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中國恒泰
CHINA APEX

China Apex Group Limited
中國恒泰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

**EXEMPTED CONNECTED TRANSACTION
LEASE RENEWAL AGREEMENT**

LEASE RENEWAL AGREEMENT

At the request of KEE Guangdong, on 31 December 2020, 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 2021 to 31 December 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Xu Xipeng and Mr. Xu Xinan are interested in 15% equity interest in KEE International BVI through Keen New and are the directors of certain subsidiaries of the Company and therefore are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Lease Renewal Agreement, the Group shall recognise an additional asset representing its right to use the Guangdong Plant in the total amount of approximately HK\$10.92 million. As such, the transactions under the Lease Renewal Agreement will be recognised as an acquisition of right-of-use assets which will constitute a one-off connected transaction 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, the transactions contemplated under the Lease Renewal Agreement 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 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.

RENEWAL OF LEASE AGREEMENT

Reference is made to the announcements of the Company dated 7 December 2012, 28 December 2015 and 31 December 2018 in relation to, among other matters, the renewal of the Lease Agreement.

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

At the request of KEE Guangdong, on 31 December 2020, 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 2021 to 31 December 2022. Further details of the Lease Renewal Agreement are set out below:

Date: 31 December 2020

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

Property: Guangdong Plant

Term: 1 January 2021 to 31 December 2022

Rent: RMB394,000 (equivalent to approximately HK\$464,920) per month payable in cash within the first 10 working days of each month commencing from 1 January 2021

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 up to and including 31 December 2024

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

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

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

The Guangdong Plant is currently the major production base and headquarters of the Group. It comprises a parcel 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 17,217.18 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 December 2020 as determined by an independent valuer. The Directors (including the independent nonexecutive 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 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 interested in 15% equity interest in KEE International BVI through Keen New and are the directors of certain subsidiaries of the Company and therefore are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Lease Renewal Agreement, the Group shall recognise an additional asset representing its right to use the Guangdong Plant in the total amount of approximately HK\$10.92 million. As such, the transactions under the Lease Renewal Agreement will be recognised as an acquisition of right-of-use assets which will constitute a one-off connected transaction 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, the transactions contemplated under the Lease Renewal Agreement 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 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”	the board of Directors
“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
“Group”	the Company and its subsidiaries
“Guangdong Plant”	the production base in Foshan City of Guangdong Province of KEE Guangdong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 85%-owned subsidiary of the Company
“KEE International BVI”	KEE International (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and the issued shares of which is owned as to 85% by the Company and as to 15% by Keen New
“Keen New”	Keen New Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by Mr. Xu Xipeng and as to 50% by Mr. Xu Xinan
“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, further renewed on 28 December 2015 for a term of three years from 1 January 2016 to 31 December 2018, and further renewed on 31 December 2018 for a term of two years from 1 January 2019 to 31 December 2020)
“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 2020 to renew the term of the Lease Agreement for a further term of two years from 1 January 2021 to 31 December 2022
“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 only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)” holder(s) of issued Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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\$1.18. 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, 31 December 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.