

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



利記控股有限公司

LEE KEE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 637)

DISCLOSEABLE TRANSACTION

DISPOSAL OF SUBSIDIARY

On 5 October 2010, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire from the Vendor, 60% shareholding interests in the Target Company at a consideration of US\$4,985,311.

As the applicable percentage ratios in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 5 October 2010, the Vendor and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal, the details of which are as follows:

Date:	5 October 2010
Vendor:	Golden Knight (Asia) Company Limited, an indirect wholly-owned subsidiary of the Company
Purchaser:	Ying Yeung Metal Materials Limited (榮陽金屬材料有限公司)
Assets to be disposed of:	60% shareholdings in the Target Company
Consideration:	US\$4,985,311 (approximately HK\$38,686,000), which was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account the net asset value of the Target Company as at 30 June 2010

Terms of Payment: the consideration will be payable in full by the Purchaser on the Cut-Off Date

Effective Date of the Disposal: The Disposal will be effective upon the approval of the Disposal by the PRC Approval Authority and completion of registration of the Disposal with the PRC Registration Authority.

It is provided in the Sale and Purchase Agreement that if, for any reason (other than the fault of the Vendor), the Disposal does not complete because on or before 30 November 2010 (or such other day as may be agreed by the parties in writing), approval from the PRC Approval Authority is not obtained and/or the registration of the Disposal with the PRC Registration Authority is not completed (collectively, the “**Non Completion Events**”), the Vendor and the Purchaser have undertaken to use their best endeavour to resolve the matters, so as to cause the Purchaser to own the 60% shareholdings of the Target Company, whether directly or indirectly.

In this regard, on 5 October 2010, the Purchaser and the Vendor have entered into an agreement letter in relation to the Disposal, pursuant to which the Purchaser and the Vendor agree that if any of the Non Completion Events happens:

- (i) the Vendor shall not be required to refund the consideration for the Disposal to the Purchaser; and
- (ii) the Purchaser agrees that it will, within a week after the occurrence of the Non-Completion Events, enter into (1) a termination agreement with the Vendor to terminate the Sale and Purchase Agreement; and (2) a sale and purchase agreement (the terms of which shall be substantially the same as the Sale and Purchase Agreement) with the holding company of the Vendor (i.e. Golden Knight (Asia) Company (BVI) Limited), pursuant to which the entire issued share capital in the Vendor would be sold to the Purchaser, so that the Purchaser can own the 60% shareholdings of the Target Company through the Vendor (which only holds the 60% shareholdings of The Target Company). The Company will issue a further announcement if the holding company of the Vendor enters into such agreement with the Purchaser.

INFORMATION OF THE TARGET COMPANY

The Target Company principally engages in manufacturing and trading of aluminium alloy in the PRC. The remaining 40% shareholdings of the Target Company is being held by another PRC company, whose 45% equity interests are in turn owned by a director of the Target Company according to the Company's understanding. The spouse of such director is the ultimate shareholder of the Purchaser according to the information the Company has.

The following summarizes the audited financial results of the Target Company for the years ended 31 December 2008 and 31 December 2009 prepared in accordance with PRC accounting standard which had been adjusted with Hong Kong Financial Reporting Standard respectively:

	For the year ended 31 December 2008	For the year ended 31 December 2009
Net (loss)/profit before taxation and extraordinary items	(HK\$1,460,000)	HK\$6,091,000
Net (loss)/profit after taxation and extraordinary items	(HK\$1,625,000)	HK\$5,130,000

Following the Disposal, the Target Company will cease to be a subsidiary of the Company.

REASONS FOR DISPOSAL AND INTENDED USE OF PROCEEDS

For better allocation of the Group's resources and in order to capture the fast grow market in the PRC, the Group enters into the Sale and Purchase Agreement so that it can focus on its core sale and distribution business after the Disposal as outlined in the section headed "Information of the Company and the Purchaser" in this announcement. To secure a steady and adequate supply of domestic produced aluminium alloy, the Group will enter into a supply agreement with the Target Company after the Cut Off Date.

The Board (including independent non-executive directors) considers the terms of the Sale and Purchase Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

The difference of deducting the consideration of the Disposal (net of capital gain tax) against the net asset value as at Cut Off Date will be treated as a loss to the Group. For illustration purpose, the Company estimates a loss of approximately HK\$308,000 on the Disposal with reference to the Target Company's unaudited net asset value of HK\$64,378,000 as at 30 June 2010.

According to the Board, the net proceeds will mainly be used as additional working capital for the Company.

INFORMATION OF THE COMPANY AND THE PURCHASER

The Group principally engages in the business of 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 investment holding.

LISTING RULES IMPLICATIONS

According to information the Company has, the Purchaser is fully and beneficially owned by the spouse of a director of the Target Company, accordingly the Purchaser is an associate of a connected person of the Company. Pursuant to Rules 14A.11(1), 14A.11(4) and 14A.10(7) of the Listing Rules, the Purchaser is a connected person at the subsidiary level and therefore the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since: (a) the Purchaser is connected at the subsidiary level only, (b) the value of the Target Company's total assets, profits and revenue represent less than 10% under the relevant percentage ratios as defined under Rule 14.04(9) of the Listing Rules for each of the latest two financial years (the Target Company was incorporated on 5 February 2008), and (c) the consideration ratio is also less than 10%, the Disposal will be exempted from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(9).

As the applicable percentage ratios in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company;
“Business Day”	a day on which banks in the PRC opens for normal business (excluding public holidays, Saturdays or Sundays);
“Company”	Lee Kee Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange;
“Cut Off Date”	5 October 2010 or such other date as agreed by the Purchaser and the Vendor in writing (which shall all not be later than 31 October 2010);

“Disposal”	the proposed disposal of 60% shareholding interests in the Target Company pursuant to the terms of the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HK\$”	the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“PRC Approval Authority”	the Ministry of Commerce of the PRC or its local authorised branches;
“PRC Registration Authority”	the State Administration for Industry and Commerce of the PRC or its local authorised branches;
“Purchaser”	Ying Yeung Metal Materials Limited (榮陽金屬材料有限公司), a limited liability company incorporated in Hong Kong;
“Sale and Purchase Agreement”	the agreement dated 5 October 2010 entered into between the Vendor and the Purchaser in relation to the Disposal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Foshan Nanhai Almax Non-Ferrous Metals Company Ltd. (佛山市南海區利采隆有色金屬有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company;
“Vendor”	Golden Knight (Asia) Company Limited, a company incorporated in Hong Kong, an indirect-wholly owned subsidiary of the Company;
“US\$”	the lawful currency of the United States of America.

For the purpose of illustration only, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.76. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 5 October 2010

As at the date of this announcement, the directors of the Company are Mr. CHAN Pak Chung, Ms. CHAN Yuen Shan, Clara, Ms. MA Siu Tao, Mr. William Tasman WISE, Mr. CHUNG Wai Kwok, Jimmy, Mr. LEUNG Kwok Keung* and Mr. HU Wai Kwok*.*

** Independent Non-Executive Directors*