KEE Holdings Company Limited
開易控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2011)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2012	2011	
	HK$'000	*HK$'000*	*% change*
	(unaudited)	*(unaudited)*	
Turnover	**77,308**	100,171	-22.8
Gross profit	**26,105**	35,444	-26.3
Gross profit margin	**33.8%**	35.4%	-4.5
Profit from operations	**8,997**	19,441	-53.7
Profit before taxation	**8,997**	19,169	-53.1
Profit for the period attributable to the equity shareholders of the Company	**6,660**	15,743	-57.7
Basic and diluted earnings per share *(see note 7)*	**0.016**	0.039	-59.0

	As at 30 June 2012	As at 31 December 2011	
	HK$'000	*HK$'000*	*% change*
	(unaudited)	*(audited)*	
Total assets	**345,507**	329,045	5.0
Cash and cash equivalents	**101,335**	76,928	31.7
Total equity	**306,822**	306,869	0.0*

* The change is less than 0.02%.

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2012 as follows:

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2012 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2012	2011
	Note	***$'000***	*$'000*
Turnover	*3*	**77,308**	100,171
Cost of sales		**(51,203)**	(64,727)
Gross profit		**26,105**	35,444
Other revenue	*4*	**2,289**	5,467
Other net income/(loss)		**117**	(269)
Distribution costs		**(5,749)**	(5,599)
Administrative expenses		**(13,765)**	(15,602)
Profit from operations		**8,997**	19,441
Finance costs	*5(a)*	**–**	(272)
Profit before taxation	*5*	**8,997**	19,169
Income tax	*6*	**(2,337)**	(3,426)
Profit for the period attributable to the equity shareholders of the Company		**6,660**	15,743
Basic and diluted earnings per share (HK$)	*7*	**0.016**	0.039

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2012 – unaudited (continued)
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2012	2011
	Note	***$'000***	*$'000*
Profit for the period attributable to the equity shareholders of the Company		**6,660**	15,743
Other comprehensive income for the period			
Exchange differences on translation of financial statements of subsidiaries		**(1,744)**	5,154
Total comprehensive income for the period attributable to the equity shareholders of the Company		**4,916**	20,897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2012
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2012 $'000 (Unaudited)**	At 31 December 2011 $'000 (Audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment		**107,802**	107,540
– Lease prepayments		**17,233**	4,395
		125,035	111,935
Intangible assets		**7,047**	7,463
Prepayment for fixed assets		**12,614**	21,551
Deferred tax assets		**2,383**	1,534
		147,079	142,483
Current assets			
Inventories	*9*	**25,009**	22,995
Trade and other receivables	*10*	**52,104**	40,793
Current tax recoverable		**896**	2,297
Cash and cash equivalents		**101,335**	76,928
Deposits with banks		**19,084**	43,549
		198,428	186,562
Current liabilities			
Trade and other payables	*11*	**35,046**	20,172
Current tax payable		**2,800**	2,004
		37,846	22,176
Net current assets		**160,582**	164,386
Total assets less current liabilities		**307,661**	306,869

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2012
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2012** **$'000** **(Unaudited)**	At 31 December 2011 *$'000* *(Audited)*
Non-current liabilities			
Deferred tax liabilities		**839**	–
		839	–
Net assets		**306,822**	306,869
Capital and reserves	*12*		
Share capital		**4,150**	4,150
Reserves		**302,672**	302,719
Total equity		**306,822**	306,869

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's consolidated interim financial report for the six months ended 30 June 2011 but are extracted from the consolidated interim financial report.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

This interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company. It has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 7, Financial instruments: Disclosures – Transfers of financial assets

- Amendments to HKAS 12, Income taxes – Deferred tax: Recovery of underlying assets

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

Amendments to HKFRS 7 Financial instruments: disclosures

The amendments to HKFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12 Income taxes

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group did not have any investment property in previous periods or the current period.

3 TURNOVER

The principal activities of the Group are manufacture and sale of zippers and other related products such as sliders, tapes and other products.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Metal zippers	**35,600**	44,087
Nylon zippers	**24,947**	35,269
Plastic zippers	**10,518**	11,666
Sliders	**3,525**	2,580
Premium items	**167**	2,232
Others	**2,551**	4,337
	77,308	100,171

No individual customer had transactions exceeded 10% of the Group's turnover.

4 OTHER REVENUE

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Government grants	**634**	5,206
Interest income	**1,655**	261
	2,289	5,467

The Group received various government grants in form of cash subsidies from local government during the period.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Interest on bank borrowings wholly repayable within five years	**–**	272

(b) Staff costs*

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Salaries, wages and other benefits	**23,254**	20,371
Contributions to defined contribution retirement plans	**2,053**	1,775
Equity-settled share based payment expenses	**225**	247
	25,532	22,393

(c) Other items

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Depreciation and amortisation		
– lease prepayments	**105**	49
– fixed assets	**6,218**	5,469
– intangible assets	**414**	295
Allowances for impairment losses (written back)/provided		
– trade and other receivables	**(255)**	195
Operating lease charges	**2,200**	2,013
Net foreign exchange (gain)/loss	**(40)**	25
Net loss on disposal of fixed assets	**6**	147
Interest income	**(1,655)**	(261)
Auditor's remuneration	**775**	571
Research and development	**810**	1,737
Cost of inventories*	**51,203**	64,727

* Cost of inventories includes HK$21,521,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$21,173,000) relating to staff cost, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Current tax – the People Republic of China ("PRC") corporate income tax		
Provision for the period	**1,869**	3,470
Current tax – Hong Kong Profits Tax		
Provision for the period	**485**	142
Deferred tax		
Origination and reversal of temporary differences	**(17)**	(186)
	2,337	3,426

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

KEE Zippers Corporation Limited ("KEE Zippers") is subject to Hong Kong Profits Tax at 16.5% in 2012 and 2011. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

The PRC statutory income tax rate applicable to the Company's subsidiaries is 25% effective from 1 January 2008.

(ii) KEE (Guangdong) Garment Accessories Limited ("KEE Guangdong") and KEE (Zhejiang) Garment Accessories Limited ("KEE Zhejiang"), being production-oriented FIEs with operating periods of 10 years or more, were entitled to two-year exemption from income tax followed by three-year 50% reduction in income tax rate commencing from the first profit-making year from PRC income tax perspective ("2+3 tax holiday"). KEE Guangdong commenced its 2+3 tax holiday in 2006 and KEE Zhejiang commenced its 2+3 tax holiday in 2008.

KEE Guangdong was recognized as an enterprise of new and high technology and obtained the approval in June 2011 from local tax authority to enjoy a preferential income tax rate of 15% for the two financial years ending 31 December 2012 according to relevant regulations for enterprise of new and high technology in the PRC.

(iii) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$6,660,000 (six months ended 30 June 2011: HK$15,743,000) and the weighted average of 415,000,000 ordinary shares (six months ended 30 June 2011: 406,050,000 ordinary shares) in issue during the interim period.

The effects of potential ordinary shares during the period are anti-dilutive and, therefore, diluted earnings per share are the same as the basic earnings per share.

8 SEGMENT REPORTING

The Group manages its businesses by geographical areas. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Southern China and overseas: this segment manufactures zipper products and mainly sells to customers in Southern China and overseas market. Currently its activities are mainly carried out in Guangdong province and Hong Kong.

- Eastern China: this segment manufactures zipper products and mainly sells to customers in Eastern China. Currently its activities are mainly carried out in Zhejiang province.

- Central China: this segment manufactures zipper products and mainly sells to customers in Central China. Currently its activities are mainly carried out in Hubei province.

(a) Segment results and segment assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and deferred tax assets.

The measure used for reporting segment profit is "adjusted profit before taxation" i.e. "turnover less cost of sales, distribution costs, administrative expenses and finance costs". Items not specifically attributed to individual segment such as gain or loss from investments in listed equity securities are excluded from the calculation of segment profit. The Group's senior executive management is provided with segment information concerning segment revenue, profit and assets. Segment liabilities are not reported to the Group's senior executive management regularly.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2012 and 2011 is set out below.

Six months ended 30 June 2012

	Southern China and overseas *$'000*	**Eastern China** *$'000*	**Central China** *$'000*	**Total** *$'000*
Revenue from external customers	**48,480**	**28,828**	**–**	**77,308**
Inter-segment revenue	**6,829**	**4,001**	**–**	**10,830**
Reportable segment revenue	**55,309**	**32,829**	**–**	**88,138**
Reportable segment profit/(loss)	**5,453**	**4,163**	**(323)**	**9,293**
Depreciation and amortisation for the period	**(4,016)**	**(2,655)**	**(66)**	**(6,737)**
Reportable segment assets at period end	**193,893**	**119,391**	**32,126**	**345,410**

Six months ended 30 June 2011

	Southern China and overseas *$'000*	Eastern China *$'000*	Central China *$'000*	Total *$'000*
Revenue from external customers	64,361	35,810	–	100,171
Inter-segment revenue	10,322	8,937	–	19,259
Reportable segment revenue	74,683	44,747	–	119,430
Reportable segment profit	10,631	6,209	–	16,840
Interest expense	(22)	(250)	–	(272)
Depreciation and amortisation for the period	(3,605)	(2,208)	–	(5,813)
Reportable segment assets at period end	230,270	109,367	–	339,637

(b) Reconciliations of reportable segment revenues, profit or loss and assets

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Revenue		
Reportable segment revenue	**88,138**	119,430
Elimination of inter-segment revenue	**(10,830)**	(19,259)
Consolidated turnover	**77,308**	100,171
Profit		
Reportable segment profit	**9,293**	16,840
Elimination of inter-segment profits of intra-segment purchase of inventories and fixed assets	**(182)**	90
Reportable segment profit derived from the Group's external customers	**9,111**	16,930
Other revenue and other net loss	**2,406**	5,198
Unallocated head office and corporate expenses	**(2,520)**	(2,959)
Consolidated profit before taxation	**8,997**	19,169

	At 30 June	At 31 December
	2012	2011
	$'000	*$'000*
Assets		
Reportable segment assets	**345,410**	329,879
Elimination of unrealised profit of inter-segment purchase of inventories	**(2,138)**	(1,884)
Elimination of unrealised profit of inter-segment purchase of fixed assets	**(1,084)**	(1,156)
	342,188	326,839
Deferred tax assets	**2,383**	1,534
Unallocated head office and corporate assets	**936**	672
Consolidated total assets	**345,507**	329,045

9 INVENTORIES

	At 30 June 2012 *$'000*	At 31 December 2011 *$'000*
Raw materials	**5,248**	4,249
Work in progress	**16,650**	15,740
Finished goods	**3,111**	3,006
	25,009	22,995

An analysis of the amount of inventories recognised as an expense and included in consolidated income statement is as follows:

	Six months ended 30 June	
	2012 *$'000*	2011 *$'000*
Carrying amount of inventories sold	**51,060**	64,174
Write down of inventories	**143**	553
	51,203	64,727

The write-down of inventories is related to decrease in the estimated net realisable value of certain slow-moving inventories.

10 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the statement of financial position date:

	At 30 June 2012 *$'000*	At 31 December 2011 *$'000*
Current	**37,126**	21,869
Less than 3 months past due	**10,263**	12,313
More than 3 months but less than 12 months past due	**539**	1,867
Trade debtors, net of allowance for doubtful debts	**47,928**	36,049
Other prepayments	**2,749**	2,668
Deposits and other debtors	**1,427**	2,076
	52,104	40,793

Trade debtors are usually due within 30 to 90 days from the date of billing.

11 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the statement of financial position date:

	At 30 June 2012	At 31 December 2011
	$'000	*$'000*
Due within 1 month or on demand	**7,545**	6,855
Due after 1 month but within 3 months	**179**	589
Due over 3 months	**4**	–
Total trade creditors	**7,728**	7,444
Payroll and staff benefits payable	**6,982**	6,133
Accrued expenses	**3,015**	3,492
Payable for lease prepayments	**7,987**	–
Other creditors	**9,334**	3,103
	35,046	20,172

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2012		At 31 December 2011	
	No. of shares	**Share capital**	No. of shares	Share capital
	'000	***$'000***	*'000*	*$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**	2,000,000	20,000
Ordinary shares, issued and fully paid:				
1 January (HK$0.01 each)	**415,000**	**4,150**	–	–
Shares issued by share offer	**–**	**–**	415,000	4,150
At 30 June/31 December	**415,000**	**4,150**	415,000	4,150

The shares of the Company were listed on the Main Board of The Hong Kong Stock Exchange on 12 January 2011, with a total number of 400,000,000 shares. The Company subsequently over-allotted and issued 15,000,000 shares to the public on 28 January 2011 and the total number of ordinary shares increased to 415,000,000 shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings. All ordinary shares rank equally with regard to the Group's residual assets.

(b) Share premium

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company.

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

According to the Company's Memorandum and Articles of Association, dividends may be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose with the sanction of an ordinary resolution.

(c) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2012	2011
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK1.25 cents per ordinary share (six months ended 30 June 2011: nil)	**5,188**	–

No interim dividend was declared after the end of the reporting period. (2011: HK$5,187,500, HK1.25 cents per ordinary share)

BUSINESS REVIEW

The Group is a producer of finished zippers in China. The Group's customers for zippers are OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied in the apparel products. The apparel brand owners usually decide on the zipper supplier for their OEMs and place orders with such OEMs who in turn source zippers from the Group.

In 2012, the economic growth of China declined, which adversely affected the end consumption. The global financial crisis which has lasted for several years, as well as the impact from the European sovereign debt crisis, led to the slow down of growth in consumption in the apparel industry in China. At the same time, the apparel industry in China adopted a de-stocking policy to reduce the high stocking pressure since last year. All of these factors led to the decrease in demand for quality zippers in the short term.

PROSPECTS

In order to effectively respond to the slow down of economic growth, the Chinese government gradually adopted the policy of "expanding domestic demands and stabilizing the growth rate". These measures have already made initial progress, and will gradually start to achieve material effectiveness in the second half of 2012.

In addition, the Directors also actively aim to further strengthen the Group's position in the quality zipper market. The Group will continue to strive to achieve growth of the business and ensure that the Group remains competitive through (i) investment in product design, and research and development to broaden the variety of zipper products; (ii) development or acquisition of machinery and equipment to enhance the automation of the production process in order to increase production efficiency; (iii) targeted marketing to apparel brand owners to increase brand awareness in the market by providing regular guidance and training sessions on the use of new materials and fashion trends to sales executives and raising their awareness of the Group's service-and solution-oriented business approach to sales and marketing; and (iv) recruiting more sales executives, implementing sales network with multi-position layout, actively expanding new markets and expanding business scale.

At the same time, the Group is also promoting the development of other garment accessories businesses, such as flat knit rib, so as to raise the market share in the garment accessories market and strengthen the competitiveness of the Group's products.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2012, the Group's turnover and profit attributable to shareholders of the Company amounted to approximately HK$77.31 million and HK$6.66 million respectively, representing decreases of 22.8% and 57.7% over the corresponding period in 2011 respectively.

A comparison of the financial results for the six months ended 30 June 2012 and the corresponding period in 2011 is set out as follows:

Turnover

The Group's turnover for the six months ended 30 June 2012 amounted to HK$77.31 million, representing a decrease of 22.8% as compared to the corresponding period in 2011.

Turnover analysis by product category:

	For the six months ended			
	2012		2011	
	HK$'000	*%*	*HK$'000*	*%*
Finished zippers				
– Metal zippers	**35,600**	**46.0**	44,087	44.0
– Nylon zippers	**24,947**	**32.3**	35,269	35.2
– Plastic zippers	**10,518**	**13.6**	11,666	11.7
Sliders	**3,525**	**4.6**	2,580	2.6
Premium items	**167**	**0.2**	2,232	2.2
Others	**2,551**	**3.3**	4,337	4.3
Total	**77,308**	**100.0**	100,171	100.0

Turnover analysis by geographic location:

	For the six months ended			
	2012		2011	
	HK$'000	*%*	*HK$'000*	*%*
Eastern China	**28,828**	**37.3**	35,810	35.8
Southern China	**33,037**	**42.7**	55,541	55.4
Overseas	**15,443**	**20.0**	8,820	8.8
Total	**77,308**	**100.0**	100,171	100.0

Turnover from sales of finished zippers decreased by HK$19.96 million or 21.9% on a period-to-period basis primarily due to a decrease in sales volume. Such decrease resulted from the slow down of economic growth of China, the global financial crisis which has lasted for several years, the impact from the European sovereign debt crisis, and the de-stocking policy adopted in the apparel industry in China since last year which led to the decrease in demand. Sales of sliders increased by approximately 36.6% to HK$3.53 million for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$2.58 million) due to the increase in sale prices and the increasing demand from customers. Sales of premium items (such as sunglasses) decreased by approximately 92.5% to HK$0.17 million for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$2.23 million) due to a significant decrease of the promotional needs for premium items brought by the slow down of economic growth of China and the de-stocking policy adopted by the apparel industry in China since last year. Others represent items such as scrap materials, zipper components and moulds. Sales of other items decreased by 41.2% to HK$2.55 million for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$4.34 million) due to the decrease in sales volume of scrapped zinc alloy.

Gross Profit and Gross Profit Margin

Gross profit analysis by product category:

	For the six months ended			
	2012		2011	
	HK$'000	***%***	*HK$'000*	*%*
Finished zippers	**23,661**	**90.6**	33,547	94.6
Sliders	**1,436**	**5.5**	909	2.6
Premium items	**43**	**0.2**	609	1.7
Others	**965**	**3.7**	379	1.1
Total	**26,105**	**100.0**	35,444	100.0

The gross profit decreased by 26.3% to HK$26.11 million for the six months ended 30 June 2012 from HK$35.44 million for the same period in 2011. The gross profit margin decreased to 33.8% for the six months ended 30 June 2012 from 35.4% for the same period in 2011, mainly due to the slow down of economic growth of China, the global financial crisis which has lasted for several years, the impact from the European sovereign debt crisis and the de-stocking policy adopted by the apparel industry in China since last year, which led to the decrease in sales volume. Accordingly, production volume also decreased. This in turn led to the increase in unit labour costs and fixed production costs.

Expenses and Costs

Distribution costs, primarily comprising staff costs, transportation costs and advertising and promotion expenses, increased by 2.7% to HK$5.75 million for the six months ended 30 June 2012 from HK$5.60 million for the same period in 2011.

Administrative expenses, primarily consisting of salary and welfare expenses for management and administrative personnel, depreciation and amortization, rental expenses for the plant and office, auditors' remuneration and other administrative expenses including professional fees, decreased by 11.7% to HK$13.77 million for the six months ended 30 June 2012 from HK$15.60 million for the same period in 2011, which was mainly due to (i) the one-time professional fees and expenses incurred resulting from the listing of the Shares in 2011, while there was no such fees and expenses in 2012; and (ii) the various measures adopted by the Company in cost saving.

Profitability

The profit attributable to the equity shareholders of the Company decreased by 57.7% to HK$6.66 million for the six months ended 30 June 2012 from HK$15.74 million for the same period in 2011. The margin of profit attributable to equity shareholders of the Company was 8.6% for the six months ended 30 June 2012. Profit attributable to the equity shareholders of the Company decreased mainly due to the decrease in turnover.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: HK$5,187,500).

Liquidity and Cash Flows

The Group's net cash inflow from operating activities for the six months ended 30 June 2012 amounted to HK$5.62 million (six months ended 30 June 2011: HK$5.03 million). As at 30 June 2012, cash and cash equivalents amounted to HK$101.34 million, representing a net decrease of HK$5.08 million as compared with the position as at 30 June 2011.

As at 30 June 2012, the Group did not have any short-term bank loans but had unused bank facilities of HK$105.50 million. During the six months ended 30 June 2012, the Group did not hedge its exposure to interest rate risks. The gearing ratio was 0% as at 30 June 2012 (30 June 2011: 0%).

Net Current Assets

As at 30 June 2012, the Group had net current assets of approximately HK$160.58 million. The key components of current assets as at 30 June 2012 included inventories of approximately HK$25.01 million, trade and other receivables of approximately HK$52.10 million, cash and cash equivalents of approximately HK$101.34 million and deposits with banks of approximately HK$19.08 million. The key components of current liabilities included trade and other payables of approximately HK$35.05 million.

The net current assets as at 30 June 2012 was HK$160.58 million, a decrease by HK$3.81 million compared with the net current assets as at 31 December 2011, which was HK$164.39 million.

Pledged Assets

As at 30 June 2012, certain lease prepayments and buildings with net book value of HK$34.39 million (31 December 2011: HK$34.98 million) of the Group were pledged as securities for an unutilised bank facility of HK$31.89 million (31 December 2011: HK$29.60 million) granted to the Group by a commercial bank.

Contingent Liabilities

As at 30 June 2012, the Group did not have any material contingent liabilities.

Foreign Currency Risk

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six months ended 30 June 2012.

Employees

As at 30 June 2012, the Group had 798 full-time employees (30 June 2011: 1,164 full-time employees). The number of full-time employees decreased by approximately 31.4% compared with 30 June 2011 primarily due to decrease in sales order received, and the Group's implementation of headcount control. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the six months ended 30 June 2012 were approximately HK$25.53 million (six months ended 30 June 2011: HK$22.40 million).

ACQUISITION OF LAND USE RIGHTS IN JINGMEN, CHINA

On 18 May 2011, the Company announced that it proposed to acquire a piece of land in Jingmen Economic Development Zone in Hubei Province (the "Land"). On 16 April 2012, the first portion of the Land was acquired by the Group from the Department of Land and Resource of Jingmen (荊門市國土資源局) for a consideration of RMB10.56 million.

On 30 July 2012, the Company entered into an auction confirmation letter with the Department of Land and Resource of Jingmen regarding the remaining portion of the Land, and has agreed to pay RMB13.6 million as consideration. The Company is yet to enter into a land use right transfer agreement regarding this portion of the Land.

The Company intends to construct a production plant on the Land, which will supply apparel accessories to customers. For further details regarding the acquisition of the Land, please refer to the announcements by the Company dated 18 May 2011, 22 December 2011, 18 April 2012, 19 April 2012 and 31 July 2012.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. In respect of the six months ended 30 June 2012, all the provisions set out in the CG Code were met by the Company. The Company will periodically review its corporate governance practices to ensure its continuous compliance with the CG Code.

Compliance with the Model Code by Directors

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions throughout the period from 1 January 2012 to 30 June 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2012.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited interim financial statements for the six months ended 30 June 2012.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.kee.com.cn). The interim report for the six months ended 30 June 2012 will be despatched to shareholders of the Company and made available on the same websites in due course.

DEFINITIONS

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

"Board"	the board of Directors
"CG Code"	code on corporate governance practices as set out in Appendix 14 to the Listing Rules
"Company"	KEE Holdings Company Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries

"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Main Board"	the stock market operated by the Hong Kong Stock Exchange, which excludes the Growth Enterprise Market and the options market
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules
"OEM"	original equipment manufacturer or manufacturing
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company

By Order of the Board
KEE Holdings Company Limited
Xu Xipeng
Chairman

Hong Kong, 17 August 2012

As at the date of this announcement, the executive Directors are Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang, Albert; the non-executive Director is Mr. Yang Shaolin; and the independent non-executive Directors are Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy.