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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 31 December 2018, 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 two years from 1 January 2019 to 31 December 2020.

As at the date of this announcement, Mr. Xu Xipeng and Mr. Xu Xinan are the directors of KEE Guangdong and certain subsidiaries of the Company and therefore are connected persons of the Company at the subsidiary level. 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.

Given that (i) Mr. Xu Xipeng and Mr. Xu Xinan are connected persons at the subsidiary level; (ii) the Directors have approved the Lease Renewal Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Lease Renewal Agreement are fair and reasonable and the transactions contemplated under the Lease Renewal 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 Lease Renewal Agreement exceed 1% but are below 5% and the annual caps under the Lease Renewal Agreement exceed HK\$3,000,000 but less than HK\$10,000,000, 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.

RENEWAL OF LEASE AGREEMENT

Reference is made to the announcements of the Company dated 7 December 2012 and 28 December 2015 in relation to, among other matters, the renewal of the Lease Agreement.

Pursuant to the terms of the Lease Renewal Agreement, KEE Guangdong is entitled to renew the Lease Agreement at its sole discretion for consecutive terms of not more than six years (including the renewed term under the Lease Renewal Agreement) up to and including 31 December 2024 in accordance with the terms of the Lease Agreement and pursuant to the terms of the Lease Agreement, 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. On 28 December 2015, 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 2016 to 31 December 2018.

At the request of KEE Guangdong, on 31 December 2018, 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 two years from 1 January 2019 to 31 December 2020. Further details of the Lease Renewal Agreement are set out below:

Date:	31 December 2018
Parties:	(1) Mr. Xu Xipeng and Mr. Xu Xinan, as lessors (2) KEE Guangdong, as lessee
Property:	Guangdong Plant
Term:	1 January 2019 to 31 December 2020
Rent:	RMB360,000 (equivalent to approximately HK\$410,400) per month payable within the first 10 working days of each month commencing from 1 January 2019
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 not more than six years (including the renewed term under the Lease Renewal Agreement) 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 2016 and 31 December 2017 and the 11 months ended 30 November 2018 are as follows:

	<i>Actual rent paid</i>
Year ended 31 December 2016	RMB3,720,000 (equivalent to approximately HK\$4,240,800)
Year ended 31 December 2017	RMB3,720,000 (equivalent to approximately HK\$4,240,800)
11 months ended 30 November 2018	RMB3,410,000 (equivalent to approximately HK\$3,887,400)

Annual Caps

For each of the two years ending 31 December 2020, 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:

	<i>Annual Cap</i>
Year ending 31 December 2019	RMB4,320,000 (equivalent to approximately HK\$4,924,800)
Year ending 31 December 2020	RMB4,320,000 (equivalent to approximately HK\$4,924,800)

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 2016 and 31 December 2017 and the 11 months ended 30 November 2018; and
- (b) the estimated market rental of the Guangdong Plant of RMB363,470 per month in average for the two years from the valuation date of 31 October 2018 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, enterprise sales planning, enterprise image planning, business information consultation, conference services, exhibition display services, real estate information consultation and real estate agency services in China.

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 two years after 1 November 2018 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Xu Xipeng and Mr. Xu Xinan are the directors of KEE Guangdong and certain subsidiaries of the Company and therefore are connected persons of the Company at the subsidiary level. 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.

Given that (i) Mr. Xu Xipeng and Mr. Xu Xinan are connected persons at the subsidiary level; (ii) the Directors have approved the Lease Renewal Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Lease Renewal Agreement are fair and reasonable and the transactions contemplated under the Lease Renewal 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 Lease Renewal Agreement exceed 1% but are below 5% and the annual caps under the Lease Renewal Agreement exceed HK\$3,000,000 but less than HK\$10,000,000, 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 Lease Renewal 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”	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
“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 and further renewed on 28 December 2015 for a term of three years from 1 January 2016 to 31 December 2018)
“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 31 December 2018 to renew the term of the Lease Agreement for a further term of two years from 1 January 2019 to 31 December 2020
“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

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, 31 December 2018

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