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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

**MAJOR TRANSACTION
PROPOSED ACQUISITION OF
THE REMAINING 50% SHAREHOLDING INTEREST AND
SHAREHOLDER'S LOAN IN GENESIS BVI**

THE PROPOSED ACQUISITION

The Board wishes to announce that Lee Kee HK, a wholly-owned subsidiary of the Company, as purchaser, had entered into the Agreement for Sale and Purchase with the Vendor on 26th June 2014, pursuant to which Lee Kee HK has agreed to purchase, and the Vendor has agreed to sell 50% shareholding interest in Genesis BVI (comprising 157,500 B shares and 892,500 C shares) at a consideration of US\$649,999.

At Completion, Lee Kee HK, the Vendor and Genesis BVI, Genesis HK or Genesis Ningbo (where applicable) will enter into:

- (1) the Deed of Assignment of Indebtedness, pursuant to which the Vendor has agreed to assign to Lee Kee HK absolutely all its rights, benefits and interests in the Shareholder's Loan and Other Indebtedness at a consideration of US\$1.00; and
- (2) the Deed of Novation, pursuant to which the Vendor has agreed to novate to Lee Kee HK the Outstanding Debt such that at Completion and the Vendor be discharged and released from all payment obligations under or in respect of the Outstanding Debt.

Genesis BVI principally engages in the processing, production and sale of zinc alloy through its indirect wholly-owned subsidiary in the PRC, Genesis Ningbo. Genesis BVI is a 50% owned subsidiary of the Company as at the date of this announcement. Upon Completion, Genesis BVI will be an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As certain percentage ratios under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are more than 25% while all applicable percentage ratios are less than 100%, the Proposed Acquisition constitutes a major transaction for the Company and is subject to the Shareholders' approval requirement under the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Proposed Acquisition, and therefore no Shareholder would be required to abstain from voting on the proposed resolution(s) to approve the Agreement for Sale and Purchase and the transactions contemplated thereunder in a general meeting of the Shareholders. Accordingly, the Company has obtained written Shareholder's approval for the Proposed Acquisition from Gold Alliance, in lieu of holding an extraordinary general meeting. Gold Alliance is, as at the date of this announcement, interested in approximately 72.40% of the issued share capital of the Company.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Proposed Acquisition and other information required under the Listing Rules shall be despatched to the Shareholders within 15 business days after the publication of this announcement. As additional time is required for the Company to prepare the relevant information including the financial information of Genesis BVI and the unaudited pro forma financial information for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for an extension of the deadline for the despatch of the circular to a date not later than 31st August 2014.

THE AGREEMENT FOR SALE AND PURCHASE AND THE DEED OF ASSIGNMENT OF INDEBTEDNESS

Sale and Purchase of Shares in Genesis BVI

The Board wishes to announce that Lee Kee HK, a wholly-owned subsidiary of the Company, as purchaser, had entered into the Agreement for Sale and Purchase with the Vendor on 26th June 2014, pursuant to which Lee Kee HK has agreed to purchase, and the Vendor has agreed to sell 50% shareholding interest in Genesis BVI (comprising 157,500 B shares and 892,500 C shares). The principal terms of the Agreement for Sale and Purchase are as follows:

Date of the Agreement for Sale and Purchase: 26th June 2014

Parties: (1) Lee Kee HK, as purchaser
(2) Nyrstar Netherlands (Holdings) BV, as vendor

Consideration and payment: US\$649,999 and payable by Lee Kee HK on Completion by way of bank remittance.

The above consideration was arrived at after arm's length negotiation between Lee Kee HK and the Vendor and was determined by reference to the discounted value of the Genesis Group as at 31st December 2013.

Conditions precedent: Completion is conditional upon:
(1) the approval of the Agreement for Sale and Purchase and all the transactions contemplated thereunder has been obtained from the Shareholders by way of either (a) the passing of resolution(s) in general meeting of such Shareholders as are not required to abstain from voting under the Listing Rules; or (b) if allowed under the Listing Rules, a written approval of the Shareholders acceptable to the Stock Exchange;

- (2) (if required) all other approvals, consents and acts to be obtained or completed before the Completion as required under the Listing Rules or as otherwise required by the Stock Exchange in connection with the Agreement for Sale and Purchase and all the transactions contemplated thereunder have been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such requirements has been obtained from the Stock Exchange; and
- (3) all approvals, consents, filings and necessary procedures in relation to the resignation of the directors and/or officers appointed by the Vendor in Genesis BVI and/or its subsidiaries have been completed, including but not limited to the changing of authorised signatories and bank signatories.

Other major terms: Between the date of the Agreement for Sale and Purchase and Completion, all material decisions in relation to Genesis Ningbo must be jointly made by the general manager of Genesis Ningbo and the representatives of Lee Kee HK.

Completion: On the seventh business day after the date on which the conditions precedent is satisfied or otherwise waived by Lee Kee HK.

Termination: If Completion does not take place within three months from the date of the Agreement for Sale and Purchase, Lee Kee HK and the Vendor shall use their reasonable endeavours to negotiate amicably, including but not limited to, postponing the Completion to a later date or terminating the Agreement for Sale and Purchase (without prejudice to the rights and interests of the party which has fulfilled its obligations under the Agreement for Sale and Purchase).

Treatment of Shareholder's Loan and Other Indebtedness between the Vendor and the Genesis Group

At Completion, Lee Kee HK, the Vendor and Genesis BVI, Genesis HK or Genesis Ningbo (where applicable) will enter into:

- (1) the Deed of Assignment of Indebtedness, pursuant to which the Vendor has agreed to assign to Lee Kee HK absolutely all its rights, benefits and interests in the Shareholder's Loan and Other Indebtedness at a consideration of US\$1.00; and
- (2) the Deed of Novation, pursuant to which the Vendor has agreed to novate to Lee Kee HK the Outstanding Debt such that at Completion and the Vendor be discharged and released from all payment obligations under or in respect of the Outstanding Debt.

REASONS FOR THE PROPOSED ACQUISITION

The Company believes the Genesis Group with its production of zinc alloy in Ningbo, PRC would maximize the synergy within the Group and enhance the supply chain and logistics hub in the Eastern China region with the Group's existing Wuxi sales and distribution centre. The Genesis Group will also strengthen the Group's own brand production capability.

The Directors believe that the terms of the Agreement for Sale and Purchase, the Deed of Assignment of Indebtedness and the Deed of Novation are fair and reasonable to the Group and are in the interests of the Shareholders as a whole.

INFORMATION ON THE VENDOR

The Directors are informed that the Vendor is a limited liability company incorporated in the Netherlands. The holding company of the Vendor, Nystar NV, is a company listed on NYSE Euronext Brussels under the symbol NYR. Nyrstar NV is an integrated mining and metals business, with market leading positions in zinc and lead, and growing positions in other base and precious metals. Nyrstar NV has mining, smelting, and other operations located in Europe, the Americas, China and Australia. Nyrstar NV is incorporated in Belgium and has its corporate office in Switzerland.

INFORMATION ON THE GROUP AND GENESIS BVI

The Group principally engages in the business of processing, sourcing and distribution of nonferrous 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.

Genesis BVI principally engages in the processing, production and sale of zinc alloy through its indirect wholly-owned subsidiary in the PRC, Genesis Ningbo. As at the date of this announcement, Genesis BVI has an authorised share capital of US\$2,100,000 divided into 892,500 A shares, 315,000 B shares and 892,500 C shares of US\$1.00 each. The shareholders of Genesis BVI are (1) Lee Kee HK, holding 892,500 A shares and 157,500 B shares; and (2) the Vendor, holding 157,500 B shares and 892,500 C shares.

The profit/(loss) and net liabilities of the Genesis Group for the years ended 31st December 2013 and 2012 prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants are as follows:

	For the years ended	
	31st December	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) (both before and after taxation)	<u>1,503</u>	<u>(4,339)</u>
Total assets less current liabilities	35,017	32,429
Shareholders' loan	<u>(54,263)</u>	<u>(54,263)</u>
Net liabilities	<u>(19,246)</u>	<u>(21,834)</u>

Upon Completion, Genesis BVI will be an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

As certain percentage ratios under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition are more than 25% while all applicable percentage ratios are less than 100%, the Proposed Acquisition constitutes a major transaction for the Company and is subject to the Shareholders' approval requirement under the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the Proposed Acquisition, and therefore no Shareholder would be required to abstain from voting on the proposed resolution(s) to approve the Agreement for Sale and Purchase and the transactions contemplated thereunder in a general meeting of the Shareholders. Accordingly, the Company has obtained written Shareholder's approval for the Proposed Acquisition from Gold Alliance, in lieu of holding an extraordinary general meeting. Gold Alliance is, as at the date of this announcement, interested in approximately 72.40% of the issued share capital of the Company.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Proposed Acquisition and other information required under the Listing Rules shall be despatched to the Shareholders within 15 business days after the publication of this announcement. As additional time is required for the Company to prepare the relevant information including the financial information of Genesis BVI and the unaudited pro forma financial information for inclusion in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for an extension of the deadline for the despatch of the circular to a date not later than 31st August 2014.

DEFINITIONS

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

“Agreement for Sale and Purchase”	the agreement for sale and purchase dated 26th June 2014 entered into between the Vendor and Lee Kee HK in relation to, among others, the Proposed Acquisition;
“Board”	the board of Directors;
“Company”	Lee Kee Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange;

“Completion”	the completion of the Proposed Acquisition;
“Deed of Assignment of Indebtedness”	the deed of assignment to be entered into among the Vendor, Lee Kee HK and Genesis BVI, Genesis HK or Genesis Ningbo (where applicable) in relation to, among others, the assignment of the Shareholder’s Loan and Other Indebtedness from the Vendor to Lee Kee HK;
“Deed of Novation”	the deed(s) of novation to be entered into among the Vendor, Lee Kee HK and Genesis BVI, Genesis HK or Genesis Ningbo (where applicable) in relation to, among others, the novation of the Outstanding Debt from the Vendor to Lee Kee HK;
“Directors”	the directors of the Company;
“Genesis BVI”	Genesis Recycling Technology (BVI) Limited, a company incorporated in the British Virgin Islands and is owned as to 50% by Lee Kee HK and 50% by the Vendor immediately before the completion of the Proposed Acquisition;
“Genesis Group”	Genesis BVI and its subsidiaries;
“Genesis HK”	Genesis Alloys Limited, a company incorporated in Hong Kong and is wholly-owned by Genesis BVI;
“Genesis Ningbo”	Genesis Alloys (Ningbo) Limited, a wholly foreign owned enterprise established in the PRC and is an indirect wholly-owned subsidiary of Genesis BVI;
“Gold Alliance”	Gold Alliance Global Services Limited, the controlling Shareholder of the Company which is interested in approximately 72.40% of the issued share capital of the Company as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Lee Kee HK”	Lee Kee Group Limited, a company incorporated in Hong Kong, a wholly owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange;
“Other Indebtedness”	the aggregate sum of accounts payable due from the Genesis Group to the Vendor as at Completion;
“Outstanding Debt”	the aggregate sum of accounts payable due from the Vendor to the Genesis Group as at Completion;
“PRC”	The People’s Republic of China and, except where the context otherwise requires and for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Proposed Acquisition”	the proposed acquisition of 50% shareholding interest in Genesis BVI (comprising 157,500 B shares and 892,500 C shares) by Lee Kee HK from the Vendor pursuant to the terms and conditions of the Agreement for Sale and Purchase;
“Shareholder(s)”	shareholder(s) of the Company;
“Shareholder’s Loan”	the shareholder’s loans in the sum of approximately HKD27,100,000 extended by the Vendor to Genesis BVI which will remain outstanding as at Completion;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America;

“Vendor” Nyrstar Netherlands (Holdings) BV, a limited liability company incorporated in the Netherlands;

“%” per cent.

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 26th June 2014

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. CHUNG Wai Kwok, Jimmy, Mr. LEUNG Kwok Keung*, Mr. HU Wai Kwok* and Mr. HO Kwai Ching, Mark*.*

* *Independent Non-Executive Directors*