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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)

**CONTINUING CONNECTED TRANSACTION
LEASE RENEWAL AGREEMENT**

At the request of KEE Guangdong, on 28 December 2015, Mr. Xu Xipeng and Mr. Xu Xinan as lessors and KEE Guangdong as lessee, entered into the Lease Renewal Agreement to renew the lease of the Guangdong Plant for a further term of three years from 1 January 2016 to 31 December 2018.

Mr. Xu Xipeng and Mr. Xu Xinan are the executive Directors and the Controlling Shareholders of the Company and therefore are connected persons of the Company. Accordingly, the Lease Renewal Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps under the Lease Renewal Agreement for the three years ending 31 December 2018 exceed 0.1% but are below 5%, the Lease Renewal Agreement and the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements and are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

RENEWAL OF LEASE AGREEMENT

Reference is made to the announcement of the Company dated 7 December 2012 in relation to, among other matters, the renewal of the Lease Agreement.

Pursuant to the terms of the Lease Agreement, KEE Guangdong is entitled to renew the Lease Agreement at its sole discretion for consecutive terms of three years each up to 31 December 2024 and the monthly rental may be renewed by reference to the prevailing market price and shall not be higher than the market price to be ascertained by an independent valuer.

On 7 December 2012, Mr. Xu Xipeng and Mr. Xu Xinan as lessors and KEE Guangdong as lessee entered into a lease renewal agreement for the Guangdong Plant to renew the lease of the Guangdong Plant for a term of three years from 1 January 2013 to 31 December 2015.

At the request of KEE Guangdong, on 28 December 2015, Mr. Xu Xipeng and Mr. Xu Xinan as lessors and KEE Guangdong as lessee, entered into the Lease Renewal Agreement to renew the lease of the Guangdong Plant for a further term of three years from 1 January 2016 to 31 December 2018. Further details of the Lease Renewal Agreement are set out below:

Date: 28 December 2015

Parties: (1) Mr. Xu Xipeng and Mr. Xu Xinan, as lessors
(2) KEE Guangdong, as lessee

Property: Guangdong Plant

Term: 1 January 2016 to 31 December 2018

Rent: RMB310,000 (equivalent to approximately HK\$371,089) per month payable within the first 10 working days of each month commencing from 1 January 2016

Renewal: Upon expiry of the renewed term or any subsequent term of the lease, KEE Guangdong has the right to request renewal of the lease for consecutive terms of three years each up to and including 31 December 2024

All other material terms of the Lease Agreement shall remain unchanged.

Historical transaction value

The actual rents paid by KEE Guangdong to Mr. Xu Xipeng and Mr. Xu Xinan for the two years ended 31 December 2013 and 31 December 2014 and the 11 months ended 30 November 2015 are as follows:

Actual rent paid

Year ended 31 December 2013 RMB3,600,000 (equivalent to approximately HK\$4,309,416)

Year ended 31 December 2014 RMB3,600,000 (equivalent to approximately HK\$4,309,416)

Eleven months ended 30 November 2015 RMB3,300,000 (equivalent to approximately HK\$3,950,298)

Annual Caps

For each of the three years ending 31 December 2018, the maximum annual aggregate amounts payable (the “**Annual Caps**”) by KEE Guangdong to Mr. Xu Xipeng and Mr. Xu Xinan, which are determined with reference to the rents payable by KEE Guangdong to Mr. Xu Xipeng and Mr. Xu Xinan under the Lease Renewal Agreement, are as follows:

Annual Cap

Year ending 31 December 2016. RMB3,720,000 (equivalent to approximately HK\$4,453,063)

Year ending 31 December 2017. RMB3,720,000 (equivalent to approximately HK\$4,453,063)

Year ending 31 December 2018. RMB3,720,000 (equivalent to approximately HK\$4,453,063)

In arriving at the above Annual Caps, the Directors have taken into account the following factors:

- (a) the historical figures of the actual amounts paid by KEE Guangdong under the Lease Agreement for the two years ended 31 December 2013 and 31 December 2014 and the 11 months ended 30 November 2015; and
- (b) the estimated market rental of the Guangdong Plant of RMB310,000 per month in average for the three years from the valuation date of 1 November 2015 as determined by an independent valuer.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LEASE RENEWAL AGREEMENT

The Group is principally engaged in the business of producing finished zippers in China. KEE Guangdong is an indirect wholly-owned subsidiary of the Company.

The Guangdong Plant is currently the major production base and headquarters of the Group. It comprises two contiguous parcels of industrial land with a total area of 26,976.6 square metres and 8 major industrial/dormitory/ancillary office buildings with a total gross floor area of 17,705.22 square metres which are jointly owned by Mr. Xu Xipeng and Mr. Xu Xinan.

The Board is of the view that the entering into the Lease Renewal Agreement will (i) maintain the stability of the operations of the Group; (ii) avoid any unnecessary disruption to the operations of the Group; and (iii) minimise any unnecessary relocation costs.

The terms of the Lease Renewal Agreement (including the monthly rent) were determined after arm’s length negotiations between the Company and Mr. Xu Xipeng and Mr. Xu Xinan with reference to the estimated average market rent for the three years after 1 November 2015 as determined by an independent valuer. The Directors (including the independent non-executive Directors) consider that (i) the Lease Renewal Agreement was entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of the Lease Renewal Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Xu Xipeng and Mr. Xu Xinan, who have a material interest in the Lease Renewal Agreement and the transactions contemplated thereunder, had abstained from voting on the resolutions of the Board approving the Lease Renewal Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Mr. Xu Xipeng and Mr. Xu Xinan are the executive Directors and the Controlling Shareholders of the Company and therefore are connected persons of the Company. Accordingly, the Lease Renewal Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Caps under the Lease Renewal Agreement for the three years ending 31 December 2018 exceed 0.1% but are below 5%, the Lease Renewal Agreement and the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements and are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	board of Directors
“Company”	KEE Holdings Company Limited (開易控股有限公司), a company incorporated in the Cayman Islands with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Plant”	the production base in Foshan City of Guangdong Province of KEE Guangdong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 and an indirect wholly-owned subsidiary of the Company

“Lease Agreement”	the lease agreement for the Guangdong Plant entered into between Mr. Xu Xipeng and Mr. Xu Xinan as lessors and KEE Guangdong as lessee on 12 August 2010 (supplemented on 14 September 2010 and 5 November 2010) for an initial term of three years from 1 January 2010 to 31 December 2012 (which was renewed on 7 December 2012 for a term of three years from 1 January 2013 to 31 December 2015)
“Lease Renewal Agreement”	the lease renewal agreement entered into between Mr. Xu Xipeng and Mr. Xu Xinan as lessors and KEE Guangdong as lessee on 28 December 2015 to renew the term of the Lease Agreement for a further term of three years from 1 January 2016 to 31 December 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of issued Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 28 December 2015

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.19706. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Xu Xipeng

Mr. Xu Xinan

Mr. Chow Hoi Kwang, Albert

Non-executive Director:

Mr. Yang Shaolin

Independent non-executive Directors:

Mr. Lin Bin

Mr. Kong Hing Ki

Mr. Tam Yuk Sang, Sammy

* *Translation for identification purpose only*