

**LEE KEE HOLDINGS LTD:
THE COMPANY IS AS SOLID AS ITS PRODUCTS**

With the spectacular growth of the economy of the People's Republic of China (PRC), going through the proverbial roof, year after year after year, and with the growth prospects for the economy of the Middle Kingdom for the next decade, being especially suggestive of even further and greater gains for this dynamic economy, the requirement for ferrous and non-ferrous metals to meet the demands of the PRC's industries is almost guaranteed to rise.

As everybody and his cat is well aware, the PRC, proper, as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC, is the world's tailor, one of the world's largest manufacturers of television sets, washing machines, microwave ovens, accessories for bathrooms, etc, etc, etc.

Within the next decade, no doubt, the PRC, proper, will become the world's largest manufacturer of motor vehicles, displacing Japan and Detroit, Michigan, from their present dominant positions.

And so, along comes Lee Kee Holdings Ltd () (Code: 637, Main Board, The Stock Exchange of Hongkong Ltd) with its success story, contained in its Global Offering Prospectus, dated September 21, 2006.

Lee Kee Holdings Offered 200 million, 10-cent Shares at a price of between \$HK1.94 per Share and \$HK2.70 per Share.

Initially, the Public Offer tranche was only 20 million Shares with 180 million Shares, being reserved for Placing with institutional shareholders.

However, last Monday, it was announced that there had had to be adjustments, made to the amount of scrip, Offered in the Public Offer tranche and the Placing tranche, with 100 million Shares, Offered in both tranches.

The Public Offer tranche had been over-subscribed about 266 times (5,317,470,000 Shares), it was announced.

The Offer Price was fixed at \$HK2.67 per Share, which is just about one percent below the top of the price range that was being sought.

At Page 139 of the Company's Prospectus, it is stated, inter alia:

'Our Directors believe that the demand for non-ferrous metals in the Greater China Region will continue to grow. In particular, the PRC has grown to become one of the largest metals consumers in the world with expanding demand from die-casting foundries outgrowing supply ...'.

This is quite correct, but **TARGET** () would have added that the PRC's hunger for non-ferrous metals (metals containing no iron to any material degree) is due, in large part, to the growing requirements in the West for consumer products of which the PRC has been commissioned to produce.

However, in the next decade or so, the situation is quite likely to change, with domestic consumption in the PRC, growing to hitherto unforeseen levels and causing an even greater demand for ferrous and non-ferrous metals in the country.

Which tends to indicate that the future for companies, such as Lee Kee Holdings, is assured, all things being

equal.

The Flotation

On the basis of the Offer Price for the 200 million Shares, being \$HK2.32, Lee Kee Holdings was conservatively hoping to net about \$HK426.90 million, that amount of money, earmarked for the following purposes:

1. \$HK125 million *'will be used to develop our distribution abilities in the PRC through setting up trading companies and representative offices in major cities such as Guangzhou, Shanghai, Chengdu, Dalian and Beijing ...'*;
2. \$HK110 million *'will be used to form a strategic partnership in order to further expand ...'*;
3. \$HK78.50 million *'will be used to expand our product lines by establishing our own production facilities for manufacturing and processing aluminium alloys up to 7,500 metric tonnes per month ...'*;
4. \$HK30 million *'will be used to expand our logistics facilities in Hong Kong'*;
5. \$HK25 million *'will be used to expand our service offering by providing laboratory testing services on metal-related products and recycling services to our customers'*;
6. \$HK15 million *'will be used to acquire Lee Yip [Lee Yip Metal Products Company Ltd ()]; and,*
7. \$HK42.70 million *'will be used as general working capital.'*

In respect of Point Number 6, Lee Yip Metal Products Company Ltd was owned, as at the date of the flotation of Lee Kee Holdings, as to 70 percent by Mr Chan Pak Chung (), the Chairman of Lee Kee Holdings, and 30 percent by a Mr Poon Man Keung ().

This ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*

