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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 2011

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2011	2010	
	HK$'000	*HK$'000*	*% change*
	(unaudited)	*(audited)*	
Turnover	**100,171**	81,635	+22.7
Gross profit	**35,444**	34,974	+1.3
Gross profit margin	**35.4%**	42.8%	
Profit from operations	**19,441**	18,101	+7.4
Profit before taxation	**19,169**	17,355	+10.5
Profit attributable to equity shareholders of the Company	**15,743**	13,863	+13.6
Basic and diluted earnings per share (see note 7(a))	**0.04**	0.05	-20.0

	As at 30 June 2011	As at 31 December 2010	
	HK$'000	*HK$'000*	*% change*
	(unaudited)	*(audited)*	
Total assets	**337,595**	197,409	+71.0
Cash and cash equivalents	**106,413**	15,584	+582.8
Total equity	**299,229**	135,839	+120.3

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK1.25 cents (30 June 2010: nil) per ordinary share absorbing a total of HK$5,187,500 (30 June 2010: nil), which will be payable on 10 October 2011 to shareholders whose names appear on the register of members on 19 September 2011. Dividend warrants will be sent to shareholders on 10 October 2011.

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	*(audited)*
Turnover	*3*	**100,171**	81,635
Cost of sales		**(64,727)**	(46,661)
Gross profit		**35,444**	34,974
Other revenue	*4*	**5,467**	53
Other net loss		**(269)**	(254)
Distribution costs		**(5,599)**	(4,191)
Administrative expenses		**(15,602)**	(12,481)
Profit from operations		**19,441**	18,101
Finance costs	*5(a)*	**(272)**	(746)
Profit before taxation	*5*	**19,169**	17,355
Income tax	*6*	**(3,426)**	(2,790)
Profit for the period		**15,743**	14,565
Attributable to:			
Equity shareholders of the Company		**15,743**	13,863
Non-controlling interests		**–**	702
Profit for the period		**15,743**	14,565
Basic and diluted earnings per share (HK$)	*7*	**0.04**	0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	**Six months ended 30 June** **2011** ***HK$'000*** ***(unaudited)***	2010 *HK$'000* *(audited)*
Profit for the period		**15,743**	14,565
Other comprehensive income for the period:			
Exchange differences on translation of financial statements of subsidiaries		**5,154**	1,224
Total comprehensive income for the period		**20,897**	15,789
Attributable to:			
Equity shareholders of the Company		**20,897**	15,035
Non-controlling interests		**–**	754
Total comprehensive income for the period		**20,897**	15,789

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	**At 30 June 2011 HK$'000 (unaudited)**	At 31 December 2010 HK$'000 (audited)
Non-current assets			
Fixed assets			
– Property, plant and equipment		**105,956**	98,139
– Interests in leasehold land held for own use under operating leases		**4,334**	4,285
		110,290	102,424
Intangible assets		**7,013**	4,511
Prepayment for fixed and intangible assets		**12,775**	489
Deferred tax assets		**746**	556
		130,824	107,980
Current assets			
Inventories	*9*	**27,386**	19,281
Trade and other receivables	*10*	**72,972**	53,349
Current tax recoverable		**–**	1,215
Cash and cash equivalents		**106,413**	15,584
		206,771	89,429
Current liabilities			
Trade and other payables	*11*	**33,731**	30,445
Bank loans		**–**	28,205
Current tax payable		**4,635**	2,920
		38,366	61,570
Net current assets		**168,405**	27,859
Net assets		**299,229**	135,839
Capital and reserves	*12*		
Share capital		**4,150**	–
Reserves		**295,079**	135,839
Total equity		**299,229**	135,839

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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.

The 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 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The 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 to the Entity" issued by the HKICPA.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs, and one new Interpretation 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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

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

These amendments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of the interim financial report.

The Group changed its accounting policy for the measurement of inventory cost from first-in first-out to weighted average method during the period, which is considered to better reflect the Group's inventory costs. There is no material impact on the opening balance of the Group's inventories as a result of such change. Therefore, comparative amounts have not been restated.

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 follow:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Metal Zippers	**44,087**	33,880
Nylon Zippers	**35,269**	33,336
Plastic Zippers	**11,666**	7,378
Sliders	**2,580**	3,343
Premium items	**2,232**	1,547
Others	**4,337**	2,151
	100,171	81,635

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

4. OTHER REVENUE

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Government grants	**5,206**	–
Interest income	**261**	53
	5,467	53

The Group received various government grants in form of cash subsidies from local government during the period, including subsidies of HK$4,932,000 for the Company's successful listing on the Hong Kong Stock Exchange.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Interest on bank borrowings wholly repayable within five years	**272**	746

(b) Staff costs*

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Salaries, wages and other benefits	**20,371**	17,217
Contributions to defined contribution retirement plans	**1,775**	1,130
Equity-settled share based payment expenses (note 13)	**247**	–
	22,393	18,347

(c) Other items

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Depreciation and amortisation		
– land lease premium	**49**	46
– other assets	**5,764**	4,870
Impairment losses		
– trade and other receivables	**195**	72
Net foreign exchange loss/(gain)	**25**	(20)
Net loss on disposal of fixed assets	**147**	146
Operating lease charges	**2,013**	2,098
Interest income	**(261)**	(53)
Auditor's remuneration	**571**	705
Listing expense	**–**	2,643
Research and development costs	**1,737**	480
Cost of inventories*	**64,727**	46,661

* Cost of inventories includes HK$21,173,000 and HK$18,158,000 for the six-month periods ended 30 June 2011 and 2010 respectively 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	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Current tax – the PRC corporate income tax		
Provision for the period	**3,470**	2,821
Current tax – Hong Kong Profits Tax		
Provision for the period	**142**	642
Deferred tax		
Origination and reversal of temporary differences	**(186)**	(673)
	3,426	2,790

(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 is subject to Hong Kong Profits Tax at 16.5% in 2011 and 2010. 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 and 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.

In May 2011, KEE Guangdong was recognized as an enterprise of new and high technology based on the recognition certificate jointly issued by the Science and Technology Department of Guangdong, the Finance Department of Guangdong, the State Tax Bureau of Guangdong and the Provincial Tax Bureau of Guangdong. In June 2011, KEE Guangdong obtained the approval 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

(a) Basic 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$15,743,000 (30 June 2010: HK$13,863,000) and the weighted average of 406,050,000 ordinary shares (30 June 2010: 300,000,000) in issue during the interim period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the periods presented 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 two 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.

(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, deferred tax assets and other corporate 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 2011 and 2010 is set out below.

Six months ended 30 June 2011

	Southern China and overseas *HK$'000* *(unaudited)*	**Eastern China** *HK$'000* *(unaudited)*	**Total** *HK$'000* *(unaudited)*
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**

Six months ended 30 June 2010

	Southern China and overseas *HK$'000* *(audited)*	Eastern China *HK$'000* *(audited)*	Total *HK$'000* *(audited)*
Revenue from external customers	52,614	29,021	81,635
Inter-segment revenue	11,193	–	11,193
Reportable segment revenue	63,807	29,021	92,828
Reportable segment profit	12,157	5,860	18,017
Interest expense	(487)	(259)	(746)
Depreciation and amortisation for the period	(2,953)	(1,963)	(4,916)
Reportable segment assets at period end	117,037	88,348	205,385

(b) Reconciliations of reportable segment revenues and profit

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Revenue		
Reportable segment revenue	**119,430**	92,828
Elimination of inter-segment revenue	**(19,259)**	(11,193)
Consolidated turnover	**100,171**	81,635
Profit		
Reportable segment profit	**16,840**	18,017
Elimination of inter-segment profits of intra-segment purchase of inventories and fixed assets	**90**	(461)
Reportable segment profit derived from the Group's external customers	**16,930**	17,556
Other revenue and net loss	**5,198**	(201)
Unallocated head office and corporate expenses	**(2,959)**	–
Consolidated profit before taxation	**19,169**	17,335

	At 30 June	At 31 December
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Assets		
Reportable segment assets	**339,637**	193,970
Elimination of unrealised profit of inter-segment purchase of inventories	**(2,294)**	(711)
Elimination of unrealised profit of inter-segment purchase of fixed assets	**(1,228)**	(2,901)
	336,115	190,358
Deferred tax assets	**746**	556
Unallocated head office and corporate assets	**734**	6,495
Consolidated total assets	**337,595**	197,409

9. INVENTORIES

	At 30 June 2011	At 31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Raw materials	**6,138**	5,859
Work in progress	**18,940**	12,020
Finished goods	**2,308**	1,402
	27,386	19,281

An analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Carrying amount of inventories sold	**64,174**	46,661
Write down of inventories	**553**	–
	64,727	46,661

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 2011	At 31 December 2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Current	**46,085**	17,783
Less than 3 months past due	**20,654**	25,126
More than 3 months but less than 12 months past due	**302**	394
Trade debtors, net of allowance for doubtful debts	**67,041**	43,303
Prepaid listing expenses	**–**	6,495
Deposits and other debtors	**5,931**	3,551
	72,972	53,349

Trade debtors are 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 2011 *HK$'000* *(unaudited)*	At 31 December 2010 *HK$'000* *(audited)*
Due within 1 month or on demand	**17,497**	4,911
Due after 1 month but within 3 months	**292**	541
Total trade creditors	**17,789**	5,452
Payables for listing expenses	**–**	8,258
Other creditors	**15,942**	16,735
	33,731	30,445

12. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	No. of shares *'000*	**Share capital** *HK$'000*
Authorised		
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**
Ordinary shares, issued and fully paid		
1 January 2011 (HK$0.01 each)	**–**	**–**
Shares issued by share offer	**415,000**	**4,150**
At 30 June 2011	**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, among which 100,000,000 shares (25% of the total number of shares of the Company) were issued to the public. The gross proceeds received from the offering were approximately HK$133,000,000. The Company subsequently over-allotted and issued 15,000,000 shares to the public on 28 January 2011 and gross proceeds received were approximately HK$19,950,000.

(b) Share premium

The excess of the issued price of HK$152,950,000 (HK$1.33 per share) net of any issuance expenses of HK$10,704,000 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.

(c) Dividends

Dividends payable to equity shareholders of the Company attributable to the period are as follows:

	Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Interim dividend declared after the end of the reporting period HK1.25 cents per ordinary share (2010: nil)	**5,188**	–

The interim dividend declared after the end of the reporting period has not been recoginsed as a liability at the end of the reporting period.

13. EQUITY-SETTLED SHARE-BASED TRANSACTION

On 27 May 2011, the Company granted 24,880,000 share options under its share option scheme to one executive director and eighty three eligible employees of the Group (including four key management personnel) for subscribing shares of the Company at an exercise price of HK$1.39 per share. The exercise of these share options would entitle the director to subscribe for an aggregate of 2,120,000 shares of the Company while the eligible employees for an aggregate of 22,760,000 shares. Each option granted under the share option scheme has a vesting period of one to five years, commencing from the day of announcement of the 2011 annual results. The options are exercisable until 2017.

(a) The terms and conditions of the share options are as follows:

			Number of share options granted			
Date granted	Vesting date	Expiry date	Director	Employees	Total	Contractual life
27-May-11	Tranche 1: the day the 2011 annual results being announced	the day the 2016 annual results being announced	318,000	3,414,000	3,732,000	6 years
27-May-11	Tranche 2: the day the 2012 annual results being announced	the day the 2016 annual results being announced	318,000	3,414,000	3,732,000	6 years
27-May-11	Tranche 3: the day the 2013 annual results being announced	the day the 2016 annual results being announced	424,000	4,552,000	4,976,000	6 years
27-May-11	Tranche 4: the day the 2014 annual results being announced	the day the 2016 annual results being announced	424,000	4,552,000	4,976,000	6 years
27-May-11	Tranche 5: the day the 2015 annual results being announced	the day the 2016 annual results being announced	636,000	6,828,000	7,464,000	6 years
			2,120,000	22,760,000	24,880,000	

(b) Fair value of share options and assumptions:

The fair value of services received in return for the share options is measured by reference to the fair value of share options granted. The estimated fair value of the share options is measured based on a binomial lattice model. The contractual life of the share options is used as an input into this model.

Fair value (weighted average) per share option at measurement date	HK$0.46
Exercise price per option	HK$1.39
Expected volatility rate	50% per annum
Expected dividend yield	2% per annum
In-service early exercise behaviour	Option holder will exercise his/her options when the share price is at least 250% of the exercise price.
Risk-free rate of interest	
Tranche 1:	1.00% per annum
Tranche 2:	1.22% per annum
Tranche 3:	1.40% per annum
Tranche 4:	1.54% per annum
Tranche 5:	1.65% per annum
Performance hurdle	90% of option holders will satisfy performance conditions.

The volatility rate of the share price of the Company was determined with reference to the historical movements of the Company's share prices and the trend of the volatility rate in recent years.

Taking into account the probability of early exercise behaviour stated above, the expected term of the grant was determined to be around 5 years.

The risk-free rate of interest with expected term shown above was taken to be the linearly interpolated yields of the Hong Kong Exchange Fund Notes as at the grant date.

Except for the conditions mentioned above, there were no other market conditions and service conditions associated with the share options.

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.

While the apparel industry in China showed continuous growth which increased demand for quality zippers, the performance of the industry was subject to high cost pressure due to inflation and rising labour costs in the first half of 2011. The price of raw materials has been rising steadily and RMB has also appreciated in the same period. Combined with the consistently high inflation, the Group's production costs in the first half of 2011 inevitably increased and the effect of this is evident in the decrease in the gross profit margin of the Group.

PROSPECTS

The Chinese government implemented various economic stimulus packages regarding the stimulation of domestic consumption and optimizing the economic structure which in turn results the robust and healthy growth of economy of China in the first half of 2011. However, with the expected inflation pressure and the uncertainty of the global economic environment in the coming second half of 2011, it is expected that the Chinese government will continue to tighten the fiscal and monetary policies to curb such inflation pressure and maintain a mild economic growth in China. Despite the prices of raw materials being expected to decline gradually as a result of the expected downward trend of commodities market in the second half of 2011, the production costs, in particular, labour costs and environmental expenses are anticipated to rise inevitably.

The Directors 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; and (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.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six-month period ended 30 June 2011, the Group's turnover and profit attributable to shareholders of the Company amounted to approximately HK$100.17 million and HK$15.74 million, representing growth rates of 22.7% and 13.6% over the corresponding period in 2010 respectively.

A comparison of the financial results for the six-month period ended 30 June 2011 and the corresponding period in 2010 is set out as follows:

Turnover

The Group's turnover for the six-month period ended 30 June 2011 amounted to HK$100.17 million, representing a growth of 22.7% as compared to the corresponding period in 2010.

Turnover analysis by product category:

	For the six months ended			
	2011		2010	
	HK$'000	*%*	*HK$'000*	*%*
Finished zippers				
– Metal zippers	**44,087**	**44.0**	33,880	41.5
– Nylon zippers	**35,269**	**35.2**	33,336	40.9
– Plastic zippers	**11,666**	**11.7**	7,378	9.0
Sliders	**2,580**	**2.6**	3,343	4.1
Premium items	**2,232**	**2.2**	1,547	1.9
Others	**4,337**	**4.3**	2,151	2.6
Total	**100,171**	**100.0**	81,635	100.0

Turnover analysis by geographic location:

	For the six months ended			
	2011		2010	
	HK$'000	*%*	*HK$'000*	*%*
Eastern China	**35,810**	**35.8**	29,021	35.5
Southern China	**55,541**	**55.4**	42,043	51.5
Overseas	**8,820**	**8.8**	10,571	13.0
Total	**100,171**	**100.0**	81,635	100.0

Turnover from sales of finished zippers increased by HK$16.42 million or 22.0% on a period-to-period basis primarily due to an increase in sales volume. Such increase was resulting from the strengthening of the market development efforts and the continuous growth of the apparel industry in China which increased the demand for quality zippers. Sales of sliders decreased by approximately 22.8% to HK$2.58 million for the year 2011 (30 June 2010: HK$3.34 million) due to the reduction of sales order affected by the adverse economic environment in Europe. Sales of premium items (such as toy figures, ornaments, key-rings and clothing accessories) increased by approximately 44.3% to HK$2.23 million for the six months ended 30 June 2011 (30 June 2010: HK$1.55 million) due to the Group's continuous efforts to develop its premium items' business. Others represent items such as scrap materials, zipper components and moulds. Sales of other items increased by approximately one time to HK$4.34 million for the six months ended 30 June 2011 (30 June 2010: HK$2.15 million).

Gross Profit and Gross Profit Margin

Gross profit analysis by product category:

	For the six months ended			
	2011		2010	
	HK$'000	*%*	*HK$'000*	*%*
Finished zippers	**33,547**	**94.6**	32,500	93.0
Sliders	**909**	**2.6**	1,190	3.4
Premium items	**609**	**1.7**	295	0.8
Others	**379**	**1.1**	989	2.8
Total	**35,444**	**100.0**	34,974	100.0

The gross profit increased by 1.3% to HK$35.44 million for the six-month period ended 30 June 2011 from HK$34.97 million for the same period in 2010. The gross profit margin decreased to 35.4% for the six-month ended 30 June 2011 from 42.8% for the same period in 2010, which was mainly attributable to (i) the increase in cost of major raw materials, in particular copper, yarn and polyester yarn; (ii) the increase in wages due to the new minimum wages requirement; (iii) the replacement of heavy oil by diesel as the fuel energy resulting from the lifting of national standard on environmental protection; and (iv) the increase in tax expenses as a result of the new PRC taxation requirement.

Expenses and Costs

Distribution costs, primarily comprising staff costs, transportation costs and advertising and promotion expenses, increased by 33.7% to HK$5.60 million for the six-month period ended 30 June 2011 from HK$4.19 million for the same period in 2010, which was mainly due to (i) an increase in the number of sales executives in order to expand the Group's market share; and (ii) the expenses incurred for the Group's participations in the overseas sales exhibitions.

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, increased by 25.0% to HK$15.60 million for the six-month period ended 30 June 2011 from HK$12.48 million for the same period in 2010, which was mainly due to (i) the increase in the professional fees and expenses paid resulting from the listing of the Shares in January 2011; and (ii) the research and development expenses in providing the Group with a competitive edge.

Profitability

The profit attributable to the equity shareholders of the Company increased by 13.6% to HK$15.74 million for the six-month period ended 30 June 2011 from HK$13.86 million for the same period in 2010. The margin of profit attributable to equity shareholders of the Company was 15.7% for the six-month period ended 30 June 2011. During the six-month period ended 30 June 2011, the Group managed to maintain growth in profit attributable to equity shareholders of the Company despite the rising costs of the operations.

Interim Dividend

The Board is pleased to declare an interim dividend of HK1.25 cents (30 June 2010: nil) per ordinary share absorbing a total of HK$5,187,500 (30 June 2010: nil), which will be payable on 10 October 2011 to shareholders whose names appear on the register of members on 19 September 2011. Dividend warrants will be sent to shareholders on 10 October 2011.

Liquidity and Cash Flows

The Group's net cash inflow from operating activities for the six-month ended 30 June 2011 amounted to HK$5.03 million (30 June 2010: a net cash outflow HK$11.98 million). As at 30 June 2011, cash and cash equivalents amounted to HK$106.41 million, representing a net increase of HK$98 million as compared with the position as at 30 June 2010. The increase was mainly due to the net proceeds received from the initial public offering.

As at 30 June 2011, the Group did not have any short-term bank loans but had an unused bank facilities of HK$28.86 million. During the six-month period ended 30 June 2011, the Group did not hedge its exposure to interest rate risks. The gearing ratio was nil as at 30 June 2011 (30 June 2010: 24.7%).

Net Current Assets

As at 30 June 2011, the Group had net current assets of approximately HK$168.41 million. The key components of current assets as at 30 June 2011 included inventories of approximately HK$27.39 million, trade and other receivables of approximately HK$72.97 million and cash and cash equivalents of approximately HK$106.41 million. The key components of current liabilities included trade and other payables of approximately HK$33.73 million.

The net current assets increased from HK$27.86 million as at 31 December 2010 to HK$168.41 million as at 30 June 2011 primarily due to the increase in cash and cash equivalents as a result of the net proceeds received from the initial public offering.

Pledged Assets

As at 30 June 2011, certain interest in leasehold land held for own use under operating leases and buildings with net book value of HK$34.89 million (30 June 2010: HK$34.76 million) of the Group were pledged as securities for an unutilised bank facility of HK$28.86 million granted to the Group by a commercial bank as at 30 June 2011.

Contingent Liabilities

As at 30 June 2011, 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. However, as the principal subsidiaries, KEE Guangdong, KEE Zhejiang and UNA, mainly carried out transactions in RMB and the reporting currency of the Group is HK$, therefore any appreciation or depreciation of HK$ against RMB will affect the Group's financial position and be reflected in the exchange reserve. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six-month period ended 30 June 2011.

Employees

As at 30 June 2011, the Group had 1,164 full-time employees (30 June 2010: 1,033 full-time employees). 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-month period ended 30 June 2011 were approximately HK$22.40 million (30 June 2010: HK$18.35 million).

Use of Net Proceeds Received from the Initial Public Offering

In January 2011, net proceeds received from the initial public offering, including the exercise of the over-allotment option and after deducting related expenses, were approximately HK$130 million. Such net proceeds were utilised in the manner consistent with that mentioned in the section headed "Future plans and proposed use of proceeds" of the Prospectus.

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-month period ended 30 June 2011, 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 the 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 since the listing of the Shares on 12 January 2011.

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 since the listing of the Shares on 12 January 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 16 September 2011 to Monday, 19 September 2011 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 15 September 2011.

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 2011 will be despatched to shareholders of the Company and 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
"KEE Guangdong"	開易(廣東)服裝配件有限公司(KEE (Guangdong) Garment Accessories Limited), a limited liability company established in the PRC on 21 March 2005 and an indirect wholly-owned subsidiary of the Company
"KEE Zhejiang"	開易(浙江)服裝配件有限公司(KEE (Zhejiang) Garment Accessories Limited), a limited liability company established in the PRC on 9 September 2005 and an indirect wholly-owned subsidiary of the Company
"KEE Zippers"	KEE Zippers Corporation Limited (開易拉鏈有限公司), a limited liability company incorporated in Hong Kong on 1 March 2002 and an indirect wholly-owned subsidiary of the Company
"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
"Prospectus"	the Company's prospectus dated 31 December 2010
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"UNA"	佛山市優納服裝配件有限公司(Foshan City UNA Garment Accessories Co., Limited), a limited liability company established in the PRC on 10 June 2009 and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 19 August 2011

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