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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)

VOLUNTARY ANNOUNCEMENT

FULLY EXEMPTED CONNECTED TRANSACTIONS THIRD LEASE RENEWAL AGREEMENTS

THIRD LEASE RENEWAL AGREEMENTS

The Board is pleased to announce that, on 14 January 2022, (i) Classic Winner as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, entered into the Third 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 2022; and (ii) Nanhai Jinheming as lessor and KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee entered into the Third 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 2022.

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 interested in 15% equity interest in KEE International BVI through Keen New and are directors of 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 Third 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\$2 million. As such, the transactions under the Third 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 all of the relevant percentage ratios under the Listing Rules in respect of the transactions contemplated under the Third Lease Renewal Agreements in aggregate are less than 1% and the transactions are connected transactions only because they involve connected persons at the subsidiary level, the transactions contemplated under the Third Lease Renewal Agreements are fully exempt from the announcement, the circular (including independent financial advice) and shareholders' approval requirements.

None of the Directors has material interest in the Third 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 9 November 2015, 16 January 2017, 15 January 2020 and the circular of the Company dated 21 December 2015 in relation to, among other matters, the Lease Agreements, the First Lease Renewal Agreements and the Second Lease Renewal Agreements.

Pursuant to the Second Lease Renewal Agreements, the Group has been leasing the HK Property and the PRC Properties from Classic Winner and Nanhai Jinheming respectively. As the Second Lease Renewal Agreements will expire on 15 January 2022, after arm's length negotiations, the Board announces that on 14 January 2022:

- (i) Classic Winner as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, as lessee entered into the Third 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 2022; and
- (ii) Nanhai Jinheming as lessor and KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee entered into the Third 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 2022.

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

THIRD HK LEASE RENEWAL AGREEMENT

Date:	14 January 2022
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 16th Floor of YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong
Leased area:	1,503 sq.ft.
Permitted use:	Office and non-domestic use only
Term:	Two years commencing from 16 January 2022
Monthly rent:	HK\$54,000 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\$54,000 per month (exclusive of Government rates, Government rent, management fee and other outgoings) as at 10 December 2021 as determined by an independent valuer.
Management fees, Government rates and Government rent:	Management fee, Government rates and Government rent shall be payable by KEE Zippers during the term of the Third HK Lease Renewal Agreement
Deposit:	Nil

THIRD PRC LEASE RENEWAL AGREEMENT

Date:	14 January 2022
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 2022
Monthly rent:	RMB625,958 (equivalent to approximately HK\$763,669) per month payable in cash within the first 10 working days of each month commencing from 16 January 2022 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 RMB15,023,000 for two years (equivalent to RMB625,958 per month) as at 3 December 2021 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.

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 when KEE Zhejiang exercises its right to renew the Third PRC Lease Renewal Agreement.

Deposit: RMB1,877,874 (equivalent to approximately HK\$2,291,006), representing three months' rent under the Third PRC Lease Renewal Agreement of which RMB1,251,900 (equivalent to approximately HK\$1,527,318) has already been paid under the Second PRC Lease Renewal Agreement. The balance of the deposit shall be payable upon execution of the Third PRC Lease Renewal Agreement.

Termination: The Third PRC Lease Renewal Agreement shall terminate upon the occurrence of any of the following events:

- (1) the performance of the agreement cannot be continued due to force majeure;
- (2) the performance of the agreement cannot be continued due to changes in law and regulations or the need to implement local policies; and
- (3) the performance of the agreement cannot be continued due to the needs of urban planning and construction, property expropriation and demolition, vacating and returning.

As disclosed in the announcement of the Company dated 30 September 2021, the Group has been informed by the management committee of Jiashan Economic and Technology Development Zone# (嘉善經濟技術開發區管理委員會) (the “**JETDZ Management Committee**”) that, the production base of the Group located at PRC Properties is included in the implementation area of the organic renewal project of the Economic Development Zone and required to be vacated. As at the date of this announcement, KEE Zhejiang has yet to receive the timeline of the relocation of the production base from the JETDZ Management Committee. The Third PRC Lease Renewal Agreement shall terminate according to its terms when the production base at the PRC Properties is relocated and vacated according to the request by JETDZ Management Committee or other relevant authority.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE THIRD 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.

Having considered that (i) the HK Property has been used by KEE Zippers as its office and the PRC Properties have been used by KEE Zhejiang as its production base for many years; and (ii) the renewal of the existing leases will enable the Group to secure its stable operation at the HK Property and the PRC Properties without incurring additional costs and expenses in identifying, renovating and relocating to alternative premises and ensure that there will be no disruption to the operations and business of the Group and taking into account the rent payable by the Group under the Third Lease Renewal Agreements is equal to the market rent of the HK Property and the PRC Properties as determined by the independent valuers, the Board (including the independent non-executive Directors) consider that the terms of the Third 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 interested in 15% equity interest in KEE International BVI through Keen New and are directors of 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 Third 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\$2 million. As such, the transactions under the Third 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 all of the relevant percentage ratios under the Listing Rules in respect of the transactions contemplated under the Third Lease Renewal Agreements in aggregate are less than 1% and the transactions are connected transactions only because they involve connected persons at the subsidiary level, the transactions contemplated under the Third Lease Renewal Agreements are fully exempt from the announcement, the circular (including independent financial advice) and shareholders' approval requirements.

None of the Directors has material interest in the Third 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 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
“KEE Zhejiang”	開易（浙江）服裝配件有限公司（KEE (Zhejiang) Garment Accessories Limited#), 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
“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
“Land”	the land use rights of the piece of land located at 中國浙江省嘉善縣惠民街道金嘉大道116號的土地（116 Jinjia Dadao, Huimin Jiedao, 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#), 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 located at the Land with the gross floor area of 23,183.43 sq.m.
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Third HK Lease Renewal Agreement”	the lease renewal agreement dated 14 January 2022 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 2022
“Third Lease Renewal Agreements”	collectively the Third HK Lease Renewal Agreement and the Third PRC Lease Renewal Agreement
“Third PRC Lease Renewal Agreement”	the lease renewal agreement dated 14 January 2022 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 2022
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency in the PRC
“sq.ft.”	square feet
“sq.m.”	square metres
“%”	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\$1.22. 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, 14 January 2022

As at the date of this announcement, the executive directors of the Company are Mr. Zhuang Weidong, Mr. Qiu Chuanzhi 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.