



LEE KEE ANNOUNCES RESULTS FOR FY2015/16 INTERIM PERIOD

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Highlights

- LEE KEE faced challenging business conditions due to declining global commodity prices and the slowing Chinese economy
- Group still positioning for long-term growth with launch of new commodities futures brokerage service, new sales office in Taichung and continued focus on expanding range of quality metals and professional value-added services
- The Board of Directors does not recommend the payment of an interim dividend for the Interim Period

(Hong Kong, 26 November 2015) — **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 2015 (“the 6-month Period” or “Interim Period”).

The Group experienced considerable external headwinds during the Interim Period, a period that saw a significant decline in global commodity prices, a further slowdown in the Chinese economy and a sharp deterioration in the Group’s business environment.

Revenue for the Interim Period was HK\$1,273 million, down 0.07% compared to revenue for the 6-month Period ended 30 September 2014 (“the Corresponding Period”). However, despite the slowdown in the Chinese economy and depressed commodity prices, the Group still managed to increase its tonnage sold in the 6-month Period by 2.70% to 65,800 tonnes compared to the Corresponding Period of last year.

The Group recorded a gross loss of HK\$32.3 million and a gross loss margin of 2.54% for the 6-month Period, compared to a gross profit of HK\$90.7 million and a gross profit margin of 7.12% in the Corresponding Period of last year. This was primarily attributed to falling metal prices and in particular, an increase in stock provision following a significant fall in zinc prices towards the period end, which negatively affected profitability. By excluding the stock provision, the Group still recorded a gross profit.

The Group recorded a loss attributable to equity holders of the Company of HK\$94.1 million in the 6-month Period, compared to a profit of HK\$41.0 million in the Corresponding Period.

The Board of Directors does not recommend the payment of an interim dividend for the Interim Period.

Ms. Clara Chan, Vice Chairman and Chief Executive Officer of LEE KEE, said, “The Interim Period has been extremely challenging for LEE KEE. But this has not swayed our strategy to continue expanding LEE KEE’s range of metal products and services through innovation and ongoing communications with our customers. This will enable us to continue being the leading solutions provider for metals in the Greater China and ASEAN regions and grow our customer base.”

Key to this strategy has been the opening of a new sales office in Taichung, during the Interim Period, which will help LEE KEE offer better services to its clients in the area. Another key component was the recent launch of Horizon Commodities and Futures Company Limited, the Group’s new commodities futures brokerage service.

The Group will also continue to deliver more value to its customers by introducing new metal products that deliver better quality and efficiency to different market segments. The Group will also further expand LEE KEE’s range of chemical testing and verification services to help customers meet quality control and accreditation requirements, particularly in the area of environmental-friendly metals and value-added services.

Ms Chan concluded, “Despite our continued pursuit of our corporate strategy, we are also mindful of the need to streamline our operations in order to contain costs and protect margins. We will also continue to closely monitor the global zinc and nickel markets, and make adjustments to our business as needed in order to identify new growth opportunities and deliver 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 is an Associate Trade member (Category 5) of the London Metals Exchange – the first such member based in Hong Kong.

For more information, please contact:

Think Alliance Group

Isabella Poon

Tel: +852 3978 5322

Email: isabella.poon@think-alliance.com

Appendix: Condensed Consolidated Income Statement

	Six months ended 30 September	
	2015	2014
	<u>HK\$'000</u>	<u>HK\$'000</u>
Revenues	1,272,548	1,273,378
Cost of sales	(1,304,885)	(1,182,715)
Gross (loss)/profit	(32,337)	90,663
Other income	1,356	587
Distribution and selling expenses	(13,087)	(9,928)
Administrative expenses	(39,967)	(36,895)
Other (losses)/gains, net	(5,462)	4,055
Operating (loss)/profit	(89,497)	48,482
Finance income	225	2,176
Finance costs	(3,200)	(2,603)
Finance costs, net	(2,975)	(427)
Share of profit of a joint venture	-	875
(Loss)/profit before income tax	(92,472)	48,930
Income tax expense	(1,668)	(7,888)
(Loss)/profit for the period	(94,140)	41,042
(Loss)/profit attributable to:		
Equity holders of the Company	(94,140)	41,042
(Loss)/earnings per share attributable to the equity holders of the Company during the period		
- basic and diluted (Hong Kong cents)	(11.36)	4.95