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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  
IN RELATION TO THE TENANCY AGREEMENT**

**TENANCY AGREEMENT**

The Board is pleased to announce that on 24 August 2018 (after trading hours), KEE Jingmen and KEE Guangdong, an indirect 85%-owned subsidiary of the Company, entered into the Tenancy Agreement in relation to the lease of the PRC Property for a term of three years commencing from 1 September 2018.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, KEE Jingmen is indirectly owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan, who are also directors of KEE Guangdong and certain subsidiaries of the Company. KEE Jingmen is therefore a connected person of the Company at the subsidiary level, and the Tenancy Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that (i) KEE Jingmen is a connected person at the subsidiary level; (ii) the Directors have approved the Tenancy Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Tenancy Agreement are fair and reasonable and the transactions contemplated under the Tenancy Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, and since all of the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Tenancy Agreement exceed 1% and the annual caps under the Tenancy Agreement exceed HK\$3,000,000, such continuing connected transaction is subject to reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Tenancy Agreement and the transactions contemplated thereunder and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

## TENANCY AGREEMENT

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The principal terms of the Tenancy Agreement are summarised as follows:

Date:	24 August 2018
Parties	(1) KEE Jingmen, a company indirectly owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor; and (2) KEE Guangdong, an indirect 85%-owned subsidiary of the Company, as lessee
Premises:	the PRC Property
Leased area:	Approximately 18,908.90 sq.m.
Permitted use:	For production and processing of garment accessories such as zipper sliders, fabric tapes, etc. only
Term:	Three years commencing from 1 September 2018
Monthly rent:	RMB400,000 per calendar month (equivalent to approximately HK\$456,000) (inclusive of the property management fee but exclusive of the water and electricity charges, cable television fee, telecommunication fee, town management fee, municipal administration fee, etc.) payable before the fifth day of each month commencing from 1 September 2018.

The amount of the monthly rent was determined by arm's length negotiation between the KEE Jingmen and KEE Guangdong based on the estimated market rent of the PRC Property of RMB400,340 per month (equivalent to approximately HK\$456,388) as at 1 June 2018 as determined by an independent valuer.

Management fees and other outgoings:	The property management fees shall be borne and paid by KEE Jingmen during the term of the Tenancy Agreement. The water and electricity charges, cable television fees and telecommunication fees, town management fee and municipal administration fee, etc. shall be borne and paid by KEE Guangdong during the term of the Tenancy Agreement.
Deposit:	RMB1,200,000 (equivalent to approximately HK\$1,368,000), representing three months' rent under the Tenancy Agreement.
Other licensing requirements:	Pursuant to the term of the Tenancy Agreement, KEE Jingmen shall have the legal and valid qualification for electroplating sewage treatment (including necessary licences like pollutants discharge permit and electroplating processing permit).
Renewal:	Upon expiry of the term of the tenancy, KEE Guangdong has the priority right to renew the tenancy by giving a 60 days' prior notice in writing to KEE Jingmen before the expiry of the then existing term. The rent for the extended term shall be determined according to the market rent of the PRC Property at that time.

### **Annual caps**

For each of the three years ending 31 August 2021, the maximum annual aggregate amounts (being the aggregate amount of the deposit and the total monthly rent payable per year) payable by KEE Guangdong to KEE Jingmen under the Tenancy Agreement are as follows:

	<b>Annual caps</b>
Year ending 31 August 2019	RMB6,000,000 (equivalent to approximately HK\$6,840,000)
Year ending 31 August 2020	RMB6,000,000 (equivalent to approximately HK\$6,840,000)
Year ending 31 August 2021	RMB6,000,000 (equivalent to approximately HK\$6,840,000)

In arriving at the amount of the above annual caps, the Directors have taken into account market rent of the PRC Property of RMB400,000 per month (equivalent to approximately HK\$456,000) and the deposit of RMB1,200,000 (equivalent to approximately HK\$1,368,000) payable by KEE Guangdong during the term of the tenancy under the Tenancy Agreement. The Group did not rent the PRC Property from KEE Jingmen before entering into the Tenancy Agreement.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TENANCY AGREEMENT**

The Group is principally engaged in the business of design, manufacture and sale of finished zippers and other garment accessories etc. in China. The Group's major customers are OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well-known international apparel labels in China.

Having considered the reasons as mentioned below and taking into account the market rent of the PRC Property as determined by the independent valuer, the Board (including the independent non-executive Directors) consider that the terms of the Tenancy Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

The reasons for entering into the Tenancy Agreement are as follows:

- (a) the existing factory of the supplier of the Group for electroplating works for the Group's zipper and garment accessories products will undergo a renovation and redevelopment to meet the requirements of the relevant environmental protection authority and then the electroplating work performance of the Group will be affected accordingly.
- (b) the Tenancy Agreement will allow the Group to use the PRC Property for performing electroplating works for its zipper and garment accessories products and the Board is of the view that this will integrate the production line vertically and enhance the competitiveness of the Group; and
- (c) given the electroplating works for the zippers will be performed in the PRC Property, the Board considers that using the PRC Property for the production of zipper slides and fabric tapes etc. will have cost advantage and reduce the production lead time to satisfy the customers' demand for fast delivery time in the long run.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, KEE Jingmen is indirectly owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan, who are directors of KEE Guangdong and certain subsidiaries of the Company. KEE Jingmen is therefore a connected person of the Company at the subsidiary level, and the Tenancy Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that (i) KEE Jingmen is a connected person at the subsidiary level; (ii) the Directors have approved the Tenancy Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Tenancy Agreement are fair and reasonable and the transactions contemplated under the Tenancy Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, and since all of the applicable percentage ratios as defined under the Listing Rules in respect of the transactions contemplated under the Tenancy Agreement exceed 1% and the annual caps under the Tenancy Agreement exceed HK\$3,000,000, such continuing connected transaction is subject

to reporting, announcement and annual review requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Tenancy Agreement and the transactions contemplated thereunder and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	KEE Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(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
“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) Clothing Accessories Limited*), a limited liability company established in the PRC and an indirect 85%-owned subsidiary of the Company
“KEE Jingmen”	開易(荊門)服裝配件有限公司 (KEE (Jingmen) Clothing Accessories Limited*), a limited liability company established in the PRC and is indirectly owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively
“Tenancy Agreement”	the tenancy agreement dated 24 August 2018 entered into between KEE Jingmen as lessor and KEE Guangdong as lessee in relation to the lease of the PRC Property for a term of three years commencing from 1 September 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“PRC Property”	The buildings on the land located at 中國荊門市龍井大道以東、福耀二路以北土地 (east of Longjing Avenue, Jingmen and north of Fuyao 2nd Road, the PRC*)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder of the issued Share(s)
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency in the PRC

*For ease of reference and unless otherwise specified in this announcement, sums in HK\$ and RMB in this announcement have been translated at the rate RMB1.0 = HK\$1.14. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.*

\* *The English translation or transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).*

By Order of the Board  
**KEE Holdings Company Limited**  
**Wu David Hang**  
*Chairman*

Hong Kong, 24 August 2018

*As at the date of this announcement, the Directors are:*

*Executive Directors:*

Mr. Wu David Hang

Mr. Yau Chi Chiu

*Independent non-executive Directors:*

Mr. Yau Pak Yue

Mr. Lu Nim Joel

Mr. Leung Ka Tin