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 2013

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2013	2012	
	HK$'000	*HK$'000*	*change*
	(unaudited)	*(unaudited)*	
Turnover	**75,008**	77,308	-3.0%
Gross profit	**23,557**	26,105	-9.8%
Gross profit margin	**31.4%**	33.8%	-7.1%
Profit from operations	**2,528**	8,997	-71.9%
Profit before taxation	**2,528**	8,997	-71.9%
Profit for the period attributable to equity shareholders of the Company	**623**	6,660	-90.6%
Basic and diluted earnings per share *(HK$)*	**0.002**	0.016	-87.5%

	As at 30 June 2013	As at 31 December 2012	
	HK$'000	*HK$'000*	*change*
	(unaudited)	*(audited)*	
Total assets	**380,786**	352,779	7.9%
Cash and cash equivalents	**89,259**	79,383	12.4%
Total equity attributable to equity shareholders of the Company	**303,815**	303,786	0.0%*

* The change is less than 0.01%.

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2013 – unaudited
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30 June**	
		2013	2012
		$'000	*$'000*
Turnover	*4*	**75,008**	77,308
Cost of sales		**(51,451)**	(51,203)
Gross profit		**23,557**	26,105
Other revenue		**1,663**	2,289
Other net (loss)/income		**(438)**	117
Distribution costs		**(7,745)**	(5,749)
Administrative expenses		**(14,509)**	(13,765)
Profit before taxation	*5*	**2,528**	8,997
Income tax	*6*	**(1,999)**	(2,337)
Profit for the period		**529**	6,660
Attributable to:			
Equity shareholders of the Company		**623**	6,660
Non-controlling interests		**(94)**	–
Profit for the period		**529**	6,660
Basic and diluted earnings per share (HK$)	*7*	**0.002**	0.016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2013 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Profit for the period	**529**	6,660
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**5,619**	(1,744)
Total comprehensive income for the period	**6,148**	4,916
Attributable to:		
Equity shareholders of the Company	**6,006**	4,916
Non-controlling interests	**142**	–
Total comprehensive income for the period	**6,148**	4,916

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013

(Expressed in Hong Kong dollars)

	Note	At 30 June 2013 (Unaudited) $'000	At 31 December 2012 (Audited) $'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		**146,371**	122,651
– Lease prepayments		**33,791**	33,543
		180,162	156,194
Intangible assets		**6,364**	6,668
Prepayments for fixed assets		**152**	212
Deferred tax assets		**2,272**	2,015
		188,950	165,089
Current assets			
Inventories		**22,427**	16,464
Trade and other receivables	*8*	**50,751**	48,169
Current tax recoverable		**1,259**	1,354
Deposits with banks		**28,140**	42,320
Cash and cash equivalents		**89,259**	79,383
		191,836	187,690
Current liabilities			
Trade and other payables	*9*	**47,513**	33,494
Current tax payable		**4,575**	2,494
		52,088	35,988
Net current assets		**139,748**	151,702
Total assets less current liabilities		**328,698**	316,791

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2013

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2013** **(Unaudited)** ***$'000***	At 31 December 2012 *(Audited)* *$'000*
Non-current liabilities			
Deferred tax liabilities		**317**	1,111
Net assets		**328,381**	315,680
Capital and reserves			
Share capital		**4,150**	4,150
Reserves		**299,665**	299,636
Total equity attributable to equity shareholders of the Company		**303,815**	303,786
Non-controlling interests		**24,566**	11,894
Total equity		**328,381**	315,680

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 2013 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 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 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 number of new HKFRSs and 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 HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- *Annual Improvements to HKFRSs 2009-2011 Cycle*
- Amendments to HKFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

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

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets in note 3. Segment liabilities are not reported to the Group's CODM regularly.

Amendments to HKFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

3 SEGMENT REPORTING

The Group manages its businesses by geographical areas. At the commencement of the 2013 financial year, the Group reorganised the structure of reportable segments by separating the reportable segment of "overseas" from the original reportable segments of "Southern China and overseas". The comparative amounts in segment reporting have been adjusted accordingly.

The Group has presented the following four reportable segments in a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resource allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

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

- 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.

- Overseas: this segment purchases zipper products from segment of Southern China and Eastern China and sells to overseas customers. Currently its activities are mainly carried out in Hong Kong.

(a) Segment results and segment assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results and assets 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 are excluded from the calculation of segment profit. The Group's CODM is provided with segment information concerning segment revenue, profit and assets. Segment liabilities are not reported to the Group's CODM regularly.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2013 and 2012 is set out below.

Reportable segment result

Six months ended 30 June 2013

	Southern China *$'000*	**Eastern China** *$'000*	**Central China** *$'000*	**Overseas** *$'000*	**Total** *$'000*
Revenue from external customers	**26,427**	**27,367**	**–**	**21,214**	**75,008**
Inter-segment revenue	**19,470**	**4,511**	**–**	**66**	**24,047**
Reportable segment revenue	**45,897**	**31,878**	**–**	**21,280**	**99,055**
Reportable segment (loss)/profit	**(2,763)**	**4,597**	**(848)**	**3,698**	**4,684**
Depreciation and amortisation for the period	**(4,595)**	**(2,644)**	**(308)**	**(8)**	**(7,555)**

Six months ended 30 June 2012

	Southern China *$'000*	Eastern China *$'000*	Central China *$'000*	Overseas *$'000*	Total *$'000*
Revenue from external customers	33,037	28,828	–	15,443	77,308
Inter-segment revenue	17,636	4,001	–	–	21,637
Reportable segment revenue	50,673	32,829	–	15,443	98,945
Reportable segment profit/(loss)	3,122	4,163	(323)	2,331	9,293
Depreciation and amortisation for the period	(4,009)	(2,655)	(66)	(7)	(6,737)

Reportable segment assets

	Southern China *$'000*	**Eastern China** *$'000*	**Central China** *$'000*	**Overseas** *$'000*	**Total** *$'000*
As at 30 June 2013	**128,235**	**96,002**	**146,219**	**8,325**	**378,781**
As at 31 December 2012	152,230	123,192	71,393	6,251	353,066

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

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Revenue		
Reportable segment revenue	**99,055**	98,945
Elimination of inter-segment revenue	**(24,047)**	(21,637)
Consolidated turnover	**75,008**	77,308
Profit		
Reportable segment profit	**4,684**	9,293
Elimination of inter-segment profits arising from inter-segment purchase of inventories and fixed assets	**166**	(182)
Reportable segment profit derived from the Group's external customers	**4,850**	9,111
Other revenue	**1,663**	2,289
Other net (loss)/income	**(438)**	117
Unallocated head office and corporate expenses	**(3,547)**	(2,520)
Consolidated profit before taxation	**2,528**	8,997

	At 30 June	At 31 December
	2013	2012
	$'000	*$'000*
Assets		
Reportable segment assets	**378,781**	353,066
Elimination of unrealised profit arising from inter-segment purchase of inventories	**(1,539)**	(1,632)
Elimination of unrealised profit arising from inter-segment purchase of fixed assets	**(938)**	(1,011)
	376,304	350,423
Deferred tax assets	**2,272**	2,015
Unallocated head office and corporate assets	**2,210**	341
Consolidated total assets	**380,786**	352,779

4 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, net of value added taxes or other sales taxes. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Metal Zippers	**36,198**	35,600
Nylon Zippers	**23,449**	24,947
Plastic Zippers	**9,047**	10,518
Sliders	**3,288**	3,525
Premium items	**161**	167
Others	**2,865**	2,551
	75,008	77,308

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

5 PROFIT BEFORE TAXATION

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

(a) Staff costs*

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Salaries, wages and other benefits	**23,542**	23,254
Contributions to defined contribution retirement plans	**2,057**	2,053
Equity-settled share based payment expenses	**2,323**	225
	27,922	25,532

(b) Other items

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Depreciation and amortisation*		
– lease prepayments	**349**	105
– property, plant and equipment	**6,786**	6,218
– intangible assets	**420**	414
Allowances for impairment losses written back on trade and other receivables	**(71)**	(255)
Operating lease charges in respect of properties	**2,728**	2,200
Net foreign exchange loss/(gain)	**234**	(40)
Net loss on disposal of fixed assets	**370**	6
Interest income	**(1,266)**	(1,655)
Impairment loss (written back)/charged on inventories	**(10)**	143
Auditors' remuneration	**787**	775
Research and development costs	**1,410**	810
Cost of inventories*	**51,451**	51,203

* Cost of inventories includes HK$21,447,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$21,521,000) 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(a) for each of these types of expenses.

6 INCOME TAX

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Current tax – the People Republic of China ("PRC") corporate income tax	**1,456**	1,869
Current tax – PRC dividend withholding tax *(iii)*	**806**	–
Current tax – Hong Kong Profits Tax	**762**	485
Deferred taxation	**(1,025)**	(17)
	1,999	2,337

(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 the rate of 16.5% in 2013 and 2012.

The PRC statutory income tax rate applicable to the Company's PRC subsidiaries is 25% in 2013 and 2012.

(ii) KEE (Zhejiang) Garment Accessories Limited ("KEE Zhejiang"), being a production-oriented foreign invested enterprise with operating period of 10 years or more, was 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 Zhejiang commenced its 2+3 tax holiday in 2008.

KEE (Guangdong) Garment Accessories Limited ("KEE Guangdong") was recognized as a high-tech enterprise and obtained approval from local tax authority to enjoy a preferential income tax rate of 15% for the two years ended 31 December 2012 according to relevant regulations for high-tech enterprise in the PRC. KEE Guangdong is preparing the application for the renewal of the recognition as a high-tech enterprise. The management consider that the recognition can be successfully renewed and will continue to enjoy a preferential income tax rate of 15% for the another three years starting from the financial year ending 31 December 2013.

(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 equity shareholders of the Company of HK$623,000 (six months ended 30 June 2012: HK$6,660,000) and the weighted average of 415,000,000 ordinary shares (six months ended 30 June 2012: weighted average of 415,000,000 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 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2013	At 31 December 2012
	$'000	*$'000*
Within 1 month	**19,402**	11,624
1 to 2 months	**14,369**	12,192
2 to 3 months	**7,617**	4,762
Over 3 months	**1,962**	6,624
Trade debtors and bills receivable, net of allowance for doubtful debts	**43,350**	35,202
Prepayments	**2,051**	2,832
Advance to a third party	**3,716**	8,571
Deposits and other debtors	**1,634**	1,564
	50,751	48,169

Trade debtors and bills receivable are in general due within 30 to 90 days from the date of billing.

9 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2013	At 31 December 2012
	$'000	*$'000*
Within 1 month or on demand	**6,959**	5,772
Over 1 month but within 3 months	**1,835**	1,337
Over 3 months but within 6 months	**211**	351
Over 6 months but within 1 year	**90**	46
	9,095	7,506
Payroll and staff benefits payable	**8,432**	7,433
Accrued expenses	**3,237**	3,454
Payables for fixed assets	**8,784**	4,823
Performance deposits received for construction contracts	**6,340**	–
Other tax payables	**2,105**	954
Advance from a third party	**8,788**	8,633
Other creditors	**732**	691
	47,513	33,494

10 DIVIDENDS

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

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK 2 cents per ordinary share (six months ended 30 June 2012: HK 1.25 cents)	**8,300**	5,188

No interim dividend was declared after the end of the reporting period.

BUSINESS REVIEW

The Group is principally engaged in manufacturing finished zippers in China. The Group's customers for zippers are principally 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 the first half of 2013, the economic growth of China continued to slow down and adversely affected the consumer market. Further, the global economic downturn had caused the slowdown of growth in consumption in the apparel industry in China. At the same time, the apparel industry in China continued to adopt a de-stocking policy to reduce the high stocking pressure. All of these factors were attributable to the decrease in demand for quality zippers in the short term.

Nevertheless, we have obtained positive results in the expansion of sales channels, development of new customers and sales of new products. The sales volume of overseas markets had achieved rapid growth despite of the downturn of the domestic market. In addition, we had spent significant efforts in personnel management, production automation and product workmanship and structure enhancement, which in turn further reduced product cost, improved product quality and shortened product delivery time.

In addition, we have carried out integration and optimization on the team structure and functions of the research and development department, to enhance our development capacity and efficiency for new products as well as to improve the technical specifications and standards, and to provide a sound technical foundation for the Group's business development. We had also further strengthened inventory management, optimised the stock re-ordering system and utilized the existing inventories, which reduced inventory turnover days.

FINANCIAL REVIEW

For the six months ended 30 June 2013, the Group's turnover and profit attributable to shareholders of the Company amounted to approximately HK$75.01 million and HK$0.62 million respectively, representing decreases of 3.0% and 90.6% over the corresponding period in 2012 respectively.

A comparison of the financial results for the six months ended 30 June 2013 and the corresponding period in 2012 is set out as follows:

TURNOVER

The Group's turnover for the six months ended 30 June 2013 amounted to HK$75.01 million, representing a decrease of 3.0% as compared to the corresponding period in 2012.

Turnover analysis by product category:

	For the six months ended 30 June			
	2013		2012	
	HK$'000	**%**	*HK$'000*	%
Finished zippers				
– Metal zippers	**36,198**	**48.2**	35,600	46.0
– Nylon zippers	**23,449**	**31.3**	24,947	32.3
– Plastic zippers	**9,047**	**12.1**	10,518	13.6
Sliders	**3,288**	**4.4**	3,525	4.6
Premium items	**161**	**0.2**	167	0.2
Others	**2,865**	**3.8**	2,551	3.3
Total	**75,008**	**100.0**	77,308	100.0

Turnover analysis by geographic location:

	For the six months ended 30 June			
	2013		2012	
	HK$'000	**%**	*HK$'000*	%
Eastern China	**27,367**	**36.5**	28,828	37.3
Southern China	**26,427**	**35.2**	33,037	42.7
Overseas	**21,214**	**28.3**	15,443	20.0
Total	**75,008**	**100.0**	77,308	100.0

Turnover from sales of finished zippers decreased by HK$2.37 million or 3.3% on a period-to-period basis primarily due to a decrease in sales volume. Such decrease was resulted from the continuous slowdown of economic growth in China, the global economic downturn and the continuous de-stocking policy adopted in the apparel industry in China that had caused the decrease in demand. Sales of sliders decreased by approximately 6.8% to HK$3.29 million for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$3.53 million) due to the decrease in customer demand and the change in product mix of sales. Sales of premium items (such as cheering sticks and watches) decreased by approximately 5.9% to HK$0.16 million for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$0.17 million) due to the decrease of the promotional demands for premium items as the result of the continuous slowdown of economic growth of China and the continuous de-stocking policy adopted by the apparel industry in China. Others mainly represented sales of scrap materials, zipper components, moulds and flat knit ribs. Sales of other items increased by 12.5% to HK$2.87 million for the six months ended 30 June 2013 (six months ended 30 June 2012: HK$2.55 million) primarily due to the sales from new flat knit ribs business during the period.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit analysis by product category:

	For the six months ended 30 June			
	2013		2012	
	HK$'000	**%**	*HK$'000*	%
Finished zippers	**23,048**	**97.8**	23,661	90.6
Sliders	**961**	**4.1**	1,436	5.5
Premium items	**28**	**0.1**	43	0.2
Others	**(480)**	**(2.0)**	965	3.7
Total	**23,557**	**100.0**	26,105	100.0

The gross profit decreased by 9.8% to HK$23.56 million for the six months ended 30 June 2013 from HK$26.11 million for the same period in 2012. The gross profit margin decreased to 31.4% for the six months ended 30 June 2013 from 33.8% for the same period in 2012, mainly due to the following reasons: firstly, the continuous slowdown of economic growth in China, the global economic downturn and the continuous de-stocking policy adopted by the apparel industry in China, which had caused the decrease in sales volume of zipper. As a result, production volume of zipper decreased. This in turn led to the increase in unit labour costs and fixed production costs.

Secondly, under the fierce competition in the zipper market, the prices of certain zipper products decreased, which in turn led to the decrease in gross profit.

Finally, with a small quantity of early order for new products, flat knit rib products in "other" product category recorded a negative gross profit, which further reduced the overall gross profit.

EXPENSES AND COSTS

Distribution costs, comprising mainly of staff costs, transportation costs and advertising and promotion expenses, increased by 34.8% to HK$7.75 million for the six months ended 30 June 2013 from HK$5.75 million for the same period in 2012, mainly attributable to the increased market development efforts by the Group.

Administrative expenses, consisting mainly of salary and welfare expenses for management and administrative personnel, depreciation and amortization, rental expenses for office, auditors' remuneration and other administrative expenses including professional fees, increased by 5.4% to HK$14.51 million for the six months ended 30 June 2013 from HK$13.77 million for the same period in 2012, which was mainly due to (i) the bigger investments on research and development by the Group for developing new products; and (ii) the higher labor costs including share-based payments.

PROFITABILITY

The profit attributable to equity shareholders of the Company decreased by 90.6% to HK$0.62 million for the six months ended 30 June 2013 from HK$6.66 million for the same period in 2012. The margin of profit attributable to equity shareholders of the Company was 0.8% for the six months ended 30 June 2013. Profit attributable to equity shareholders of the Company decreased mainly due to the decrease in gross profit and the increase in distribution costs.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

LIQUIDITY AND CASH FLOWS

The Group's net cash inflow from operating activities for the six months ended 30 June 2013 amounted to HK$6.65 million (six months ended 30 June 2012: HK$5.62 million). As at 30 June 2013, cash and cash equivalents amounted to HK$89.26 million, representing a decrease of HK$12.08 million as compared with the position as at 30 June 2012.

As at 30 June 2013, the Group did not have any bank loans but had unused bank facilities of HK$32.64 million. During the six months ended 30 June 2013, the Group did not hedge its exposure to interest rate risks. The gearing ratio was 0% as at 30 June 2013 (30 June 2012: 0%).

NET CURRENT ASSETS

As at 30 June 2013, the Group had net current assets of approximately HK$139.75 million. The key components of current assets as at 30 June 2013 included inventories of approximately HK$22.43 million, trade and other receivables of approximately HK$50.75 million, cash and cash equivalents of approximately HK$89.26 million and deposits with banks of approximately HK$28.14 million. The key components of current liabilities included trade and other payables of approximately HK$47.51 million.

The net current assets as at 30 June 2013 was HK$139.75 million, a decrease by HK$11.95 million as compared with the net current assets as at 31 December 2012, which was HK$151.70 million.

PLEDGED ASSETS

As at 30 June 2013, certain lease prepayments and buildings with net book value of HK$32.85 million (31 December 2012: HK$33.14 million) of the Group were pledged as securities for an unutilised bank facility of HK$32.64 million (31 December 2012: HK$32.07 million) granted to the Group by a commercial bank.

CONTINGENT LIABILITIES

As at 30 June 2013, 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 2013.

EMPLOYEES

As at 30 June 2013, the Group had 708 full-time employees (30 June 2012: 798 full-time employees). The number of full-time employees decreased by approximately 11.3% as compared with 30 June 2012 primarily due to 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 2013 were approximately HK$27.92 million (six months ended 30 June 2012: HK$25.53 million).

PROSPECTS

When the fine-tuning measures introduced by the PRC government gradually became effective, it is expected that China's economy will improve. In addition, demands from overseas market begin to stabilize. These are all conducive to the increase in future demand for quality zippers.

The Group will continue to increase investment on sales channels, market promotion, development and sales of new products, etc, with a view to increase the Group's share of quality zipper market for domestic and international garments.

The Group is also actively promoting the development of flat knit rib business, so as to raise our share in the garment accessories market and strengthen the competitiveness of the Group's products. In addition, the Group is also developing flat knit ribs for the use in integrated vamp of recreational sports shoes to initiate a new generation of recreational sports footwear products. This may also contribute to the improvement in the Group's operational performance.

Moreover, the Group will continue to invest more efforts in new product development while enhancing product workmanship and structure. By enhancing more automation, the Group will be able to streamline staff size more efficiently, thereby reducing production cost, enhancing product quality and fulfilling customers' need for rapid response.

The zipper industry in China is currently under a period of consolidation. While those enterprises with less competitiveness will be eliminated by market forces, enterprises with stronger core competencies, higher qualities, larger economic scale and higher brand recognition would grow, leading to a higher market concentration. This would raise the barrier of entry for the industry. Therefore, the Group may consider to pursue suitable merger and acquisition opportunities.

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 2013, 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 2013 to 30 June 2013.

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 2013.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the unaudited interim financial statements for the six months ended 30 June 2013.

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 2013 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"	Corporate Governance Code 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

"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, 22 August 2013

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.