its subsidiaries (collectively “LEE KEE” or the “Group”) for the fifteen months ended 31 March 2014 (“the 15-month Period”).

Revenue for the 15-month Period was HK\$2,887 million, up from HK\$2,471 million for the twelve months ended 31 December 2012 (“the Previous 12-month Period”). Tonnage sold by the Group in the 15-month Period rose around 20% compared to the Previous 12-month Period, with the 15-month Period covering two Chinese New Year festivals – a traditionally slow period for the Group.

Gross profit for the 15-month Period under review was HK\$117 million, up from HK\$51.9 million for the Previous 12-month Period. The Group’s gross profit margin for the 15-months under review was 4.02%, compared to 2.10% for the Previous 12-month Period. The Group recorded a profit of HK\$3.87 million for the 15-months under review, compared to a loss of HK\$29.7 million for the Previous 12-month Period. Earnings per share for the Period was HK0.47 cents, compared to a loss per share of HK3.58 cents for the Previous 12-month Period.

The growth in gross profit and net profit was mainly due to a recovery in the U.S and European markets, expanded range of value-added services and a more diversified customer base.

The Board of Directors proposes a final dividend of HK1 cent per share.

Ms Clara Chan, Vice Chairman and Chief Executive Officer of LEE KEE, said, “I am pleased with LEE KEE’s improved financial performance during the 15-months under review. 2013 and 2014 have been significant years for LEE KEE, during which we oversaw a sizable expansion of LEE KEE’s range of tailored products and value-adding solutions. Our mission is “we create value solutions for metals” and with our professional, innovative and passionate team, we are confident that we will grow our market share, increase our number of customers and diversify into other countries in the coming year.

Business Review

LEE KEE's primary focus during the 15-months under review has been 'powering growth', which saw the Group initiate a number of high-potential investments and services to improve its dominant market position in Greater China and better position itself in ASEAN, to capture growing manufacturing volumes in the region.

During the 15-month Period, the Group was the trusted partner of around 1,100 customers from over 20 industries based across the Greater China and ASEAN

Greater China and ASEAN were particularly important source of growth for the Group. This growth was brought about by an ongoing expansion of capacity and continued investment in LEE KEE's sales and distribution centres in the industrial powerhouses of Hong Kong, Shenzhen, Guangzhou, Wuxi and Chengdu.

In January 2014, LEE KEE joined the ranks of renowned international metal players by becoming the first company in Hong Kong to be admitted as a Category 5 Associate Trade Member of the London Metal Exchange ("LME"). The prestige of being a member of the world's premier metals trading platform also strengthened LEE KEE's already strong recognition and reputation in the market.

Other priorities for the Period included investing in new technology to further expand LEE KEE's range of technical services and new testing equipment to increase the metal testing capabilities of its wholly-owned metals testing subsidiary Promet Metals Testing Laboratory Limited ("Promet"), as well as in new production facilities to increase the Group's metal production. LEE KEE was also recently granted ISO14001:2004 accreditation for its environmental management system, as well as ISO/TS 16949:2009 accreditation, an automotive industry benchmark, for its ability to meet quality standards. These new environmental and automotive quality accreditations opened up LEE KEE's products to a wider pool of customers and powered the Group's sustainable growth.

The 15-months under review also saw a rapid improvement in the productivity and revenue contribution of LEE KEE's upstream and downstream businesses: Lee Yip Metal Products Company Limited ("Lee Yip"), a wholly-owned stainless steel processing and distribution subsidiary, and Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), the Group's 50%-owned zinc alloy production joint venture in Ningbo. During the period, Lee Yip sold approximately 5,700 tonnes of stainless steel and contributed revenue of approximately HK\$106 million (Previous 12-month Period: 3,740 tonnes sold and HK\$76 million in contributed revenue), while Genesis Ningbo produced approximately 16,200 tonnes of zinc alloy (Previous 12-month Period: 11,140 tonnes produced). Revenue of Genesis Ningbo for the 15-month Period was HK\$289 million (Previous 12-month Period: HK\$193 million).

Prospects

As the only Category 5 Associate Trade Member of the LME in Hong Kong, LEE KEE is in an unique position to further expand its business network and to explore new opportunities and avenues for growth.

The Group expects that improving economic conditions in the U.S. and Europe will continue to support its dominant market position and demand for its products and services. This demand will also be backed by the needs of the rising middle class in Greater China and ASEAN countries for quality metals and premium products – for which LEE KEE’s metals are a key component. It cautiously expects zinc and nickel prices in the coming periods to be supported by limited global supply caused by recent and upcoming mine closures in Canada and Australia, restrictive mineral export policies imposed in markets such as Indonesia and a possible widening of trade sanctions against Russia.

LEE KEE will continue to invest in the expansion of its technical and metal testing services to meet the specific and evolving needs of a broader base of customers, as well as in measures to further grow the scale and profitability of its upstream and downstream businesses – Lee Yip and Genesis Ningbo. It will also introduce a knowledge management system to capture, develop and share the Group’s collective knowledge and experience to help improve LEE KEE’s ability to serve a greater number of customers. It will also leverage on its recently granted ISO14001:2004 and ISO/TS 16949:2009 quality accreditations to further expand its range of tailored metal products and services and grow its market share in the automotive and green industries. It will also evaluate the feasibility of gaining quality accreditations in other industries in order to open up new opportunities.

Ms Chan concluded, “With promising high-growth projects in place, LEE KEE is well-placed to grow its market share and become the partner of choice for more and more of the world’s metals companies across the supply chain. Looking forward, we will continue to take steps to streamline our operations and contain costs to further enhance our profitability in the coming years. We will also prudently explore high-potential investment opportunities, including selected acquisitions, during the coming periods in order to further improve our product range, open up more growth opportunities and maximise the Group’s long-term returns to shareholders.”

About LEE KEE Holdings Limited

Established in 1947 in Hong Kong, LEE KEE is a leading solutions provider for the metals industry which specializes in providing quality metal materials and value-added solutions to customers. 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. LEE KEE has been an Associate Trade member (Category 5) of the London Metals Exchange since January 2014 – the first such member based in Hong Kong.

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Appendix: Consolidated Income Statement

	The fifteen months ended 31 March	Year Ended 31 December
	2014	2012
	<u>HK\$'000</u>	<u>HK\$'000</u> <u>(Restated)</u>
Revenue	2,886,467	2,470,562
Cost of sales	(2,768,798)	(2,418,599)
Gross profit	117,669	51,963
Other income	1,009	951
Distribution and selling expenses	(24,400)	(18,548)
Administrative expenses	(94,928)	(72,183)
Other gains, net	293	8,043
Operating loss	(357)	(29,774)
Finance income	6,479	5,045
Finance costs	(1,811)	(2,842)
Finance costs, net	4,668	2,203
Share of profit/(loss) of a joint venture	945	(2,169)
Profit/(loss) before income tax	5,256	(29,740)
Income tax (expense)/credit	(1,388)	37
Profit/(loss) for the period/year	3,868	(29,703)
Profit/(loss) attributable to:		
Equity holders of the Company	3,868	(29,703)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period/year		
- basic and diluted (Hong Kong cents)	0.47	(3.58)