

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Lee Kee Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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利記控股有限公司
Lee Kee Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

CONTINUING CONNECTED TRANSACTION

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**



Kingsway Group

Kingsway Capital Limited

A letter from the Board is set out on pages 4 to 8 of this circular. A letter from the Independent Board Committee is set out on page 9 of this circular.

A letter from Kingsway Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 10 to 16 of this circular.

A notice convening the extraordinary general meeting of Lee Kee Holdings Limited to be held at Kowloon Room 1, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 30th April 2008 at 3:00 pm is set out on pages 23 to 24 of this circular. A form of proxy for use at the meeting is also enclosed with this circular. Whether you are able or not to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

9th April 2008

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Cap(s)”	the annual cap(s) for the Transaction under the Raw Materials Supply Agreement for the three years ending 31st December 2010
“associates”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Lee Kee Holdings Limited 利記控股有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 637)
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Kowloon Room 1, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 30th April 2008 at 3:00 pm for the purpose of considering, and if thought fit, approving the Transaction and the Annual Caps
“Golden Knight”	Golden Knight (Asia) Company Limited 利興金屬有限公司, a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee established to advise the Independent Shareholders pursuant to the requirements of the Listing Rules
“Independent Shareholders”	Shareholders other than Mr. He Jie Zhao and his associates

DEFINITIONS

“Kingsway”	Kingsway Capital Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Latest Practicable Date”	7th April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	People’s Republic of China, for the purposes of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	佛山市南海區利采隆有色金屬有限公司 (Foshan Nanhai Almax Non-Ferrous Metals Company Limited), a company incorporated in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company. As at the Latest Practicable Date, it was owned as to 60% by the Company through Golden Knight and as to 40% by an associate of the Supplier
“Raw Materials Supply Agreement”	the conditional agreement dated 20th March 2008 entered into between the Supplier and the Purchaser in respect of the provision of raw materials (being scrap aluminium) to the Purchaser by the Supplier
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	shall have the meaning ascribed to it under section 2 of the Companies Ordinance, Chapter 32 of the laws of Hong Kong and “subsidiaries” shall be construed accordingly

DEFINITIONS

“Supplier”	佛山市南海區萬興隆製品金屬有限公司 (Foshan Nanhai Wanxinglong Metal Manufacturing Co., Ltd.), a company incorporated in the PRC with limited liability. The shareholders and directors of the Supplier, namely Mr. He Jie Zhao and Mr. Zheng Yao Liang, are also directors of the Purchaser
“Transaction”	the provision of raw materials (being scrap aluminium) to the Purchaser by the Supplier pursuant to the Raw Materials Supply Agreement
“%”	per cent.

For the purpose of this circular, certain English translations of Chinese names or words are included for information purpose only and should not be relied upon as the official translation of such Chinese names or words.

LETTER FROM THE BOARD



利記控股有限公司
Lee Kee Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

Executive Directors:

Mr. CHAN Pak Chung (*Chairman of the Board*)

Ms. CHAN Yuen Shan, Clara
(*Chief Executive Officer*)

Ms. MA Siu Tao

Mr. NG Tze For

Mr. William Tasman WISE

Registered Office:

P.O. Box 309 GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

Independent non-executive Directors:

Mr. CHUNG Wai Kwok, Jimmy

Mr. LEUNG Kwok Keung

Mr. HU Wai Kwok

*Head Office and Principal Place of
Business in Hong Kong:*

Rooms 1302-05, 13th Floor

Manulife Provident Funds Place

345 Nathan Road

Yaumatei, Kowloon

Hong Kong

9th April 2008

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

1. INTRODUCTION

As disclosed in the announcement of the Company dated 20th March 2008, the Board announced that the Purchaser and the Supplier entered into the Raw Materials Supply Agreement on 20th March 2008 in connection with the provision of raw materials (being scrap aluminium) by the Supplier to the Purchaser for a period from 1st May 2008 to 31st December 2010.

The Independent Board Committee comprising the independent non-executive Directors has been established to consider and advise the Independent Shareholders as to whether the terms of the Transaction and the Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. The purpose of this circular is to provide you with further details of the Raw Materials Supply Agreement, the advice of Kingsway to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee and a notice convening the EGM.

LETTER FROM THE BOARD

2. DETAILS OF THE RAW MATERIALS SUPPLY AGREEMENT

The Raw Materials Supply Agreement

Date:	20th March 2008
Effective Period:	From 1st May 2008 to 31st December 2010
Party A:	The Supplier
Party B:	The Purchaser, an indirect non-wholly owned subsidiary of the Company
Nature of Transaction:	The Supplier will provide raw materials (being scrap aluminium) to the Purchaser
Conditions precedent:	The Raw Materials Supply Agreement is conditional upon, among other things, the Independent Shareholders' having approved the Raw Materials Supply Agreement and the Transaction in accordance with the Listing Rules

Annual Caps and basis of determining the Annual Caps

It was agreed between the Supplier and the Purchaser that the prices of the raw materials to be provided by the Supplier under the Raw Materials Supply Agreement shall be determined in accordance with the prevailing market prices published and updated daily by an independent metal information provider that are widely referred to by the industry players in Guangdong Province, the PRC. Such independent metal information provider was established in 1995 and is one of China's premier providers of non-ferrous scrap metals information and provides scrap metal prices to its subscribers via internet at its website. The quantities of the raw materials to be purchased by the Purchaser depend on the actual production needs of the Purchaser with reference to the sales forecast and production capacity of the Purchaser.

Pursuant to the Raw Materials Supply Agreement, the purchase price of the scrap aluminium shall be settled by the Purchaser within five days upon receipt of the scrap aluminium from the Supplier by way of bank transfer or tele-transfer.

In considering the Annual Caps, the Directors have considered a number of factors including: (i) the estimated quantities of scrap aluminium to be purchased during the period from 1st May 2008 to 31st December 2010; (ii) the existing scale of the Purchaser's operations and the anticipated growth of the Group; (iii) the general market forecast of aluminium in the next three years; and (iv) the recent increase in the prices of aluminium. In determining the Annual Cap for 2009, the Company has taken into account the pro rata factor and the fact that 2008 is the first year of

LETTER FROM THE BOARD

operation of the Purchaser and expects a lower utilisation rate in the early stage. After the first year of operation, the Purchaser is estimated to have an increase of production in 2009, which in turn will affect the demand of the Group for scrap aluminium. Having considered the above factors, the Directors propose that the Annual Cap for the Transaction for each of the three years ending 31st December 2010 shall be approximately as follows:

	Annual Cap for the Transaction
For the year ending 31st December 2008	RMB217 million net of tax
For the year ending 31st December 2009	RMB408 million net of tax
For the year ending 31st December 2010	RMB413 million net of tax

General

The Group is principally engaged in the sourcing and distribution of non-ferrous metals, primarily zinc alloy and zinc, nickel and nickel-related products, aluminium alloy and aluminium, and other electroplating chemicals. The Group also provides related value-added and ancillary services from procurement of raw metal materials to after-sales services.

The principal business activity of the Purchaser is manufacturing of aluminium alloy.

The Supplier is focusing on recycling of scrap metals and is principally engaged in the business of processing of scrap metals.

3. REASONS FOR AND BENEFIT OF THE TRANSACTION

The Directors consider that the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, the Annual Caps are fair and reasonable, and the terms of the Raw Materials Supply Agreement and the Transaction are fair and reasonable and in the interests of the Shareholders as a whole.

The Purchaser was established in February 2008 to principally engage in the manufacturing of aluminium alloy. Scrap aluminium is one of the major raw materials used in manufacturing aluminium alloy. The Directors decided to purchase scrap aluminium from the Supplier pursuant to the Raw Materials Supply Agreement after considering the market standing, capabilities and experience of the Supplier. The Supplier was established in 1999 and has been focusing on the recycling of scrap metals since then. Both its management team and technical team are experienced in the industry. It, being one of the principal scrap metal suppliers at Foshan in Guangdong Province of the PRC, supplies scrap metals to many enterprises in Guangdong Province and other provinces in the PRC.

LETTER FROM THE BOARD

The Supplier was admitted as a qualified scrap metal processing company approved by the Ministry of National Environmental Protection (國家環保局核定七類定點加工資源再生利用企業) in the PRC and can process up to 100,000 tonnes of scrap metals annually.

Please refer to the Letter from Kingsway as set out in page 10 to page 16 to this circular.

4. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company held 60% of the equity interest in the Purchaser through a wholly-owned subsidiary, namely Golden Knight, and the Supplier is an associate of the other substantial shareholder (as defined under the Listing Rules) of the Purchaser, namely 佛山市南海區萬興隆有色金屬有限公司 (Foshan Nanhai Wanxinglong Non-Ferrous Metals Company Limited) which held 40% of the equity interest in the Purchaser. Each of the Supplier and the said substantial shareholder of the Purchaser is held as to 55% by Mr. He Jie Zhao and as to 45% by Mr. Zheng Yao Liang. The Supplier and the said substantial shareholder of the Purchaser are fellow subsidiaries. Accordingly, the Supplier is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Transaction constitutes a continuing connected transaction for the Company under the Listing Rules.

The Transaction involves the provision of goods which is carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and constitutes a continuing connected transaction for the Company under the Listing Rules. As each of the applicable percentage ratios (other than the profit ratio) calculated in accordance with Chapter 14A of the Listing Rules in respect of the purchase price payable under the Raw Materials Supply Agreement is, on an annual basis, more than 2.5% and the maximum purchase price payable under the Raw Materials Supply Agreement is, on an annual basis, more than HK\$10,000,000, the Transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the requirements under Rule 14A.36 of the Listing Rules if the aggregate value of the Transaction exceeds the Annual Cap during each of the three years ending 31st December 2010, or when the Raw Materials Supply Agreement is renewed or where there are material changes to the terms of the Raw Materials Supply Agreement. The Company will also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules in relation to the Transaction.

5. EGM

A notice convening the EGM to be held at Kowloon Room 1, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 30th April 2008 at 3:00 pm is set out on pages 23 to 24 of this circular at which an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, approve the Transaction and the Annual Caps. Pursuant to the Listing Rules, voting on such resolution will be conducted by way of a poll.

LETTER FROM THE BOARD

So far as is known to the Directors, at the Latest Practicable Date, an associate of Mr. He Jie Zhao was interested in 380,000 Shares, representing approximately 0.046% of total issued share capital of the Company as at the Latest Practicable Date. Such associate of Mr. He Jie Zhao will, therefore, be required to abstain from voting at the EGM in accordance with Rule 14A.18 of the Listing Rules.

6. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 9 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM.

Your attention is also drawn to the letter from Kingsway, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, for incorporation into this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Transaction. The text of the letter from Kingsway to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 16 of this circular.

The Independent Board Committee, having taken into account the advice and recommendation of Kingsway, are of the view that the Transaction is in the interests of the Company and the shareholders of the Company as a whole and the terms of the Transaction and the relevant Annual Caps are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned. Accordingly, it recommends that the Independent Shareholders should vote in favour of the resolution to be proposed to approve the Transaction and the Annual Caps.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
CHAN Pak Chung
Chairman



利記控股有限公司 Lee Kee Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

9th April 2008

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular dated 9th April 2008 (the “**Circular**”) of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

Under the Listing Rules, the Raw Materials Supply Agreement for the Transaction dated 20th March 2008 is conditional and shall only be effective upon the passing of the ordinary resolution by the Independent Shareholders at the EGM approving the terms of the Transaction and the Annual Caps. We, being the independent non-executive Directors constituting the Independent Board Committee, are writing to advise you as a shareholder whether in the views of the Independent Board Committee the terms of the Transaction and the Annual Caps are fair and reasonable and in the interests of the Shareholders as a whole, and to advise you as to how to vote at the EGM.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 8 of the Circular and the letter from Kingsway as set out on pages 10 to 16 of the Circular which contains, inter alia, its advice and recommendation to us regarding the terms of the Raw Materials Supply Agreement and the Annual Caps with the principal factors and reasons for its advice and recommendation.

RECOMMENDATION

Having taken into account the advice and recommendation of Kingsway, we are of the view that the Transaction is in the interests of the Company and the shareholders of the Company as a whole and the terms of the Raw Materials Supply Agreement and the Annual Caps are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders should vote in favour of the resolution to be proposed to approve the Raw Materials Supply Agreement and the Annual Caps for the Transaction.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
LEE KEE HOLDINGS LIMITED
CHUNG Wai Kwok, Jimmy
LEUNG Kwok Keung
HU Wai Kwok
Independent non-executive Directors

LETTER FROM KINGSWAY

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Kingsway dated 9th April 2008 prepared for the incorporation into this circular.



KingswayGroup

Kingsway Capital Limited

5/F, Hutchison House,
10 Harcourt Road,
Central, Hong Kong
Tel. No.: (852) 2877-1830
Fax. No.: (852) 2283-7722

9th April 2008

*To the Independent Board Committee and the Independent Shareholders
of Lee Kee Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction and the relevant Annual Caps under the Continuing Connected Transaction, details of which are set out in a circular (the “**Circular**”) of Lee Kee Holdings Limited to the Shareholders dated 9th April 2008, of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 20th March 2008, the Purchaser and the Supplier entered into the Raw Materials Supply Agreement in connection with the provision of raw materials (being scrap aluminium) by the Supplier to the Purchaser for a period from 1st May 2008 to 31st December 2010.

As at the Latest Practicable Date, the Company held 60% of the equity interest in the Purchaser through a wholly-owned subsidiary, namely Golden Knight, and the Supplier is an associate of the other substantial shareholder (as defined under the Listing Rules) of the Purchaser, namely 佛山市南海區萬興隆有色金屬有限公司 (Foshan Nanhai Wanxinglong Non-Ferrous Metals Company Limited) which held 40% of the equity interest in the Purchaser. Each of the Supplier and the said substantial shareholder of the Purchaser is held as to 55% by Mr. He Jie Zhao and as to 45% by Mr. Zheng Yao Liang. The Supplier and the said substantial shareholder of the Purchaser are fellow subsidiaries. Accordingly, the Supplier is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules and the Transaction constitutes a continuing connected transaction for the Company under the Listing Rules.

LETTER FROM KINGSWAY

As each of the applicable percentage ratios (other than the profit ratio) calculated in accordance with Chapter 14A of the Listing Rules in respect of the purchase price payable under the Raw Materials Supply Agreement is, on an annual basis, more than 2.5% and the maximum purchase price payable under the Raw Materials Supply Agreement is, on an annual basis, more than HK\$10,000,000, the Transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

So far as is known to the Directors, as at the Latest Practicable Date, an associate of Mr. He Jie Zhao was interested in 380,000 Shares, representing approximately 0.046% of total issued share capital of the Company as at the Latest Practicable Date. Such associate of Mr. He Jie Zhao will, therefore, be required to abstain from voting at the EGM in accordance with Rule 14A.18 of the Listing Rules.

The Independent Board Committee comprising the independent non-executive Directors has been established to consider and advise the Independent Shareholders as to whether the terms of the Transaction and the Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether (i) the entering of the Raw Materials Supply Agreement is in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms and fair and reasonable; (ii) the proposed Annual Caps are fair and reasonable; and (iii) the Independent Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Raw Materials Supply Agreement and the Annual Caps for the Transaction.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Raw Materials Supply Agreement and the relevant Annual Caps, we have relied on the information and representations provided to us by the Directors, which the Directors consider to be complete and relevant.

We have also relied on the information and representations contained in the Circular and have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were true, accurate and complete at the time they were made and continue to be true and accurate on the date of the Circular. We have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view and have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have been advised by the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided by the management of the Company and the Directors, nor have we conducted any independent investigation into the business and affairs of the Group, the Purchaser and Supplier, or any of their respective subsidiaries or associates.

THE CONTINUING CONNECTED TRANSACTION

Principal Reasons and Factors Considered

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Transaction, we have considered the following principal reasons and factors:

I. *Background of and reasons for entering into of the Raw Materials Supply Agreement*

The Group is principally engaged in the sourcing and distribution of non-ferrous metals, primarily zinc alloy and zinc, nickel and nickel-related products, aluminium alloy and aluminium, and other electroplating chemicals. The Group also provides related value-added and ancillary services from procurement of raw metal materials to after-sales services.

As disclosed in the Company's IPO prospectus dated 21st September 2006, it was part of the Directors' plan to establish the Company's own production facilities for manufacturing and processing aluminium alloy.

Aluminium alloy refers to alloys of aluminium and other metals such as copper, zinc, manganese, silicon, or magnesium. Aluminium alloy is much lighter and more corrosion resistant than plain carbon steel, but not quite as corrosion resistant as pure aluminium which makes it useful for a wide variety of applications from aircraft, aerospace, automotive, and shipbuilding to household products including pots, pans, and cooking utensils. Aluminium alloy also has a significant environmental advantage as it can be produced from scrap aluminium. The demand for aluminium alloy in the PRC continues to grow in recent years. Based on the December 2006 China Non-Ferrous Metal Industry Operation Monthly Report (中國有色金屬行業月度運行報告) published by the State Information Center (國家資訊中心) in 2007, the annual production of aluminum alloy in the PRC reached 1.3 million tonnes in 2006, representing a CAGR of 24% from 2004 to 2006. According to the London Metal Exchange, the annual average spot price of aluminium alloy increased at a CAGR of 15% from 2005 to 2007.

The Supplier was established in 1999 and has been focusing on the recycling of scrap metals since then. Both its management team and technical team are experienced in the industry. It, being one of the principal scrap metal suppliers in Foshan, Guangdong Province, supplies scrap metals to many enterprises in Guangdong Province and other provinces in the PRC. The Supplier was admitted as a qualified scrap metal processing company approved by the Ministry of National Environmental Protection (國家環保局核定七類定點加工資源再生利用企業) in the PRC and can process up to 100,000 tonnes of scrap metals annually.

LETTER FROM KINGSWAY

The Purchaser was established in February 2008 to principally engage in the manufacturing of aluminium alloy. Scrap aluminium is one of the major raw materials used in manufacturing aluminium alloy. The Purchaser decided to purchase scrap aluminium from the Supplier pursuant to the Raw Materials Supply Agreement after considering the market standing, capabilities and experience of the Supplier. As at the Latest Practicable Date, the Company held 60% of the equity interest in the Purchaser through a wholly-owned subsidiary, namely Golden Knight, and the Supplier is an associate of the other substantial shareholder of the Purchaser which held the remaining 40% of the equity interest in the Purchaser. Each of the Supplier and the said substantial shareholder of the Purchaser is held as to 55% by Mr. He Jie Zhao and as to 45% by Mr. Zheng Yao Liang.

As advised by the Directors, the Purchaser had not purchased any products or raw materials from the Supplier in the past twelve months.

Given (i) the growing demand for aluminium alloy in the PRC; (ii) that the Raw Materials Supply Agreement provides a stable source of scrap materials to the Company which allows the Company to seize the opportunity in the growing metal processing industry; and (iii) the nature of the Raw Materials Supply Agreement can expand the Group's business from trading to manufacturing of aluminium alloy which align with the Directors' plan to establish the Company's own production facilities for the manufacturing and processing of aluminium alloy.

We concur with the view of the Directors that the entering into of the Raw Materials Supply Agreement will be in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

II. Major terms of the Raw Materials Agreement

1. Continuing supply of scrap metals

Under the Raw Materials Supply Agreement, the Supplier will supply scrap aluminium to the Purchaser based upon purchase orders to be placed by the Purchaser for the time period from 1st May 2008 to 31st December 2010. The quantities of the raw materials to be purchased by the Purchaser depend on the actual production needs of the Purchaser with reference to the sales forecast and production capacity of the Purchaser. The Raw Materials Supply Agreement is non-exclusive in nature and that either the Purchaser or the Supplier may enter into similar relationships with third parties.

2. Price

It was agreed between the Supplier and the Purchaser that the prices of the raw materials to be provided by the Supplier under the Raw Materials Supply Agreement shall be determined in accordance with the prevailing market prices published and updated daily by an independent metal information provider that are widely referred to by the industry players in Guangdong Province, the PRC. Such independent metal information provider was established in 1995 and is one of China's premier providers of non-ferrous scrap metals information and provides scrap metal prices to its subscribers via internet at its website.

LETTER FROM KINGSWAY

3. Payment terms

Pursuant to the Raw Materials Supply Agreement, the purchase price of the scrap aluminium shall be settled by the Purchaser within five days upon receipt of the scrap aluminium from the Supplier by way of bank transfer or tele-transfer. As advised by the Directors, they notice that the credit terms given by the Supplier to the Purchaser are no less unfavourable than those given by the Supplier to independent third parties. The Directors confirm that the actual credit period of transactions to be conducted under the Raw Materials Supply Agreement will follow this principle.

4. Proposed Annual Caps

The proposed Annual Cap for the Transaction for each of the three years ending 31st December 2010 shall be approximately as follows:

Annual Cap for the Transaction

For the year ending 31st December 2008	RMB217 million net of tax
For the year ending 31st December 2009	RMB408 million net of tax
For the year ending 31st December 2010	RMB413 million net of tax

Rationale for determining the Annual Caps under the Raw Materials Supply Agreements

As advised by the Directors, the proposed Annual Caps have been determined with reference to a number of factors including: (i) the estimated quantities of scrap aluminum to be purchased during the period from 1st May 2008 to 31st December 2010; (ii) the existing scale of the Purchaser's operations and the anticipated growth of the Group; (iii) the general market forecast of aluminum in the next three years; and (iv) the recent increase in the prices of aluminum. In determining the Annual Cap for 2009, the Company has taken into account the pro rata factor and the fact that 2008 is the first year of operation of the Purchaser and expects a lower utilisation rate in the early stage. After the first year of operation, it is estimated that the Purchaser will have an increase of production in 2009, which in turn will affect the demand of the Group for scrap aluminium.

LETTER FROM KINGSWAY

In considering whether the relevant Annual Caps are fair and reasonable, we have considered the following factors:

- The Group is principally engaged in the sourcing and distribution of non-ferrous metals, primarily zinc alloy and zinc, nickel and nickel-related products, aluminium alloy and aluminium, and other electroplating chemicals. The principal business activity of the Purchaser is manufacturing of aluminium alloy. The scrap aluminium purchased from the Supplier is going to be reprocessed by the Purchaser and sold as aluminium alloy. This aligns with the Group's plan to expand upstream and develop its own aluminium alloy processing facility in China to cater for the local market demand. As advised by the Directors, in the four years ended 2006, the Group experienced a substantial business growth in the sales of aluminium and aluminium alloy at a CAGR of 21%.
- The Annual Caps from 2008 to 2010 are proposed taken into account of the increase in production capacity of the Purchaser. The proposed Annual Cap in 2009 is RMB408 million, representing an increase of 89% from 2008 because the cap in 2008 only covers the expected demand for eight months of operation since inception and the Purchaser is building up its production capacity during this period of time. The proposed Annual Cap in 2010 is RMB413 million, representing an increase of 1.2% from 2009 due to the expected drop in aluminium price which will offset the forecasted growth in production in 2010. Based on the documents provided by the Company which include, among others, the articles of association of the Purchaser which states the estimated initial production capacity of the Purchaser, the minute of management committee meeting of the Purchaser that approved the production capacity expansion plan and the Technology Improvement Proposal Report which states the estimated current and future production capacity of the Purchaser, we are satisfied that the Purchaser has formulated plan to install machineries to reach the production capacity.
- The scrap metals price for each transaction will be provided by an independent metal information provider that is widely referred to by the industry players in Guangdong Province, the PRC. Such independent metal information provider was established in 1995 and is one of China's premier providers of non-ferrous scrap metals information and provides scrap metal prices to its subscribers via internet at its website;
- In addition, we are advised by the Directors that the Purchaser is still in the initial stage of development and there is ample room for further growth. Therefore, it is essential to obtain a sufficient Annual Cap for the above transactions in order to meet the demand when opportunities arise.

LETTER FROM KINGSWAY

Taking into consideration the above factors, in particular, the background and, the reasons for the Raw Materials Supply Agreement, we consider that the terms of the Raw Materials Supply Agreement and the relevant Annual Caps are fair and reasonable, entered into in the ordinary and usual course of business with normal commercial terms (or terms are no more favourable than those available to independent third parties under the prevailing local market conditions), and are in the interests of the Company and its Shareholders as a whole.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the terms of the Raw Materials Supply Agreements and the relevant Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Raw Materials Supply Agreement and the Annual Caps for the Transaction.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
Executive Director

1. RESPONSIBILITY STATEMENTS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated corporations

At the Latest Practicable Date, the interests and short positions of each Director and Chief Executive in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(I) Long Position in Shares of the Company

Name of Director	Capacity	Number of Ordinary Shares in which interested	Approximate percentage of issued Shares
Mr. CHAN Pak Chung (Note 1)	Founder of a discretionary trust	600,000,000	72.40%
Mr. MA Siu Tao (Note 2)	Beneficiary	600,000,000	72.40%

Notes:

- The 600,000,000 Shares are held by Global Alliance Global Services Limited ("GAGSL") whose entire issued share capital is held by Gold Alliance International Management Limited ("GAIML"), which is in turn held by HSBC International Trustee Limited ("HSBC Trustee") acting as the trustee of the P.C. CHAN Family Trust. The P.C. CHAN Family Trust is an irrevocable discretionary trust set up by Mr. CHAN Pak Chung as settlor and HSBC Trustee as trustee on 6th March 2006. The discretionary objects of which include Ms. MA Siu Tao and the other family members of Mr. CHAN Pak Chung. Mr. CHAN Pak Chung is the settlor of the P.C. CHAN Family Trust and is deemed to be interested in the 600,000,000 Shares held by GAGSL under the SFO.
- Ms. MA Siu Tao, the spouse of Mr. CHAN Pak Chung and an executive Director, is deemed to be interested in the 600,000,000 Shares held by GAGSL as she is one of the discretionary objects under the P.C. CHAN Family Trust under the SFO.

(II) *Long Position in Underlying Shares of the Company*

Name of Director	Capacity	Description of equity derivatives	Number of underlying Shares
Mr. CHAN Pak Chung	Beneficial owner	Share option	4,705,860
	Family interest	Share option	3,862,740
Ms. MA Siu Tao	Beneficial owner	Share option	3,862,740
	Family interest	Share option	4,705,860
Ms. CHAN Yuen Shan, Clara	Beneficial owner	Share option	2,745,090
Mr. NG Tze For	Beneficial owner	Share option	196,050

Note: Mr. CHAN Pak Chung and Ms. MA Siu Tao were granted options under the Pre-IPO Share Option Scheme to subscribe for 4,705,860 Shares and 3,862,740 Shares respectively. Ms. MA Siu Tao is the spouse of Mr. CHAN Pak Chung. Therefore, pursuant to Part XV of the SFO, Mr. CHAN Pak Chung is deemed to be interested in the share option granted to Ms. MA Siu Tao and Ms. MA Siu Tao is deemed to be interested in the share option granted to Mr. CHAN Pak Chung.

Share options are granted to Directors on 15th September 2006 under the Pre-IPO Share Option Scheme adopted on 15th September 2006 to subscribe for the Shares at the exercise price of HK\$2.136 per share.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations required to be disclosed pursuant to the SFO.

(b) Substantial Shareholders' Interests and/or Short Positions in the Shares, Underlying Shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at the Latest Practicable Date, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

Name of Shareholder	Capacity	Number of Ordinary Shares in which interested	Approximate percentage of issued Shares
Gold Alliance Global Service Limited	Registered owner	600,000,000	72.40%
Gold Alliance International Management Limited	Interest of controlled corporation	600,000,000	72.40%
HSBC International Trustee Limited	Trustee	600,000,000	72.40%

Note: The entire share capital of GAGSL is held by GAIML, which is in turn held by HSBC Trustee acting as the trustee of the P.C. CHAN Family Trust. The P.C. CHAN Family Trust is an irrevocable discretionary trust set up by Mr. CHAN Pak Chung as settlor and HSBC Trustee as trustee on 6th March 2006. The discretionary objects of which include Ms. MA Siu Tao and other family members of Mr. CHAN Pak Chung.

Save as disclosed above, at the Latest Practicable Date, no person, other than the Directors and Chief Executive (including their spouse and children under 18 years of age) had any interest or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the directors who are proposed for re-election at the forthcoming annual general meeting had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors nor their associates had any interest in a business that competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

5. NO MATERIAL ADVERSE CHANGE

The Directors confirmed there is no material adverse change in the financial or trading position of the Group since 31st December 2006, the date to which the latest audited consolidated financial statements of the Group were made up and up to the Latest Practicable Date.

6. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

Save as disclosed in the circular of the Company dated 17th July 2007, the exempt continuing connected transaction disclosed in the Prospectus and a property leased on normal commercial terms to the Group by a company owned by a Director for two years commencing from August 2007 with an annual rental value of HK\$480,000, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31st December 2006, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

7. QUALIFICATION AND CONSENT

- (a) The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualifications
Kingsway Capital Limited	a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the expert mentioned in paragraph (a) above did not have any shareholding in the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group.
- (c) The expert has on 9th April 2008 given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice dated 9th April 2008 and references to its name in the form and context in which they appear.
- (d) The letter and recommendation given by Kingsway are given as of the date of this circular for incorporation herein.

- (e) The expert has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31st December 2006, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. PROCEDURES FOR DEMANDING A POLL AT THE EGM BY THE SHAREHOLDERS

Pursuant to Article 90 of the Articles of Association of the Company, a poll may be demanded at a general meeting of the Company by:

- (a) the Chairman of the meeting; or
- (b) at least five members of the Company present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote; or
- (c) any member or members of the Company present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members of the Company having the right to attend and vote at the meetings; or
- (d) any member or members of the Company present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

10. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 309 GT, Umland House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is situated at Rooms 1302-05, 13th Floor, Manulife Provident Funds Place, 345 Nathan Road, Yaumatei, Kowloon, Hong Kong.

- (c) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) Mr. Cheuk Wa Pang is the company secretary and the qualified accountant of the Company. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Company's head office and principal place of business in Hong Kong at Rooms 1302–05, 13th Floor, Manulife Provident Funds Place, 345 Nathan Road, Yaumatei, Kowloon, Hong Kong during normal business hours on any weekday (except for public holidays) up to and including the date of the EGM:

- (a) the Raw Materials Supply Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 9 of this circular;
- (c) the letter issued by Kingsway to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 10 to 16 of this circular;
- (d) the written consent of Kingsway referred to in paragraph 7(c) above.

NOTICE OF EGM



利記控股有限公司 Lee Kee Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Lee Kee Holdings Limited (the “**Company**”) will be held at Kowloon Room 1, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 30th April 2008 at 3:00 pm for the purpose of considering and, if thought fit, passing the following resolution as an Ordinary Resolution:

“THAT:

- (a) the raw materials supply agreement (the “**Raw Materials Supply Agreement**”) (a copy of which is produced to the meeting and marked “**A**” and initialled by the Chairman of this meeting for identification purpose) dated 20th March 2008 and entered into between (i) 佛山市南海區利采隆有色金屬有限公司 (Foshan Nanhai Almax Non-Ferrous Metals Company Limited); and (ii) 佛山市南海區萬興隆製品金屬有限公司 (Foshan Nanhai Wanxinglong Metal Manufacturing Co., Ltd.) and the non-exempt continuing connected transaction (as defined in the Listing Rules) contemplated thereunder be and are hereby approved;
- (b) the Annual Cap (as defined in the circular of the Company dated 9th April 2008 despatched to the shareholders of the Company, of which the notice convening this meeting forms part, a copy of which is produced to this meeting marked “**B**” and initialled by the Chairman of this meeting for identification purpose) for each of the three financial years ending 31st December 2010 be and is hereby approved; and
- (c) any one director of the Company (the “**Director(s)**”), or any two Directors or one Director and the Company Secretary if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to take all steps necessary or expedient to implement and/or give effect to the Raw Materials Supply Agreement.”

By order of the Board
Lee Kee Holdings Limited
CHEUK Wa Pang
Company Secretary

Hong Kong, 9th April 2008

NOTICE OF EGM

Head Office and Principal Place of Business in Hong Kong:

Rooms 1302-05, 13th Floor

Manulife Provident Funds Place

345 Nathan Road

Yaumatei, Kowloon

Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more separate proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy together with the power of attorney (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the offices of the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.
3. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.

As at the date of this notice, the Board comprises Mr. Chan Pak Chung, Ms. Chan Yuen Shan, Clara, Ms. Ma Siu Tao, Mr. Ng Tze For and Mr. William Tasman Wise being the executive Directors, and Mr. Chung Wai Kwok, Jimmy, Mr. Leung Kwok Keung and Mr. Hu Wai Kwok being the independent non-executive Directors.