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If you have sold or transferred all your shares in Lee Kee Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer 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)

**CONNECTED TRANSACTION
IN RELATION TO THE EXERCISE OF
AN OPTION TO ACQUIRE 70% INTEREST IN
LEE YIP METAL PRODUCTS COMPANY LIMITED**

Independent financial adviser to the Independent Board Committee



CIMB

CIMB-GK Securities (HK) Limited

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee is set out on page 11 of this circular. A letter from CIMB-GK, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 18 of this circular.

A notice convening the Extraordinary General Meeting of Lee Kee Holdings Limited (the "Company") to be held at Jordan Room, Eaton Hotel Hong Kong at 380 Nathan Road, Kowloon, Hong Kong on Friday, 10 August 2007 at 2:00 p.m. is set out page 24 of this circular. Whether or not you are able to attend, please complete the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

17 July 2007

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Call Option”	an exclusive option for the Company to acquire up to all the equity interest in Lee Yip held by Mr. Chan at the time of the exercise of such option
“Call Option Deed”	the call option deed dated 15 September 2006 entered into between the Company and Mr. Chan pursuant to which Mr. Chan has granted to the Company the Call Option
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Company”	Lee Kee Holdings Limited, an exempted company incorporated in the Cayman Islands and the Shares of which are listed on the Stock Exchange
“Completion”	completion of the exercise of the Call Option
“Completion Accounts Date”	31 July 2007 (or such other date as the parties may agree), being the date on which the audited financial statements of Lee Yip are to be made up to for the purpose of Completion
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company as at the Latest Practicable Date
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the exercise of the Call Option
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising only the independent non-executive Directors established for the purpose of advising the Independent Shareholders in respect of the exercise of the Call Option
“Independent Shareholders”	Shareholders other than Mr. Chan, P.C. Chan Family Trust and their respective associates
“Latest Practicable Date”	12 July 2007, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
“Lee Yip”	Lee Yip Metal Products Company Limited, a company incorporated in Hong Kong with limited liability, with its shareholding owned as to 70% by Mr. Chan and as to 30% by an independent third party
“Listing Date”	4 October 2006, being the date on which the Shares first commenced trading on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Pak Chung, the chairman of the Board and an executive Director
“Option Equity”	700,000 ordinary shares of HK\$1.00 each in Lee Yip, representing 70% of the issued share capital of Lee Yip, which are beneficially owned by Mr. Chan as at the Latest Practicable Date
“P.C. Chan Family Trust”	an irrevocable discretionary trust set up by Mr. Chan as settlor and HSBC International Trustee Limited as trustee which holds the entire issued share capital of Gold Alliance International Management Limited which in turn holds the entire issued share capital of Gold Alliance Global Services Limited which hold approximately 72.29% of the issued share capital of the Company as at the Latest Practicable Date
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 21 September 2006

DEFINITIONS

“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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*)

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

Ms. MA Siu Tao

Mr. NG Tze For

Registered office:

P.O. Box 309 GT

Ugland House

South Church Street

George Town

Cayman Islands

Non-executive Director:

Mr. William Tasman WISE

Head Office and Principal Place

of Business in Hong Kong:

Rooms 1302-05, 13/F.

Manulife Provident Funds Place

345 Nathan Road, Yaumatei

Kowloon

Hong Kong

Independent non-executive Directors:

Mr. CHUNG Wai Kwok, Jimmy

Mr. LEUNG Kwok Keung

Mr. HU Wai Kwok

17 July 2007

To the Shareholders of the Company

Dear Sir or Madam,

INTRODUCTION

For the purpose of downstream supply chain expansion, the Company has entered into the Call Option Deed prior to the Listing Date. Pursuant to the Call Option Deed, Mr. Chan has granted to the Company an exclusive option for the Company to acquire up to all the equity interest in Lee Yip held by Mr. Chan at the time of the exercise of the Call Option. The Directors resolved to (subject to the approval of the Independent Shareholders being obtained at the Extraordinary General Meeting) exercise the Call Option to require Mr. Chan to sell to the Group the Option Equity, representing 70% of the issued share capital of Lee Yip.

Pursuant to the Call Option Deed, the purchase price of the Option Equity shall be the sum of the net asset value attributable to the Option Equity and all indebtedness owed by Lee Yip to Mr. Chan as at the Completion Accounts Date, which sum amounts to approximately HK\$33.4 million based on the unaudited accounts of Lee Yip as at 31 May 2007. The consideration shall be fully satisfied in cash.

LETTER FROM THE BOARD

The purpose of this circular is to give you further information on the exercise of the Call Option, further information of Lee Yip, the advice of CIMB-GK, the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the exercise of the Call Option and the notice convening the Extraordinary General Meeting and a proxy form.

Principal terms of the Call Option Deed

- Date: 15 September 2006
- Parties: (1) Grantor : Mr. Chan
(2) Grantee : the Company
- Option Equity: 700,000 ordinary shares of HK\$1.00 each, representing 70% of the issued share capital of Lee Yip as at the Latest Practicable Date
- Exercise Period: Any time within one year from the Listing Date
- Purchase Price: The purchase price for the exercise of the Call Option shall be the higher of (i) Mr. Chan's original investment costs in Lee Yip, being HK\$14 million plus interest at 1.25% above HIBOR accruing from the period commencing on the respective dates of payment of such investment; and (ii) the sum equal to the net asset value attributable to the Option Equity and all indebtedness owed by Lee Yip to Mr. Chan, which sum is approximately HK\$33.4 million based on the unaudited accounts of Lee Yip as at 31 May 2007. The Purchase Price shall be fully satisfied in cash.
- Conditions: Exercise of the Call Option is conditional upon:
- (i) the Shares having first commenced dealings on the Stock Exchange;
 - (ii) compliance by the Company with all relevant provisions of the Listing Rules and its articles of association in respect of the exercise of the Call Option;
 - (iii) all necessary consents for the exercise of the Call Option and the transfer of the Option Equity having been granted by third parties; and

LETTER FROM THE BOARD

- (iv) Mr. Chan having complied in all material respects with the shareholders' agreement dated 16 November 2005, entered into among Mr. Chan, Lee Yip and another shareholder who is an independent third party and that Mr. Chan having performed in all material respects all of the covenants and agreements required to be performed by him under such shareholders' agreement.

Completion: Completion shall take place on or before the fifth day following the date on which the conditions mentioned above have been fulfilled or waived by the Company.

EXERCISE OF THE CALL OPTION

The Directors resolved to (subject to the approval of the Independent Shareholders being obtained at the Extraordinary General Meeting) exercise the Call Option to require Mr. Chan to sell to the Group the Option Equity.

Based on the unaudited accounts of Lee Yip as at 31 May 2007, the sum of the net asset value attributable to the Option Equity of approximately HK\$20.1 million and all indebtedness owed by Lee Yip to Mr. Chan of approximately HK\$13.3 million amounted to approximately HK\$33.4 million, which is higher than Mr. Chan's original investment costs in Lee Yip of approximately HK\$14 million. Accordingly, the purchase price of the Option Equity pursuant to the Call Option Deed shall be the sum of the net asset value attributable to the Option Equity and all indebtedness owed by Lee Yip to Mr. Chan of approximately as at the Completion Accounts Date. The purchase price of the Option Equity as calculated based on the unaudited management accounts of Lee Yip as at 31 May 2007 represents a price earnings multiple of approximately 2.84 times of the audited net profit after taxation of Lee Yip for the year ended 31 December 2006.

INFORMATION OF LEE YIP

Lee Yip was incorporated in May 2005 and is principally engaged in the distribution and processing of stainless steel.

LETTER FROM THE BOARD

Set out below is the financial information of Lee Yip based on general accepted accounting principles adopted in Hong Kong for the period from 21 May 2005 (date of incorporation) to 31 December 2005 and the year ended 31 December 2006:

	For the year ended 31 December 2006 (Audited) HK\$'000	For the period from 21 May 2005 (date of incorporation) to 31 December 2005 (Audited) HK\$'000
Turnover	178,029	52,893
Gross Profit	29,299	4,911
<i>(Gross profit margin)</i>	<i>(16.5%)</i>	<i>(9.3%)</i>
Profit before taxation	20,385	1,579
Profit after taxation	16,830	1,302
 Net assets as at 31 December 2006 and 2005	 16,131	 2,302

Lee Yip was only established in May 2005. For the period from May to December 2005, Lee Yip recorded a turnover of approximately HK\$52.9 million. As production began to ramp up in 2006 after the initial set up stage, Lee Yip recorded a significant increase in turnover in 2006, reporting a turnover of approximately HK\$178.0 million.

The relative low gross profit margin of Lee Yip for 2005 was mainly attributable to the low utilisation rate in the early stage of establishment. Its gross profit margin for 2006 improved substantially to 16.5% due to the increase in scale of production after the initial set-up stage and the increase of price of stainless steel.

Upon Completion, Lee Yip will be owned as to 70% by the Company and will be accounted for as a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE EXERCISE OF THE CALL OPTION

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 Directors consider that the stainless steel business of Lee Yip forms part of the downstream sectors of a metal supply chain and therefore the acquisition of Lee Yip would enable the Group to expand its product offerings and enhance its cross selling

LETTER FROM THE BOARD

capabilities. The Directors are also of the view that the acquisition of Lee Yip would not only allow the Group to benefit from synergy between the Group's existing business and that of Lee Yip but also enhance the Group's strategy of becoming an integrated supply chain company.

The Directors are of the view that the terms of the exercise of the Call Option (including the purchase price for the exercise of the Call Option) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole as Lee Yip is at an early stage of development, applying investment cost or net asset value as the basis for determining the purchase price is more relevant and is fair and reasonable. However, for reference purpose only, based on the exercise price of the Call Option the implied price earnings multiple of the consideration is approximately 2.84 times of Lee Yip's net profit for 2006. The Directors also consider that the acquisition of Lee Yip pursuant to the exercise of the Call Option is in line with the stated business strategy of the Company of becoming an integrated supply chain company in the non-ferrous metals industry and is in the interests of the Company and the Shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

Mr. Chan, as the settlor of the P.C. Chan Family Trust, is deemed to be interested in 600,000,000 Shares representing approximately 72.29% of the issued share capital of the Company as at the Latest Practicable Date and is therefore a connected person of the Company within the meaning of the Listing Rules. As such, the exercise of the Call Option constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements, by way of poll at the Extraordinary General Meeting, as set out in the relevant provisions of Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE/INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the exercise of the Call Option. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the exercise of the Call Option.

EXTRAORDINARY GENERAL MEETING

The Company will convene the Extraordinary General Meeting at Jordan Room, Eaton Hotel Hong Kong at 380 Nathan Road, Kowloon, Hong Kong on Friday, 10 August 2007, at 2:00 p.m. at which ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the exercise of the Call Option set out on page 24 of this circular. Mr. Chan and his associates, as a connected person of the Company within the meaning of the Listing Rules, will abstain from voting for the resolution to approve the exercise of the Call Option to be put forward at the Extraordinary General Meeting. The voting on the resolution in respect of the exercise of the Call Option will be conducted by way of poll in accordance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

A form of proxy for use by the Independent Shareholders at the Extraordinary General Meeting and at any adjournment thereof is enclosed. Whether or not you propose to attend and vote at the Extraordinary General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting, or any adjourned meeting, should you so wish.

PROCEDURE FOR DEMANDING A POLL AT THE EXTRAORDINARY GENERAL MEETING

Pursuant to Article 90 of the Articles, a poll may be demanded at the Extraordinary General Meeting by:

1. the Chairman of the meeting; or
2. 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
3. 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
4. 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.

GENERAL

You are advised to read carefully the letter from the Independent Board Committee, which contains its recommendation to the Independent Shareholders set out in page 11 of this circular in respect of the exercise of the Call Option. Your attention is also drawn to the letter of advice from CIMB-GK containing its advice to the Independent Board Committee and the Independent Shareholders set out on pages 12 to 18 of this circular.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully
For and on behalf of
The Board of Directors
LEE KEE HOLDINGS LIMITED
CHAN Yuen Shan, Clara
Executive Director



利記控股有限公司
Lee Kee Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 637)

17 July 2007

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
IN RELATION TO THE EXERCISE OF
AN OPTION TO ACQUIRE 70% INTEREST IN
LEE YIP METAL PRODUCTS COMPANY LIMITED**

We refer to the circular of the Company dated 17 July 2007 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used herein have the same meanings as defined in the Circular unless otherwise specified.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the exercise of the Call Option, details of which are set out in the letter from the Board in the Circular.

Having taken into account of the advice of CIMB-GK, the independent financial adviser, we consider that the entering into of the exercise of the Call Option is in the interests of the Company and the Shareholders as a whole and the terms of the Call Option Deed are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting to approve the exercise of the Call Option.

Yours faithfully,
Mr. CHUNG Wai Kwok, Jimmy
Mr. LEUNG Kwok Keung
Mr. HU Wai Kwok
Independent Board Committee

LETTER FROM CIMB-GK

The following is the full text of the letter of advice from CIMB-GK, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the exercise of the Call Option.



CIMB

CIMB-GK Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

17 July 2007

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

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO THE EXERCISE OF AN OPTION TO ACQUIRE 70% INTEREST IN LEE YIP METAL PRODUCTS COMPANY LIMITED

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 terms of the exercise of the Call Option. Details of the exercise of the Call Option are set out in the letter from the Board as contained in the circular of the Company to the Shareholders dated 17 July 2007 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Independent Board Committee comprising Messrs. Chung Wai Kwok, Jimmy, Leung Kwok Keung and Hu Wai Kwok, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the terms of the exercise of the Call Option.

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.08, including the notes thereto of the Listing Rules, to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular. We have also assumed that the

LETTER FROM CIMB-GK

information, facts and representations contained or referred to in the Circular were true and accurate at the time they were made and at the date of the despatch of the Circular and continue to be so up to the date of the Extraordinary General Meeting. We have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided and represented to us by the Company and the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information and documents to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the exercise of the Call Option in order to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Group, Lee Yip or any of their respective associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the exercise of the Call Option, we have considered the following principal factors and reasons:

1. Background to and reasons for the exercise of the Call Option

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

The Group is a leading sourcing and distribution company of die-casting zinc alloys in Hong Kong and continued to be the largest zinc alloy importer in the PRC in 2006 with total sales of zinc alloys accounted for approximately 76% of the total volume of imported zinc alloys in the PRC for the year. As stated in the prospectus of the Company dated 21 September 2006 (the "Prospectus"), the Group's goal is to become a leading international supply chain company in the non-ferrous metals industry that provides "one-stop" solution service to its customers.

As stated in the Letter from the Board of this circular, for the purpose of downstream supply chain expansion, the Company has entered into the Call Option Deed prior to the Listing Date pursuant to which Mr. Chan granted to the Company an exclusive option for the Company to acquire up to all the equity interest in Lee Yip held by Mr. Chan at the time of the exercise of the Call Option. The principal terms of the Call Option Deed are set out in the Letter of the Board of this circular.

Lee Yip was incorporated in May 2005 and commenced production in the second half of 2005. It engages in the distribution and processing of stainless steel.

LETTER FROM CIMB-GK

Considering that the business of Lee Yip forms part of the downstream sectors of a metal supply chain, we concur with the Directors' view that the acquisition of Lee Yip pursuant to the exercise of the Call Option is in line with the stated business strategy of the Company of becoming an integrated supply chain company in the non-ferrous metals industry and is in the interest of the Company and the Shareholders as a whole.

2. Business operation and financial performance of Lee Yip

Lee Yip was incorporated on 21 May 2005 whose principal business is distribution and processing of stainless steel. It only commenced production in the second half of 2005. Despite its short history, Lee Yip's financial results have been satisfactory.

The following table sets out certain financial information of Lee Yip for the period from 21 May 2005 (date of incorporation) to 31 December 2005 and the year ended 31 December 2006:

	Year ended 31 December 2006 (Audited) HK\$'000	Period from 21 May 2005 (date of incorporation) to 31 December 2005 (Audited) HK\$'000
Turnover	178,029	52,893
Gross profit <i>(Gross profit margin)</i>	29,299 <i>(16.5%)</i>	4,911 <i>(9.3%)</i>
Operating profit	22,112	1,779
Profit before taxation	20,385	1,579
Profit attributable to shareholders	16,830	1,302
	As at 31 December 2006	As at 31 December 2005
Net assets	16,131	2,302

LETTER FROM CIMB-GK

As explained above, Lee Yip was set up in May 2005 and only commenced production in the second half of 2005. In the first few months of its operation up to December 2005, Lee Yip recorded a turnover of approximately HK\$52.9 million. As stated in the Letter from the Board of this circular, Lee Yip's production began to ramp up in 2006 and accordingly, it recorded a substantial increase in turnover in the year ended 31 December 2006, which amount increased to approximately HK\$178.0 million.

As stated in the Letter from the Board of this circular, Lee Yip's gross profit margin for 2005 was relatively low, which could mostly be explained by the low utilisation rate in the early stage of establishment. Its gross profit for 2006 improved substantially to 16.5% due to the increase in scale of production after the initial set-up stage and the increase of price of stainless steel. We note that the gross profit margin of Lee Yip of 16.5% for 2006 is higher than the Group's gross profit margin of approximately 9.7% for 2006.

With the substantial increase in turnover and improvement in gross profit margin, Lee Yip recorded a satisfactory net profit of approximately HK\$16.8 million in its first full year of operation.

3. The purchase price for the exercise of the Call Option

The purchase price for the exercise of the Call Option shall be the sum of the net asset value attributable to the Option Equity and all indebtedness owed by Lee Yip to Mr. Chan as at the Completion Accounts Date. As stated in the Letter from the Board of this circular, such sum based on the unaudited management accounts of Lee Yip as at 31 May 2007 was approximately HK\$33.4 million, which represents a price earnings multiple ("P/E") of approximately 2.84 times of the audited net profit after taxation of Lee Yip for the year ended 31 December 2006.

The Purchase Price shall be fully satisfied by cash on the date of Completion.

In assessing the fairness and reasonableness of the purchase price for the exercise of the Call Option, we have identified, to our best efforts, 5 comparable companies (the "Comparable Companies") which are principally engaged in metal trading and processing and listed on the main board of the Stock Exchange. We

LETTER FROM CIMB-GK

have reviewed the P/E and price-to-book ratio (“P/B Ratio”) of the Comparable Companies and the results are summarized in the table below.

Stock code	Name of Comparable Companies	Principal businesses	Market capitalisation <i>(Note 1)</i> <i>HK\$' million</i>	P/E <i>(Note 2)</i> <i>times</i>	P/B Ratio <i>(Note 3)</i> <i>times</i>
24	Burwill Holdings Limited	Metal trading, manufacturing of metal products, operation of metal exchange portals, property development and investment.	2,177.79	14.58	2.27
103	Shougang Concord Century Holdings Limited	Processing and trading of copper and brass products, manufacturing of steel cords, property development & investment, provides management and information technology services.	1,276.07	16.78	1.33
1118	Golik Holdings Limited	Manufacturing and sales of steel, metal products and construction materials.	255.31	6.22	0.56
1208	Minmetals Resources Limited	Trading of non-ferrous metals as well as the industrial investments related to non-ferrous metals.	9,519.13	11.00	2.18
637	Lee Kee Holdings Limited	Sourcing and distribution of non-ferrous metals, primarily SHG zinc and zinc alloy, nickel and nickel-related products, aluminium and aluminium alloy, and other electroplating chemicals.	2,739.00	7.05	2.08
	Minimum:			6.22	0.56
	Maximum:			16.78	2.27
	Average:			11.13	1.68
	Lee Yip	Distribution and processing of stainless steel	47.7 <i>(Note 4)</i>	2.84 <i>(Note 4)</i>	1.00 <i>(Note 5)</i>

Source: Bloomberg, www.hkex.com.hk (the “Stock Exchange’s Website”) and annual reports

LETTER FROM CIMB-GK

Notes:

1. Market capitalisation as quoted on Bloomberg on the Latest Practicable Date.
2. Calculated based on the market capitalisation of the respective Comparable Companies as quoted on Bloomberg on the Latest Practicable Date divided by their respective earnings attributable to shareholders per their latest audited annual report.
3. Calculated based on the closing prices of the Comparable Companies on the Latest Practicable Date divided by their respective net asset value per share per the latest published financial reports.
4. Based on purchase price for the exercise of the Call Option.
5. Given that the purchase price for the exercise of the Call Option is equal to the sum of the net asset value attributable to the Option Equity and all indebtedness owed by Lee Yip to Mr. Chan as at the Completion Accounts Date, the P/B Ratio for the exercise of the Call Option is 1.00.

As shown above, the Comparable Companies are trading at an average P/E of approximately 11.13 times which is higher than the P/E of Lee Yip of approximately 2.84 times (based on audited net profit for the year ended 31 December 2006) implied by the purchase price for the exercise of the Call Option. It is also shown that the Comparable Companies are trading at an average P/B Ratio of approximately 1.68 times, which is higher than the P/B Ratio of Lee Yip of approximately 1.00 implied by the purchase price for the exercise of the Call Option. In view of the above, we consider that the purchase price for the exercise of the Call Option and the basis thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

4. Financial effect

Net asset value

The Directors do not expect the exercise of the Call Option to have any immediate impact on the net asset value of the Group since the purchase price for the exercise of the Call Option equals to the sum of the net asset value attributable to the Option Equity and all indebtedness owed by Lee Yip to Mr. Chan as at the Completion Accounts Date.

Earnings

Upon Completion, Lee Yip will become a 70% owned subsidiary of the Company and the results of Lee Yip will be consolidated into that of the Group.

LETTER FROM CIMB-GK

Working capital

The purchase price for the exercise of the Call Option will be paid in cash and is intended to be funded by the Company's internal resources. As noted from the annual report of the Company for the year ended 31 December 2006, the cash and bank balance of the Group amounted to approximately HK\$728 million as at 31 December 2006. As such, we concur with the view of the Directors that the exercise of the Call Option should not have any material adverse impact to the liquidity and cash flow position of the Group.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we consider that the terms of the exercise of the Call Option are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the exercise of the Call Option is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting to approve the exercise of the Call Option.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) Limited

Alex Lau

Executive Vice President

Heidi Cheng

Senior Vice President

1. RESPONSIBILITY STATEMENT

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 matters the omission of which would make any statement in this circular 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	72.29%
Mr. MA Siu Tao (Note 2)	Beneficiary	600,000,000	72.29%

Notes:

- The 600,000,000 Shares are held by Global Alliance Global Services Limited ("Global Alliance") whose entire issued share capital is held by Gold Alliance International Management Limited ("Gold Alliance International"), 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 6 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 Gold Alliance 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 Gold Alliance 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	Name of its associated corporations	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 15 September 2006 under the Pre-IPO Share Option Scheme adopted on 15 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	72.29%
Gold Alliance International Management Limited	Interest of controlled	600,000,000	72.29%
HSBC International Trustee Limited	Trustee	600,000,000	72.29%

Note: The entire share capital of Gold Alliance is held by Gold Alliance International, 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 6 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 recorded in the register to be kept under section 336 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 has 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 31 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 this circular and the exempt continuing connected transaction disclosed in the Prospectus, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 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

Name	Qualification
CIMB-GK Securities (HK) Limited	a corporation licensed to carry on type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

CIMB-GK has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, CIMB-GK did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, CIMB-GK did not have any interest, direct or indirect, in any assets which since 31 December 2006, the date to which the latest published audited financial statements of the Company were made up, have been 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.

8. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309 GT, Ugland House, South Church Street, George Town, Cayman Islands. The head office and principal place of business in Hong Kong of the Company is situated at Rooms 1302–05, 13/F., Manulife Provident Funds Place, 345 Nathan Road, Yaumatei, Kowloon, Hong Kong.
- (b) The qualified accountant of the Company is CHEUK Wa Pang who is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (c) The secretary of the Company is Mr. CHEUK Wa Pang who is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Rooms 1302–05, 13/F., Manulife Provident Funds Place, 345 Nathan Road, Yaumatei, Kowloon, Hong Kong during normal business hours between the period from 17 July 2007 to 10 August 2007 (both days inclusive):

- (a) the Call Option Deed;
- (b) the letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders as set out in this circular;
- (c) the letter from CIMB-GK, the text of which is set out in this circular; and
- (d) the consent letter of CIMB-GK referred to in the section headed “Qualification and consent” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 the Extraordinary General Meeting of Lee Kee Holdings Limited (the "Company") will be held at Jordan Room, Eaton Hotel Hong Kong at 380 Nathan Road, Kowloon, Hong Kong on Friday, 10 August 2007 at 2:00 p.m. for the following purposes:

"**THAT**, the exercise of option by the Company to acquire 70% interest in Lee Yip Metal Products Company Limited pursuant to the Call Option Deed dated 15 September 2006 entered into between the Company and Mr. CHAN Pak Chung be and are hereby approved and the Directors of the Company (or any one of them) be and are hereby authorised to execute such documents on behalf of the Company as they may consider necessary, appropriate or desirable and to do whatever acts and things they consider necessary, appropriate or desirable or expedient for the purpose of, or in connection with, or arising out of such exercise of option."

By Order of the Board
CHEUK Wa Pang
Company Secretary

Hong Kong, 17 July 2007

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 or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Branch Share Registrar 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 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.