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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 637)**

## **CONNECTED TRANSACTION**

### **ACQUISITION OF NON WHOLLY-OWNED SUBSIDIARY**

On 21st September 2011, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement and the Assignment, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire from the Vendor the Sale Shares and the Indebtedness at a total consideration of HK\$4.6 million. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the Vendor will cease to have any interest in the Target Company.

The Vendor was the director of the Target Company, being a subsidiary of the Company, within the preceding 12 months and is a 30% shareholder of the Target Company. The Vendor is therefore a connected person to the Company under Rule 14A.11 of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company.

As the applicable percentage ratios in respect of the Acquisition are more than 1% but less than 5%, the Acquisition falls within the definition of a connected transaction exempted from the approval of independent shareholders under Rule 14A.32 of the Listing Rules, but is subject to the reporting and announcement requirements.

### **SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 21st September 2011, the Vendor and the Purchaser entered into the Sale and Purchase Agreement and the Assignment in relation to the Acquisition, the details of which are as follows:

Date : 21st September 2011

Vendor: Mr. Poon Man Keung

Purchaser:	Lee Yip Metal Products Company (BVI) Limited, an indirect-wholly owned subsidiary of the Company
Assets to be acquired:	Sale Shares and Indebtedness
Consideration:	HK\$4.6 million in aggregate in relation to the Sale Shares and the Indebtedness, which were 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 30th June 2011. The consideration was financed by the internal resources of the Group.
Completion:	21st September 2011
Terms of Payment:	the consideration is payable in full by the Purchaser upon completion

### INFORMATION OF THE TARGET COMPANY

The Target Company principally engages in the distribution and processing of stainless steel.

To the best of the information and belief of the Company, the original purchase costs of the Sale Shares and the Indebtedness, which are the subjects of the Acquisition, incurred by the Vendor were HK\$300,000 and HK\$5.7 million respectively. The share of net asset attributable to the Sale Shares is included in the Group's consolidated statement of financial position as "non-controlling interests" and the Indebtedness is presented in the Group's consolidated statement of financial position as "amount due to non-controlling interests". According to the audited financial statements of the Target Company as at 31st December 2010, the audited aggregate of the net assets value of the share of the Sale Shares and the Indebtedness amounted to approximately HK\$7.0 million.

The following summarizes the audited financial results of the Target Company for the years ended 31st December 2009 and 31st December 2010 respectively:

	<b>For the year ended 31st December 2009 HK\$</b>	<b>For the year ended 31st December 2010 HK\$</b>
Net (loss)/profit before taxation and extraordinary items	(6,729,748)	3,556,734
Net (loss)/profit after taxation and extraordinary items	(6,565,253)	3,580,125

Following the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **REASONS FOR ACQUISITION**

The Directors consider the stainless steel business of the Target Company is a step to increase the product diversification of the Group, and the processing operation of the Target Company also forms a part of the downstream sectors of a metal supply chain. Having considered the potential of this market, the Acquisition allows the Group to increase its percentage interest in the Target Company from the existing 70% to 100%, which will further strengthen the ability of the Group to control its pace of development in the stainless steel business.

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

## **INFORMATION OF THE COMPANY AND THE GROUP**

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

## **LISTING RULES IMPLICATIONS**

The Vendor was the director of the Target Company, being a subsidiary of the Company, within the preceding 12 months and is a 30% shareholder of the Target Company. The Vendor is therefore a connected person to the Company under Rule 14A.11 of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Rules 14A.11 and Rule 14A.13 of the Listing Rules.

As the relevant percentage ratios of the Listing Rules represented by the Acquisition are more than 1% but less than 5%, the Acquisition falls within the definition of a connected transaction exempted from the approval of independent shareholders under Rule 14A.32 of the Listing Rules, but is subject to the reporting and announcement requirements.

As none of the Directors has any material interest in the Acquisition, no Director has abstained from voting the Board resolution approving the Acquisition.

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares and the Indebtedness pursuant to the terms of the Sale and Purchase Agreement and the Assignment respectively;
“Assignment”	the assignment dated 21st September 2011 entered into between the Vendor and the Purchaser in relation to the acquisition of the Indebtedness;
“Board”	the board of Directors of the Company;
“Company”	Lee Kee Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	the lawful currency of Hong Kong;
“Indebtedness”	the shareholder’s loan of HK\$5.7 million due by the Target Company to the Vendor;
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange;
“Purchaser”	Lee Yip Metal Products Company (BVI) Limited, a company incorporated in the British Virgin Islands, and an indirect-wholly owned subsidiary of the Company;
“Sale and Purchase Agreement”	the agreement dated 21st September 2011 entered into between the Vendor and the Purchaser in relation to the acquisition of the Sale Shares;
“Sale Shares”	300,000 shares of and in the Target Company, being 30% shareholding interests in the Target Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company”

Lee Yip Metal Products Company Limited, a company incorporated in Hong Kong with an authorised share capital of HK\$1 million divided into 1 million shares of HK\$1.00 each, and is owned to 70% indirectly by the Company, and 30% by the Vendor as of the date of the Sale and Purchase Agreement;

“Vendor”

Mr. Poon Man Keung.

By Order of the Board  
**CHAN Pak Chung**  
*Chairman*

Hong Kong, 21st September 2011

*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*