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**China Apex Group Limited**  
**中國恒泰集團有限公司**

*(formerly known as KEE Holdings Company Limited 開易控股有限公司)*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2011)**

**DISCLOSEABLE AND EXEMPTED CONNECTED TRANSACTIONS  
SECOND LEASE RENEWAL AGREEMENTS**

**SECOND LEASE RENEWAL AGREEMENTS**

The Board is pleased to announce that, on 15 January 2020, (i) Classic Winner as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, entered into the Second HK Lease Renewal Agreement in relation to the renewal of the lease of the HK Property for a term of two years commencing from 16 January 2020; and (ii) Nanhai Jinheming as lessor and KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee entered into the Second PRC Lease Renewal Agreement in relation to the renewal of the lease of the PRC Properties for a term of two years commencing from 16 January 2020.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Classic Winner and Nanhai Jinheming are owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of KEE Zhejiang and KEE Zippers and certain subsidiaries of the Company. Classic Winner and Nanhai Jinheming are therefore connected persons of the Company at the subsidiary level.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Second Lease Renewal Agreements, the Group shall recognise an additional asset representing its right to use the HK Property and the PRC Properties in the total amount of approximately HK\$25.04 million. As such, the transactions under the Second Lease Renewal Agreements will be recognised as acquisitions of right-of-use assets which will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios under the Listing Rules in respect of the transactions contemplated under the Second Lease Renewal Agreements in aggregate are more than 5% but are less than 25%, the transactions contemplated under the Second Lease Renewal Agreements constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Given that (i) Classic Winner and Nanhai Jinheming are connected persons at the subsidiary level; (ii) the Directors have approved the Second Lease Renewal Agreements; and (iii) the independent non-executive Directors have confirmed that the terms of the Second Lease Renewal Agreements are fair and reasonable and the transactions contemplated under the Second Lease Renewal Agreements are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Second Lease Renewal Agreements are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors of the Company has material interest in the Second Lease Renewal Agreements 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.

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 13 January 2016 and 16 January 2017 and the circular of the Company dated 21 December 2015 in relation to, among other matters, the Lease Agreements and the First Lease Renewal Agreements.

Pursuant to the First Lease Renewal Agreements, the Group has been leasing the HK Property and the PRC Properties from Classic Winner and Nanhai Jinheming respectively. As the First Lease Renewal Agreements has expired on 15 January 2020, after arm's length negotiations, the Board announces that on 15 January 2020:

- (i) Classic Winner as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, as lessee entered into the Second HK Lease Renewal Agreement in relation to the renewal of the lease of the HK Property for a term of two years commencing from 16 January 2020; and
- (ii) Nanhai Jinheming as lessor and KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee entered into the Second PRC Lease Renewal Agreement in relation to the renewal of the lease of the PRC Properties for a term of two years commencing from 16 January 2020.

The principal terms of the Second Lease Renewal Agreements are set out below:

## **SECOND HK LEASE RENEWAL AGREEMENT**

Date: 15 January 2020

Parties: (1) Classic Winner, a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor; and

(2) KEE Zippers, an indirect 85%-owned subsidiary of the Company, as lessee

Classic Winner is principally engaged in investment and property holdings.

Premises: Office B on the sixteenth floor of YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong

Leased area: 139.63 sq.m.

Permitted use: Office and non-domestic use only

Term: Two years commencing from 16 January 2020

Monthly rent: HK\$60,000 per calendar month (exclusive of Government rates, Government rent, management fee and all other outgoings) payable in advance in cash without any deduction on the 16th day of each and every calendar month.

The amount of the monthly rent was determined by arm's length negotiations between the lessor and the lessee based on the estimated market rental of the HK Property of HK\$60,000 per month as at 10 December 2019 as determined by an independent valuer.

Management fees,  
Government rates and  
Government rent: Management fees, Government rates and Government rent shall be payable by KEE Zippers during the term of the Second HK Lease Renewal Agreement.

Deposit: Nil

## SECOND PRC LEASE RENEWAL AGREEMENT

- Date: 15 January 2020
- Parties:
- (1) Nanhai Jinheming, a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor; and
  - (2) KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee
- Nanhai Jinheming is principally engaged in investment in enterprises and property holdings.
- Premises: the Land and the PRC Buildings
- Leased area:
- (1) the Land: approximately 32,241.3 sq.m.
  - (2) the PRC Buildings: approximately 23,183.43 sq.m.
- Permitted use: Industrial use only
- Term: Two years commencing from 16 January 2020
- Monthly rent: RMB417,300 (equivalent to approximately HK\$467,400) per month payable in cash within the first 10 working days of each month commencing from 16 January 2020.
- The amount of the monthly rent was determined by arm's length negotiations between the lessor and the lessee based on the estimated market rental of the PRC Properties of RMB417,300 per month as at 12 December 2019 as determined by an independent valuer.
- Management fees,  
Government rates and  
Government rent: Except for the rent, property management fees, water and electricity fees, cable television fees and communication fees which shall be borne and paid by KEE Zhejiang, other fees and expenses in relation to the PRC Properties shall be borne and paid by Nanhai Jinheming (which may include without limitation to property taxes and land use taxes, etc.).
- Renewal: Upon expiry of the term of lease, KEE Zhejiang has the right to renew the lease for consecutive terms of not more than three years by giving a three months' notice in writing to Nanhai Jinheming before the expiry of the then existing term.

The length of the renewed terms of the lease of the PRC Properties shall not be more than 15 years in aggregate.

The Company will comply with the relevant Listing Rules (including but not limited to making an announcement and obtaining independent Shareholders' approval if necessary) when KEE Zhejiang exercises its right to renew the Second PRC Lease Renewal Agreement.

Deposit: RMB1,251,900 (equivalent to approximately HK\$1,402,200), representing three months' rent under the Second PRC Lease Renewal Agreement of which RMB825,000 has already been paid under the First PRC Lease Renewal Agreement. The balance of the deposit shall be payable upon execution of the Second PRC Lease Renewal Agreement.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SECOND LEASE RENEWAL AGREEMENTS**

The Group is principally engaged in manufacturing finished zippers in China. The Group's customers for zippers business are principally OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well-known international apparel brands.

Taking into account the rent payable by the Group under the Second Lease Renewal Agreements is equal to the market rent of the HK Property and the PRC Properties as determined by the independent valuer and that the Second Lease Renewal Agreements will allow the Group to continue to use the HK Property and the PRC Properties for its existing business operations, the Board (including the independent non-executive Directors) consider that the terms of the Second Lease Renewal Agreements are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Classic Winner and Nanhai Jinheming are owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are directors of KEE Zhejiang and KEE Zippers and certain subsidiaries of the Company. Classic Winner and Nanhai Jinheming are therefore connected persons of the Company at the subsidiary level.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Second Lease Renewal Agreements, the Group shall recognise an additional asset representing its right to use the HK Property and the PRC Properties in the total amount of approximately HK\$25.04 million. As such, the transactions under the Second Lease Renewal Agreements will be recognised as acquisitions of right-of-use assets which will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios under the Listing Rules in respect of the transactions contemplated under the Second Lease Renewal Agreements in aggregate are more than 5% but are less than 25%, the transactions contemplated under the Second Lease Renewal Agreements constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Given that (i) Classic Winner and Nanhai Jinheming are connected persons at the subsidiary level; (ii) the Directors have approved the Second Lease Renewal Agreements; and (iii) the independent non-executive Directors have confirmed that the terms of the Second Lease Renewal Agreements are fair and reasonable and the transactions contemplated under the Second Lease Renewal Agreements are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Second Lease Renewal Agreements are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors of the Company has material interest in the Second Lease Renewal Agreements 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
“Classic Winner”	Classic Winner Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 50% by Mr. Xu Xipeng and as to 50% by Mr. Xu Xinan
“Company”	China Apex Group 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
“First HK Lease Renewal Agreement”	the lease renewal agreement dated 16 January 2017 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of three years commencing from 16 January 2017

“First Lease Renewal Agreements”	collectively the First HK Lease Renewal Agreement and the First PRC Lease Renewal Agreement
“First PRC Lease Renewal Agreement”	the lease agreement dated 16 January 2017 and entered into between Nanhai Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties for a term of three years commencing from 16 January 2017
“Group”	the Company and its subsidiaries
“HK Lease Agreement”	the lease agreement dated 13 January 2016 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of one year commencing from 13 January 2016
“HK Property”	the Office B on the 16th Floor of YHC Tower, No. 1, Sheung Yuet Road, Kowloon, Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“KEE Zhejiang”	開易(浙江)服裝配件有限公司 (KEE (Zhejiang) Garment Accessories Limited <sup>#</sup> ), a limited liability company established in the PRC and an indirect 85%-owned subsidiary of the Company
“KEE Zippers”	KEE Zippers Corporation Limited (開易拉鏈有限公司), a company incorporated in Hong Kong with limited liability and an indirect 85%-owned subsidiary of the Company
“Land”	the land use rights of the piece of land located at 中國浙江省嘉善縣魏塘鎮魏中村 (Weizhong village, Weitang Town, Jiashan County, Zhejiang Province, PRC)
“Lease Agreements”	collectively the HK Lease Agreement and the PRC Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanhai Jinheming”	佛山市南海今和明投資有限公司 (Foshan City Nanhai Jinheming Investment Company Limited <sup>#</sup> ), a limited liability company established in the PRC and is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively



“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 Buildings”	the seven blocks of buildings and the facilities including greening, the laying of pipes, networks and roads located at the Land
“PRC Lease Agreement”	the lease agreement dated 13 January 2016 and entered into between Nanhai Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties for a term of one year commencing from 13 January 2016
“PRC Properties”	collectively the Land and the PRC Buildings
“Second HK Lease Renewal Agreement”	the lease renewal agreement dated 15 January 2020 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of two years commencing from 16 January 2020
“Second Lease Renewal Agreements”	collectively the Second HK Lease Renewal Agreement and the Second PRC Lease Renewal Agreement
“Second PRC Lease Renewal Agreement”	the lease renewal agreement dated 15 January 2020 and entered into between Nanhai Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties for a term of two years commencing from 16 January 2020
“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
“%”	per cent



*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\$1.12. 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  
**China Apex Group Limited**  
**Zhuang Weidong**  
*Chairman*

Hong Kong, 15 January 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Zhuang Weidong, Mr. Qiu Chuanzhi, Mr. Wu David Hang and Mr. Mak Yung Pan Andrew; the non-executive director of the Company is Ms. Lin Ping; and the independent non-executive directors of the Company are Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Liew Fui Kiang.*