



LEE KEE DELIVERS STRONG PROFIT IN FY2014/15 INTERIM PERIOD

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Highlights

- HK\$41.0 million profit for 6-months ended 30 September 2014; EPS of HK4.95 cents
- 64,070 tonnes sold in 6-month Period
- Improved performance partially attributed to higher global metal prices and the improved performance of professional value-added services
- The Board of Directors declares an interim dividend of HK 1 cent per share

(Hong Kong, 25 November 2014) — **LEE KEE Holdings Limited** (“LEE KEE” or the “Company”) (Stock code: 637), a leading solutions provider for the metals industry, today announced the unaudited condensed consolidated results for the Company and its subsidiaries (collectively “LEE KEE” or the “Group”) for the six months ended 30 September 2014 (“the 6-month Period” or the “Interim Period”).

Revenue for the 6-month Period was HK\$1,273 million, up 0.46% compared to the six months ended 30 September 2013 (“the Corresponding Period of last year”). Tonnage sold by the Group in the 6-month Period was 64,070 tonnes.

Gross profit for the 6-month Period was HK\$90.7 million, up 159% compared to the Corresponding Period of last year. Gross profit margin for the 6-month Period was 7.1%, compared to 2.8% in the Corresponding Period of last year. The Group recorded a profit attributable to equity holders of the Company of HK\$41.0 million in the 6-month Period, compared to a loss of HK\$8.8 million for the Corresponding Period of last year.

The rise in gross profit and profit attributable to equity holders of the Company was partially attributed to higher global metal prices and the improved performance of LEE KEE’s professional value-added services. The Group’s performance in the 6-month Period was also supported by its resilient business model, particularly its ability to trade metal from both inside and outside China which helped mitigate the impact of lower metal prices in China.

The Board of Directors declares an interim dividend of HK 1 cent per share.

Ms Clara Chan, Vice Chairman and Chief Executive Officer of LEE KEE, said, “Our growth-powering services and initiatives continued to strengthen our financial performance during the Interim Period, as well as our reputation as a leading solution provider for metals in the Greater China and ASEAN regions. We also invested further in the Group’s manufacturing capabilities, including in new equipment and production capacity, as well as in new professional talent and research and development.”

Business Review

LEE KEE continued to focus on “powering growth” during the 6-months under review and is currently the trusted partner of over 1,100 customers from more than 20 industries in the Greater China and ASEAN regions.

The Group continued to invest in new machinery and logistics capabilities at its subsidiary Lee Yip Metal Products Company Limited (“Lee Yip”), which contributed revenue of approximately HK\$37 million during the 6-month Period. The performance of Genesis Alloys (Ningbo) Limited (“Genesis Ningbo”), a producer of high-quality zinc alloys, was boosted by rising global demand for zinc and synergies achieved following LEE KEE’s recent acquisition of the remaining 50% stake in the company. It contributed net profit of approximately HK\$0.87 million during the 6-month Period.

The Group also continued to place a top priority on expanding the capabilities of its technical services team by investing in new technology. Recently introduced technical services have been highly recognized by customers for improving their production efficiency. LEE KEE also expanded the scope of testing services offered by its wholly-owned metals testing subsidiary Promet Metals Testing Laboratory Limited (“Promet”), Hong Kong’s first Hong Kong Laboratory Accreditation Scheme (HOKLAS) facility.

The Group’s Chief Executive Officer Clara Chan was also recently appointed as a member of the London Metals Exchange (LME)’s Lead and Zinc Committee, as well as a Board Risk Committee member of LME Clear Limited, the new clearing house of the LME. Her appointment is recognition of LEE KEE’s ability to act as a bridge between the LME and the zinc industry – across both the upstream and downstream of the value-chain – as well as LEE KEE’s strong positioning and contribution to the global zinc market. Her extensive knowledge of the industry and experience with downstream end users in Asia will ensure that their suggestions are reflected to the international metal platform.

Prospects

LEE KEE expects that demand for its value-added services will continue to grow during the rest of the fiscal year with more metal end users seeking value solutions for metals in order to meet rising demand for quality metals and premium products in the Greater China and ASEAN regions.

LEE KEE will continue to utilise its upgraded research and development capabilities to create more innovative value-adding solutions and tailored metal alloys that meet the specific needs of its customers, while also investing further in its upstream and downstream businesses – Lee Yip and Genesis Ningbo. It will also continue to invest in new technology and equipment to further expand the scope of services offered by Promet.

Ms Chan concluded, “Despite growing uncertainty in the global economy, LEE KEE is well-placed to grow its market share as increasing numbers of metal end users recognise our ability to deliver value-adding and innovative solutions. We will continue to explore new business streams, selected acquisitions and other high-potential investment opportunities to provide returns to shareholders. We will also further expand our range of products and services to strengthen our status as a leading solutions provider for the metals industry.”

About LEE KEE

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: Condensed Consolidated Income Statement

Six months ended 30 September

	2014 <u>HK\$'000</u> (Unaudited)	2013 <u>HK\$'000</u> (Unaudited)
Revenues	1,273,378	1,267,549
Cost of sales	(1,182,715)	(1,232,518)
Gross profit	90,663	35,031
Other income	587	399
Distribution and selling expenses	(9,928)	(8,921)
Administrative expenses	(36,895)	(36,950)
Other gains/(losses), net	4,055	(822)
Operating profit/(loss)	48,482	(11,263)
Finance income	2,176	2,441
Finance costs	(2,603)	(289)
Finance (costs/income), net	(427)	2,152
Share of profit of a joint venture	875	571
Profit/(loss) before income tax	48,930	(8,540)
Income tax expense	(7,888)	(297)
Profit/(loss) for the period	41,042	(8,837)
Profit/(loss) attributable to:		
Equity holders of the Company	41,042	(8,837)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period		
- basic (Hong Kong cents)	4.95	(1.07)
- diluted (Hong Kong cents)	4.95	(1.07)