THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in KEE Holdings Company Limited (the "**Company**"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee, or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

KEE

KEE HOLDINGS COMPANY LIMITED
開易控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2011)

(1) MAJOR AND CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEALS; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

SWS

Shenwan Hongyuan Capital (H.K.) Limited
申萬宏源融資(香港)有限公司

Independent Financial Adviser to the Code IBC, the Listing Rules IBC and the Independent Shareholders

上銀國際有限公司
BOSC International Company Limited

A notice convening the EGM of KEE Holdings Company Limited to be held at Room 632-633, 6/F, Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Friday, 8 January 2016 at 11:00 a.m. is set out on pages 210 to 213 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.kee.com.cn).

A letter from the Board is set out on pages 12 to 47 of this circular. A letter from the Code IBC containing its recommendation to the Independent Shareholders is set out on pages 48 to 49 of this circular. A letter from the Listing Rules IBC containing its recommendation to the Independent Shareholders is set out on pages 50 to 51 of this circular. A letter from BOSC International containing its advice and recommendation to the Code IBC and the Listing Rules IBC and the Independent Shareholders is set out on pages 52 to 88 of this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

21 December 2015

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate"	has the meaning ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day"	any day (other than Saturday and Sunday and public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong and the PRC are generally open for business
"Business Scope"	the business scope of KEE BVI Group in design manufacture and sale of finished zippers, flat knit ribs and other garment accessories
"BVI"	the British Virgin Islands
"CICC"	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror
"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
"close associate"	has the meaning ascribed to it under the Listing Rules

"Code IBC"	the independent committee of the Board, comprising all non-executive Directors, namely Mr. Yang Shaolin, Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy, to advise (i) the Independent Shareholders on the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement and the transactions contemplated respectively thereunder; and (ii) the Independent Shareholders and the Optionholder(s) on the Offers (if they are made)
"Company"	KEE Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Disposals"	collectively (i) the KEE BVI Disposal pursuant to the KEE BVI Disposal Agreement; (ii) the PRC Assets Disposal pursuant to the PRC Master Disposal Agreement; and (iii) the HK Property Disposal pursuant to the HK Property Disposal Agreement
"Disposal Agreements"	collectively the KEE BVI Disposal Agreement, HK Property Disposal Agreement and the PRC Master Disposal Agreement
"EGM"	the extraordinary general meeting of the Company to be convened and held on Friday, 8 January 2016 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Disposals, the Lease Agreements, the Shareholders' Agreement and the transactions contemplated respectively thereunder, the notice of which is set out at the end of this circular
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

"Extension Announcement"	the announcement jointly published by the Company and the Offeror on 30 November 2015 in respect of, among other matters, the extension of Long Stop Date of the Sale and Purchase Agreement and the Disposal Agreements from 31 December 2015 to 20 January 2016
"Group" or "Group Companies"	the Company and its subsidiaries
"HK Lease Agreement"	the lease agreement to be entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property
"HK Property"	the Office B on the 16th Floor of YHC Tower, No. 1, Sheung Yuet Road, Kowloon, Hong Kong
"HK Property Disposal"	the disposal of the HK Property by KEE Zippers to Classic Winner pursuant to the HK Property Disposal Agreement
"HK Property Disposal Agreement"	the disposal agreement dated 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015) and entered into simultaneously with the Sale and Purchase Agreement, the KEE BVI Disposal Agreement and the PRC Master Disposal Agreement between KEE Zippers and Classic Winner, pursuant to which KEE Zippers agreed to sell and Classic Winner agreed to purchase the HK Property on and subject to the terms and conditions contained therein
"HK Property Disposal Completion"	the completion of the HK Property Disposal in accordance with the terms and conditions of the HK Property Disposal Agreement
"HK Property Disposal Conditions"	the conditions to the HK Property Disposal Completion, as set out in the paragraph headed "HK Property Disposal Conditions" in the Letter from the Board of this circular and "HK Property Disposal Condition" means any of them
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Financial Adviser" or "BOSC International"	BOSC International Company Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to (i) the Listing Rules IBC, the Code IBC and Independent Shareholders in relation to the Special Deals, the Disposal, the Lease Agreements and the Shareholders' Agreement and; (ii) the Code IBC in relation the Offers
"Independent Shareholders"	Shareholders who are not involved in nor interested in the Special Deals, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement. For the avoidance of doubt, Independent Shareholders shall exclude (i) Nicco, Nanhai Jinheming, Classic Winner, Mr. Xu Xipeng, Mr. Xu Xinan, Mr. Chow Hoi Kwang, Albert, their respective associates, close associates and parties acting in concert with any of them; and (ii) the Offeror, Keen Concept, their associates and parties acting in concert with any of them
"Jingmen Buildings	buildings with total planned gross floor area of approximately 38,426 sq.m. located on the Jingmen Land
"Jingmen Land"	the land located at east of Longjing Main Road, north of Fuyao Er Road, Jingmen City, Hubei Province, the PRC which comprises two parcels of land with a total site area of approximately 149,680.32 sq.m.
"Joint Announcement"	the announcement jointly published by the Company and the Offeror on 9 November 2015 in respect of, among other matters, the Offers and the Special Deals involving the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement
"KEE BVI"	KEE International (BVI) Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
"KEE BVI Disposal"	the disposal of 15% of the issued share capital of KEE BVI by the Company to Nicco pursuant to the KEE BVI Disposal Agreement

"KEE BVI Disposal Agreement"	the disposal agreement dated 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015) and entered into simultaneously with the Sale and Purchase Agreement, the PRC Master Disposal Agreement and the HK Property Disposal Agreement between the Company and Nicco, pursuant to which the Company agreed to sell and Nicco agreed to purchase 15% of the issued share capital of KEE BVI on and subject to the terms and conditions contained therein
"KEE BVI Disposal Shares"	15 issued shares of KEE BVI, representing 15% of the issued share capital of KEE BVI
"KEE BVI Disposal Completion"	the completion of the KEE BVI Disposal in accordance with the terms and conditions of the KEE BVI Disposal Agreement
"KEE BVI Disposal Completion Date"	the third Business Day after the day on which the last of the KEE BVI Disposal Conditions are fulfilled or waived (as the case may be) or such later date as the Company and Nicco may agree in writing
"KEE BVI Disposal Conditions"	the conditions to the KEE BVI Disposal Completion, as set out in the paragraph headed "KEE BVI Disposal Conditions" in the Letter from the Board of this circular and "KEE BVI Disposal Condition" means any of them
"KEE BVI Group"	KEE BVI and its subsidiaries
"KEE BVI Share(s)"	the issued share(s) of US$1.00 each in the capital of KEE BVI
"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
"KEE Jingmen"	開易(荊門)服裝配件有限公司 (KEE (Jingmen) Garment Accessories Limited#), a company established in the PRC with limited liability and is owned as to 80% by KEE Guangdong and as to 20% by 上海翎峰貿易有限公司 (Shanghai Lingfeng Trading Company Limited#)
"KEE Jingmen Sale Capital"	80% registered and paid up capital of KEE Jingmen

"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 wholly-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 wholly-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)
"Last Trading Day"	28 June 2015, being the last trading day prior to the suspension of trading in the Shares on 29 June 2015 pending the publication of the Joint Announcement
"Latest Practicable Date"	18 December 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"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
"Listing Rules IBC"	the independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy, which has been established pursuant to the Listing Rules to advise the Independent Shareholders on the Disposal Agreements, the Lease Agreements, the Shareholders' Agreement and the transactions contemplated respectively thereunder
"Long Stop Date"	20 January 2016 or such later date as may be agreed between the parties to the relevant documents in writing
"Main Board"	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM Board of the Stock Exchange

"MOU Announcement"	the announcement dated 10 July 2015 issued by the Company in relation to the entering into a memorandum of understanding by Nicco for the possible sale and purchase of 310,490,000 Shares
"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
"Nicco"	Nicco Worldwide Inc., a company incorporated in BVI with limited liability and is owned as to 49.75%, 49.75% and 0.5% by Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang, Albert, respectively
"Offer Document"	the offer document to be despatched to the Shareholders and the Optionholders in connection with the Offers
"Offer Shares"	all the Shares in issue and to be issued (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
"Offeror"	Glory Emperor Trading Limited (耀帝貿易有限公司), a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of Zhonghong
"Offers"	collectively, the Share Offer and the Option Offer
"Option Offer"	the possible mandatory unconditional cash offer to be made by CICC on behalf of the Offeror to cancel the outstanding Share Options on the terms and conditions set out in the Offer Document in compliance with the Takeovers Code
"Optionholder(s)"	holder(s) of the Share Option(s)
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Assets Disposal"	collectively (i) the disposal of KEE Jingmen Sale Capital by KEE Guangdong to Nanhai Jinheming and (ii) the disposal of the PRC Properties by KEE Zhejiang to Nanhai Jinheming pursuant to the PRC Master Disposal Agreement

"PRC Assets Disposal Completion"	the completion of the PRC Assets Disposal in accordance with the terms and conditions of the PRC Master Disposal Agreement
"PRC Assets Disposal Completion Date"	the third Business Day after the day on which the last of the PRC Assets Disposal Conditions are fulfilled or waived (as the case may be) or such later date as the Company and Nanhai Jingheming may agree in writing
"PRC Assets Disposal Conditions"	the conditions to the PRC Assets Disposal Completion, as set out in the paragraph headed "PRC Assets Disposal Conditions" in the Letter from the Board of this circular and "PRC Assets Disposal Condition" means any of them
"PRC Buildings"	the seven blocks of buildings and the facilities including greening, the laying of pipes, networks roads located at the Land
"PRC Lease Agreement"	the lease agreement to be entered into between Nanhai Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties
"PRC Legal Advisers"	Hills & Co.（君道律師事務所）, the legal advisers to the Company as to the PRC law
"PRC Master Disposal Agreement"	the disposal agreement dated 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015) and entered into simultaneously with the Sale and Purchase Agreement, the KEE BVI Disposal Agreement and the HK Property Disposal Agreement between the Company and Nanhai Jinheming, pursuant to which (i) the Company agreed to procure KEE Guangdong to sell and Nanhai Jinheming agreed to purchase KEE Jingmen Sale Capital; and (ii) the Company agreed to procure KEE Zhejiang to sell and Nanhai Jinheming agreed to purchase the PRC Properties on and subject to the terms and conditions contained therein
"PRC Properties"	collectively the Land and the PRC Buildings
"Remaining Group"	the subsidiaries of the Company after the Disposals, including KEE BVI, KEE Zippers, KEE Guangdong, KEE Zhejiang and 佛山市優納文化禮品有限公司 (Foshan UNA Cultural Gifts Co., Limited#)

"Reorganisation"	the proposed reorganisation of the Group to be undertaken by the Company for the purpose of KEE BVI Disposal Completion
"Sale and Purchase Agreement"	the sale and purchase agreement dated 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015) and entered into amongst Nicco as vendor, the Offeror as purchaser, and Mr. Xu Xipeng and Mr. Xu Ximan as guarantors in relation to the sale and purchase of 310,490,000 Shares
"Sale Shares"	a total of 310,490,000 Shares agreed to be acquired by the Offeror from Nicco pursuant to the terms of the Share Purchase Agreement, representing approximately 72.745% of the existing issued share capital of the Company as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.01 each in the issued capital of the Company
"Share Offer"	the possible mandatory unconditional cash offer to be made by CICC on behalf of the Offeror to acquire the Offer Shares on the terms and conditions set out in the Offer Document and in compliance with the Takeovers Code
"Share Options"	the outstanding share option(s) granted by the Company under its share option scheme adopted on 14 December 2010
"Share Transfer Completion"	the completion of the proposed transfer of the Sale Shares by Nicco to the Offeror in accordance with the terms and conditions of the Sale and Purchase Agreement
"Shareholder(s)"	holder(s) of issued Share(s)
"Shareholders' Agreement"	the shareholders' agreement to be entered into at the KEE BVI Disposal Completion amongst the Company, Nicco and KEE BVI pursuant to the KEE BVI Disposal Agreement

"Special Deals"	the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement which constitute special deals for the Company under Rule 25 of the Takeovers Code
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers in force from time to time
"trading day"	a day on which the Stock Exchange is open for the business of dealings in securities
"Valuation Reports"	collectively, (i) the valuation report and the letter of confirmation both dated 9 November 2015 issued by Greater China Appraisal Limited in connection with their valuation as at 30 June 2015 and 31 August 2015 of the real property interests held by the Group; and (ii) the valuation report dated 21 December 2015 issued by Greater China Appraisal Limited in connection with their valuation as at 30 September 2015, the text of which is set out in Appendix III of this circular
"Zhonghong Zhuoye"	中弘卓業集團有限公司 (Zhonghong Zhuoye Group Company Limited#), a company established under the laws of the PRC with limited liability. As at the Latest Practicable Date, Mr. Wang Yonghong is the 100% ultimate beneficial owner of Zhonghong Zhuoye
"Zhonghong"	中弘控股股份有限公司 (Zhonghong Holding Co., Limited#), a joint stock company established under the laws of the PRC with limited liability (PRC business licence registration number: 340000000018072), the shares of which are quoted on the Shenzhen Stock Exchange (Stock code: 000979.SZ). As at the Latest Practicable Date, Mr. Wang Yonghong, through his wholly owned company Zhonghong Zhuoye, is the controlling shareholder of Zhonghong and holds 34.51% of its issued shares
"HK$"	Hong Kong dollars, the lawful currency in Hong Kong
"RMB"	Renminbi, the lawful currency in the PRC
"US$"	United States dollars, the lawful currency of the United States of America

"%"	per cent.

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).

KEE HOLDINGS COMPANY LIMITED
開易控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2011)

Executive Directors:
Mr. Xu Xipeng
Mr. Xu Xinan
Mr. Chow Hoi Kwang, Albert

Non-executive Director:
Mr. Yang Shaolin

Independent non-executive Directors:
Mr. Lin Bin
Mr. Kong Hing Ki
Mr. Tam Yuk Sang, Sammy

Registered office:
3rd Floor, Queensgate House
113 South Church Street
P.O. Box 10240
Grand Cayman
KY1-1002
Cayman Islands

Principal place of business in Hong Kong:
Unit B, 16/F., YHC Tower
No. 1 Sheung Yuet Road
Kowloon Bay, Kowloon
Hong Kong

21 December 2015

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEALS; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

On 9 November 2015, the Company and the Offeror jointly announced that, among other matters:

(i) on 19 August 2015, Nicco as vendor, the Offeror as purchaser, and Mr. Xu Xipeng and Mr. Xu Xinan as vendor's guarantors entered into the Sale and Purchase Agreement pursuant to which Nicco has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares for a consideration of HK$707,575,661 (equivalent to HK$2.2789 per Sale Share). The Sale Shares represent approximately 72.745% of the issued share capital of the Company as at the Latest Practicable Date. Upon the Share Transfer Completion, the Offeror and parties acting in concert with it will be required to make the Offers in cash (i) for the Offer Shares, being all the Shares in issue during the offer period, other than those Shares already owned or agreed to be acquired by the Offeror, or parties acting in concert with the Offeror and (ii) to cancel all the Share Options in accordance with Rules 13 and 26.1 of the Takeovers Code;

(ii) on 19 August 2015, the Company and KEE Zippers respectively entered into the Disposal Agreements with Nicco, Nanhai Jinheming and Classic Winner in relation to the Disposals. Since Nicco, Nanhai Jinheming and Classic Winner are connected persons of the Company, the Disposals shall constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals are more than 25% but less than 75%, the Disposals are also major transactions under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules;

(iii) pursuant to the PRC Master Disposal Agreement, KEE Zhejiang and Nanhai Jinheming shall enter into the PRC Lease Agreement in relation to the lease of the PRC Properties. Pursuant to the HK Property Disposal Agreement, Classic Winner and KEE Zippers shall enter into the HK Lease Agreement upon HK Property Disposal Completion. Upon completion of the Disposals, the Lease Agreements will become continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. Since the Lease Agreements are part of the transactions under the Disposals, the Lease Agreements shall also be subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules;

(iv) pursuant to the KEE BVI Disposal Agreement, KEE BVI, the Company and Nicco shall enter into a Shareholders' Agreement which shall set out the rights and obligations of the Company and Nicco and the arrangements between them with respect to the ownership, management and operations of KEE BVI and its subsidiaries upon the KEE BVI Disposal Completion; and

(v) since the Disposals, the Lease Agreements and the Shareholders' Agreement are not capable of being extended to all Shareholders, the Disposals, the Lease Agreements and the Shareholders' Agreement constitute special deals under Note 4 to Rule 25 of the Takeovers Code, which require the consent of the Executive and such consent, if granted, will normally be conditional upon the Independent Financial Adviser publicly stating in its opinion that the terms of the Disposals, the Lease Agreements and the Shareholders' Agreement are fair and reasonable and the approval of the Independent Shareholders having been obtained by way of a poll at the EGM.

On 30 November 2015, the Company and the Offeror jointly announced in the Extension Announcement that, among other matters:

(i) Nicco, the Offeror, Mr. Xu Xipeng and Mr. Xu Xinan have entered into an extension letter on 27 November 2015 to extend the Long Stop Date of the Sale and Purchase Agreement from 31 December 2015 to 20 January 2016 or such later date as may be agreed between the parties to the Sale and Purchase Agreement in writing; and

(ii) the parties to the Disposal Agreements have respectively entered into an extension letter on 27 November 2015 to extend the Long Stop Date for the Disposal Agreements from 31 December 2015 to 20 January 2016 or such later date as may be agreed between the parties to the respectively Disposal Agreement in writing.

The purpose of this circular is to provide you with, among other things, (i) details of the Disposal Agreements; (ii) details of the Lease Agreements; (iii) details of the Shareholders' Agreement; (iv) the recommendation from the Code IBC and the Listing Rules IBC to the Independent Shareholders on the terms of the Special Deals, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement and as to voting at the EGM; (v) the letter of advice of BOSC International to the Code IBC, the Listing Rules IBC and the Independent Shareholders on the terms of the Special Deals, the Disposal Agreements, Lease Agreements and the Shareholders' Agreement and as to voting at the EGM; (vi) the Valuation Reports relating to the property interests held by the Group; (vii) a notice convening the EGM; and (viii) other information require under the Listing Rules and the Takeovers Code.

MAJOR AND CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEALS

(A) KEE BVI Disposal Agreement

Date: 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015)

Parties: (1) the Company as vendor; and

(2) Nicco as purchaser.

Nicco is a company incorporated in BVI with limited liability and is principally engaged in investment holdings. The major assets and investment of Nicco are the Sale Shares.

Subject matter

Pursuant to the KEE BVI Disposal Agreement, the Company agreed to sell and Nicco agreed to purchase the KEE BVI Disposal Shares (representing 15% of the issued share capital of KEE BVI which was determined after arm's length negotiations between the Company and Nicco with a view to allow Nicco to acquire a non-controlling interest in KEE BVI Group as an incentive for Mr. Xu Xipeng and Mr. Xu Xinan, who are familiar with and have rich experience in the business and operation of KEE BVI Group, to continue to be part of the management of KEE BVI Group), free from all encumbrances together with all rights attaching thereto as at the KEE BVI Disposal Completion Date, including all rights to any dividend or other distribution declared, made or paid on or after the KEE BVI Disposal Completion Date, at the consideration of HK$24,627,172.

Consideration for the KEE BVI Disposal

The consideration for the KEE BVI Disposal of HK$24,627,172 was agreed between the Company and Nicco after arm's length negotiations, taking into account, among others, the adjusted unaudited consolidated net assets value of KEE BVI Group attributable to 15% of the equity interest in KEE BVI Group as at 30 June 2015 in the amount of approximately HK$24,627,172 assuming that the PRC Assets Disposal, the HK Property Disposal and the Reorganisation have been completed. For the reconciliation between the unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group and the adjusted unaudited consolidated net assets value attributable to 15% of the equity interest in KEE BVI Group as at 30 June 2015, please refer to the section headed "***Financial information on the KEE BVI Group***" below.

The consideration for the KEE BVI Disposal shall be settled by Nicco in cash at KEE BVI Disposal Completion.

KEE BVI Disposal Conditions

KEE BVI Disposal Completion is conditional upon the fulfilment or waiver of the following KEE BVI Disposal Conditions:–

(i) the Company having obtained the necessary approval by the Independent Shareholders of the KEE BVI Disposal Agreement and the transactions contemplated thereunder (including but not limited to the Shareholders' Agreement) as required under the Listing Rules and the Takeovers Code;

(ii) the Company having obtained the necessary consents of the Executive for the special deal constituted by the KEE BVI Disposal Agreement and the transactions contemplated thereunder (including but not limited to the Shareholders' Agreement) pursuant to Rule 25 of the Takeovers Code;

(iii) all the conditions precedent to the completion of the transactions as contemplated under the Sale and Purchase Agreement, the PRC Master Disposal Agreement and the HK Property Disposal Agreement having been fulfilled (or waived in accordance with the relevant agreement(s)) (other than the condition precedent that all the conditions precedent to the completion of the transactions set out in the KEE BVI Disposal Agreement being fulfilled or waived);

(iv) all other relevant requirements under all applicable laws, rules and regulations in Hong Kong or otherwise, including without limitation the Listing Rules, the Takeovers Code and/or all necessary approvals and processes of the relevant authorities for entering into and implementation of the KEE BVI Disposal Agreement and the transactions contemplated thereunder (including but not limited to the Shareholders' Agreement) having been duly fulfilled, obtained and/or complied with by the Company;

(v) all other relevant requirements under all applicable laws, rules and regulations in Hong Kong or otherwise, including without limitation the Listing Rules, the Takeovers Code and/or all necessary approvals and processes of the relevant authorities for the entry into and implementation of the KEE BVI Disposal Agreement and the transactions contemplated thereunder (including but not limited to the Shareholders' Agreement) having been duly fulfilled, obtained and/or complied with by Nicco;

(vi) the warranties given by Nicco under the KEE BVI Disposal Agreement remaining true and accurate and not misleading; and

(vii) the completion of the Reorganisation.

The Company shall use its best endeavours to fulfil the KEE BVI Disposal Conditions (i) to (iv) and (vii) above as soon as possible and no later than the Long Stop Date. Nicco shall use its best endeavours to fulfil KEE BVI Disposal Conditions (v) and (vi) above as soon as possible and no later than the Long Stop Date. The KEE BVI Disposal Conditions set out above are not capable of being waived (save and except that KEE BVI Disposal Condition (vi) may be waived by the Company by notice in writing).

If any of the KEE BVI Disposal Conditions set out above have not been fulfilled on or before the Long Stop Date, the KEE BVI Disposal Agreement shall cease and determine and thereafter neither party to the KEE BVI Disposal Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the above conditions precedent had been fulfilled.

Information of the Reorganisation

Prior to the KEE BVI Disposal Completion, the KEE BVI Group will undergo the following reorganisation:

(i) each of KEE BVI and KEE Zippers shall repay amounts due to the Company HK$27,011,350 and HK$120,372,902 respectively; and

(ii) KEE BVI will declare and distribute dividends in the amount of HK$23,338,165 to the Company. For the avoidance of doubt, Nicco shall have no rights to receive such dividend.

KEE BVI Disposal Completion

Subject to the KEE BVI Disposal Conditions having been satisfied or waived (as the case may be), KEE BVI Disposal Completion shall take place simultaneously with the Share Transfer Completion, the PRC Assets Disposal Completion and the HK Property Disposal Completion.

Immediately after the KEE BVI Disposal Completion, KEE BVI will become an 85% owned subsidiary of the Company. The financial results of the KEE BVI Group will continue to be consolidated into the Company's consolidated financial statements. According to Hong Kong Financial Reporting Standards, no gain or loss will be recognised to the consolidated statement of profit or loss and other comprehensive income if a company has not lost control over a subsidiary after disposal of its partial interest in the subsidiary. Any premium or shortfall between the consideration received and carrying amount of equity stake being disposed of, will be recognised directly as equity instead of profit or loss. As such, no gain or loss will be recognised for the KEE BVI Disposal.

As the KEE BVI Disposal will not result in any change in control by the Company over KEE BVI, the KEE BVI Disposal will have no impact on the consolidated statement of profit or loss and other comprehensive income of the Group. The Group's total assets will be increased by approximately HK$24,627,172, which represents the net proceeds to be received from the KEE BVI Disposal. There will be no impact on the Group's liabilities.

Upon KEE BVI Disposal Completion, the Company's equity interest in KEE BVI will be reduced to 85%, while Nicco's equity interest in KEE BVI will be 15%.

Use of proceeds

The proceeds from the KEE BVI Disposal will be HK$24,627,172.

The Company intends to use the proceeds from the KEE BVI Disposal to achieve its plan of developing an internet marketing platform and internet financing platform business, including use towards the cost of setting up the internet platforms and related human resource costs. Please refer to the paragraph headed "Expansion plan of the Group" under the section headed "Information on the Group" below for details of the use of proceeds.

Shareholders' Agreement

Pursuant to the KEE BVI Disposal Agreement, KEE BVI, the Company and Nicco shall enter into a Shareholders' Agreement which shall set out the rights and obligations of the Company and Nicco and the arrangements between them with respect to the ownership, management and operations of the KEE BVI and its subsidiaries upon the KEE BVI Disposal Completion. The principal terms of the Shareholders' Agreement are set out below:

(a) Board composition

The Shareholders' Agreement shall provide that the board of directors of KEE BVI shall comprise five directors, three of them shall be appointed and removed at the request of the Company and two of them shall be appointed and removed at the request of Nicco.

The chairman of the board of directors of KEE BVI shall be nominated by the Company and does not have a second or casting vote.

(b) Business

KEE BVI Group shall maintain its principal business in design, manufacture and sale of finished zippers, flat knit ribs and other garment accessories and, subject to written approval of all the shareholders of KEE BVI, shall not participate in any other business activities which are unrelated or not reasonably related to the Business Scope.

(c) Matters requiring unanimous consent

During the term of the Shareholders' Agreement, unless the unanimous consent of the shareholders of KEE BVI has been obtained the shareholders of KEE BVI shall take all necessary actions to ensure that the KEE BVI Group shall not carry out the following actions:

(i) the creation or issue or award of any share(s) or the issue of any warrant, debentures, securities or other obligations convertible into shares or enter into any agreement to do any of the same;

(ii) the capitalisation, repayment or other form of distribution (other than by way of dividends out of profits available for distribution) to buy back or purchase of any shares of the KEE BVI Group or any other reorganisation of share capital;

(iii) the alteration of the memorandum of association or articles of association and the passing of any resolutions inconsistent with the provisions of the Shareholders' Agreement;

(iv) the lending of any moneys (otherwise than by way of deposit with a bank or other institution(s) the normal business of which includes the acceptance of deposits), the granting of any credit or the giving of any guarantee or indemnity for obligations to any third parties (other than the KEE BVI Group), or the creation of any encumbrances over any property or business of the KEE BVI Group, unless the sum involved is no more than HK$5,000,000 or such activity is carried out in the ordinary course of business of the KEE BVI Group;

(v) the acquisition, amalgamation or merger, holding or formation of any company or the participation in any partnership (except for the existing subsidiaries of the KEE BVI Group, partnerships or joint ventures or wholly-owned subsidiaries);

(vi) the entering into of any material contract unrelated to the Business Scope which exceeds the value of HK$5,000,000;

(vii) save for the ordinary course of business of the KEE BVI Group, the sale of the assets of the KEE BVI Group in a total amount exceeding HK$5,000,000;

(viii) the addition of any connected transaction(s) (save for the connected transactions within the KEE BVI Group);

(ix) the alteration of the rights attaching to any of the shares of KEE BVI Group;

(x) any material alteration to the nature and scope of business, termination of any business or engagement in a new business by the KEE BVI Group;

(xi) consolidation or merger with or acquisition of other business;

(xii) the alteration of the company structure of the KEE BVI Group;

(xiii) the alteration of the Shareholders' Agreement;

(xiv) except for the resignation of the relevant director (not including Mr. Xu Xipeng and Mr. Xu Xinan) and/or senior management of the KEE BVI Group, any change to the existing directors and/or senior management of the KEE BVI Group;

(xv) the alteration of the KEE BVI Group's existing policy on bonus or dividend or declaring or distributing any dividend;

(xvi) appointment, removal or replacement of KEE BVI's independent auditor and valuer;

(xvii) any changes to the KEE BVI Group's accounting reference date or accounting policies, other than those that are required under any law or any relevant accounting standards from time to time;

(xviii) the sale of the trademarks, invention patents, design patents, utility model patents and other intellectual properties of the KEE BVI Group which are of material importance to the operation of the KEE BVI Group; and

(xix) participating in or agreeing to propose in any action of closure, termination or dissolution of any members of the KEE BVI Group or taking part in any bankruptcy or insolvency proceedings, or due to its insolvency or inability to repay debts, entering into settlement and arrangements with its creditors.

During the term of the Shareholders' Agreement, if KEE BVI Group has incurred more than HK$3 million loss during any twelve-month period, the Company shall have the right to carry out the actions set out in paragraphs (i) to (xix) above, including but not limited to appointment or change of all directors and management of the subsidiaries of KEE BVI and dealing with any assets of KEE BVI without seeking the view of Nicco or obtaining the approval by Nicco.

(d) Transfer of shares and lock-up

None of the shareholders of KEE BVI shall dispose of or permit or suffer a transfer of the whole or any part of the shares held by it or any interest therein unless the following procedures are complied with:

(i) the transfer is to be made to a third party who is approved in writing by all other shareholders and a transfer part or all of the shares in KEE BVI by a shareholder to any individual(s) on such conditions which has been approved in writing by all other shareholders; and

(ii) a transfer of all (but not part) of the shares in KEE BVI by a shareholder to its wholly-owned subsidiary and a deed of adherence has been executed by the transferee upon completion of transfer of shares in KEE BVI.

Except as stated above, the parties to the Shareholders' Agreement agree that, if KEE BVI Group has incurred more than HK$3 million loss during any twelve-month period, the Company shall be entitled to transfer all or part of the shares in KEE BVI to any third parties, but Nicco shall have the right of first refusal to acquire the shares in KEE BVI under the same terms.

No shareholder of KEE BVI shall create any encumbrances over its shares in KEE BVI without the prior written consent of the other.

(e) Undertakings by Nicco

Pursuant to the Shareholder's Agreement, Nicco shall undertake to the Company that during the term of the Shareholders' Agreement, it shall (i) use its best endeavours to maintain the good operation of the business of KEE BVI Group and shall ensure that the operation of the KEE BVI Group will not affect the listing status of the Company; and (ii) ensure that Mr. Xu Xipeng and Mr. Xu Xinan will and will continue to be the directors of the relevant members of the KEE BVI Group and participate in the operation and management of the business of the KEE BVI Group.

(f) Duration

The Shareholders' Agreement shall continue in full force and effect until KEE BVI shall be wound up or otherwise cease to exist as a separate corporate existing or when the entire issued shares of KEE BVI's is held by one shareholder.

Reasons for and benefits of the KEE BVI Disposal

The Board considers that the KEE BVI Disposal would allow the Company to realise part of its investment in KEE BVI Group and ensure that Mr. Xu Xipeng and Mr. Xu Xinan, who are familiar with and have rich experience in the business and operation of KEE BVI Group will continue to be part of the management of KEE BVI Group and KEE BVI Group will be operated normally after Share Transfer Completion.

As disclosed in the paragraph headed "Expansion plan of the Group" under the section headed "Information on the Group", the net proceeds from the KEE BVI Disposal will primarily be used over the next two years to build the Group's new internet marketing and financing related businesses. The Board had considered other fund raising methods such as equity and/or debt financing. However, the KEE BVI Disposal allows the Group to raise the necessary funds to finance its intended use of proceeds and provide an incentive for Mr. Xu Xipeng and Mr. Xu Xinan to remain with the KEE BVI Group, while avoiding immediate dilution of Shareholders and maintaining the consolidation of the results of the KEE BVI Group going forward.

As such, the Directors (including the members of the Code IBC and the Listing Rules IBC) consider that the terms of the KEE BVI Disposal Agreement and the Shareholders' Agreement are on normal commercial terms and are fair and reasonable and that the KEE BVI Disposal Agreement, the Shareholders' Agreement and the transactions respectively contemplated respectively thereunder are in the interests of the Company and the Independent Shareholders as a whole.

Financial information on the KEE BVI Group

Set out below is a summary of the key financial data of KEE BVI Group based on the unaudited consolidated financial statements of KEE BVI Group prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") for the years ended 31 December 2013 and 2014:

	For the year ended 31 December	
	2014	**2013**
	HK$'000	*HK$'000*
Net profit before taxation	10,799	10,805
Net profit after taxation attributable to equity shareholders	8,323	8,889

Set out below is a reconciliation between the unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group as at 30 June 2015 and the adjusted unaudited consolidated net assets value attributable to 15% of the equity interest in KEE BVI Group as at 30 June 2015:

	HK$
Unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group at 30 June 2015	160,041,657
ADD:	
Disposal gain of KEE Jingmen Sale Capital	8,119,194
Disposal gain of PRC Properties	15,638,969
Disposal gain of HK Property	3,718,725
Issuance of new shares after 30 June 2015	764
LESS:	
Declaration and distribution of dividends to the Company pursuant to the Reorganisation	(23,338,165)
Adjusted unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group at 30 June 2015 (the "**Adjusted KEE BVI Group NAV**")	164,181,144
15% of the Adjusted KEE BVI Group NAV	24,627,172

As set out in the reconciliation above, the unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group at 30 June 2015 was approximately HK$160,041,657. The Adjusted KEE BVI Group NAV was approximately HK$164,181,144. The consideration for the KEE BVI Disposal was determined as 15% of the Adjusted KEE BVI Group NAV, which amounted to approximately HK$24,627,172.

(B) The PRC Master Disposal Agreement

Date: 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015)

Parties: (1) the Company as vendor; and

(2) Nanhai Jinheming as purchaser

As at the Latest Practicable Date, Nanhai Jinheming is owed as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively. Nanhai Jinheming is therefore a connected person of the Company. Nanhai Jinheming is principally engaged in investment in enterprises. As at the Latest Practicable Date, Nanhai Jinheming had no material assets.

Subject Matter

Pursuant to the PRC Master Disposal Agreement:

(a) the Company agreed to procure KEE Guangdong to sell and Nanhai Jinheming agreed to purchase the KEE Jingmen Sale Capital, representing 80% of the equity interest in KEE Jingmen; and

(b) the Company agreed to procure KEE Zhejiang to sell and Nanhai Jinheming agreed to purchase the PRC Properties.

Both KEE Guangdong and KEE Zhejiang are indirect wholly-owned subsidiaries of the Company.

The PRC Properties

The PRC Properties which are currently owned by KEE Zhejiang are located in Weizhong Village, Weitang Town, Jiashan County, Zhejiang Province, PRC comprise the Land and the PRC Buildings. The Land has a total area of approximately 32,241.3 sq.m. The PRC Buildings comprise seven buildings constructed on the Land and with aggregate gross floor area of approximately 23,183.43 sq.m. The PRC Properties were granted for land use rights for a term expiring on 20 June 2056 for industrial use and is currently occupied by KEE Zhejiang for industrial and ancillary purposes. It is one of the two major production plants of the Group in the PRC.

The details of the two major production plants are as follows:

Operating subsidiary	Location	Site area	Gross floor area	No. of staff as at 31 August 2015	Major equipment	Production capacity
Owned by KEE Zhejiang	Weizhong Village, Weitang Town, Jiashan County, Zhejiang Province, PRC	32,241.3 sq.m.	23,183.43 sq.m.	191	– Approximate no. of zipper production equipment: 520	Approximately 40% of the Group's production capacity
Leased by KEE Guangdong	Xiahengtian Industrial District, Lishui Town, Nanhai District, Foshan City, Guangdong Province, PRC	26,976.6 sq.m.	17,705.22 sq.m.	412	– Approximate no. of production equipments mainly for Finished Zippers, Sliders, Flat knit ribs and mould: 1,110	Approximately 60% of the Group's production capacity

The carrying amount of the PRC Properties in Zhejiang Province as at 30 June 2015 was approximately HK$28,894,231. According to the valuation of the PRC Properties as set out in the Valuation Reports in Appendix III to this circular, the market value of the PRC Properties as at 30 June 2015 was approximately RMB37,000,000 (equivalent to approximately HK$44,533,200).

Consideration for the PRC Assets Disposal

The total consideration for the disposal of the KEE Jingmen Sale Capital is RMB87,417,730 (or HK$105,215,980 if paid in Hong Kong dollars), which shall be satisfied by Nanhai Jinheming by bank transfer to the bank account designated by KEE Guangdong upon the PRC Assets Disposal Completion.

The total consideration for the disposal of the PRC Properties is RMB37,000,000 (or HK$44,533,200 if paid in Hong Kong dollars), which shall be satisfied by Nanhai Jinheming by bank transfer to the bank account designated by KEE Zhejiang upon the PRC Assets Disposal Completion.

The considerations for the KEE Jingmen Sale Capital and the PRC Properties were agreed between the Company and Nanhai Jinheming after arm's length negotiations respectively with reference to: (i) 80% of the adjusted unaudited net assets value of KEE Jingmen as at 30 June 2015 in the amount of HK$105,215,980 (taking into account the fair value uplift of the properties held by KEE Jingmen as at 30 June 2015 with reference to the appraised value of the properties held by KEE Jingmen as at 30 June 2015 of RMB100,700,000 (equivalent to approximately HK$121,202,520) as set out in the Valuation Reports in Appendix III to this circular); and (ii) the appraised value of the PRC Properties of RMB37,000,000 (equivalent to approximately HK$44,533,200) as at 30 June 2015. For the reconciliation between the unaudited net assets value of KEE Jingmen and the adjusted unaudited net assets value attributable to 80% of the equity interest in KEE Jingmen as at 30 June 2015, please refer to the section headed "***Information on KEE Jingmen***" below.

Please refer to Appendix III to this circular for the text of the Valuation Reports issued by Greater China Appraisal Limited for, amongst others, the value of the properties held by KEE Jingmen and the PRC Properties as at 30 June 2015.

PRC Assets Disposal Conditions

The PRC Assets Disposal Completion is conditional upon the fulfillment or waiver of the following PRC Assets Disposal Conditions:–

(i) the Company having obtained the necessary approval by the Independent Shareholders of the PRC Master Disposal Agreement and the transactions contemplated thereunder (including but not limited to the transfer of KEE Jingmen Sale Capital, the transfer of the PRC Properties and the lease of the PRC Properties) as required under the Listing Rules and the Takeovers Code;

(ii) the Company having obtained the necessary consents of the Executive for the special deal constituted by the PRC Master Disposal Agreement and the transactions contemplated thereunder (including but not limited to the transfer of KEE Jingmen Sale Capital, the transfer of the PRC Properties and the lease of the PRC Properties) pursuant to Rule 25 of the Takeovers Code;

(iii) all the conditions precedent to the completion of the transactions set out in the Sale and Purchase Agreement, the KEE BVI Disposal Agreement and the HK Property Disposal Agreement having been fulfilled (or waived in accordance with these agreements) (other than the condition precedent that all the conditions precedent to the completion of the transactions set out in the PRC Master Disposal Agreement being fulfilled or waived);

(iv) all other relevant requirements under all applicable laws, rules and regulations in Hong Kong or otherwise, including without limitation the Listing Rules, the Takeovers Code and/ or all necessary approvals and processes of the relevant authorities for the entry into and implementation of the PRC Master Disposal Agreement and the transactions contemplated thereunder having been duly fulfilled, obtained and/or complied with by the Company;

(v) without prejudice to the generality of condition (iv) above, all necessary consents and approvals which are required for the disposal of the KEE Jingmen Sale Capital having been satisfied, obtained and/or complied with by KEE Guangdong;

(vi) without prejudice to the generality of condition (iv) above, all necessary consents and approvals which are required for the disposal and lease of the PRC Properties having been satisfied, obtained and/or complied with by KEE Zhejiang;

(vii) all other relevant requirements under all applicable laws, rules and regulations in Hong Kong or otherwise, including without limitation the Listing Rules, the Takeovers Code and/ or all necessary approvals and processes of the relevant authorities for the entry into and implementation of the PRC Master Disposal Agreement and the transactions contemplated thereunder having been duly fulfilled, obtained and/or complied with by Nanhai Jinheming; and

(viii) the warranties given by Nanhai Jinheming under the PRC Master Disposal Agreement remaining true and accurate and not misleading.

The Company shall use its best endeavours to fulfil the PRC Assets Disposal Conditions (i) to (vi) above. Nanhai Jinheming shall use its best endeavours to fulfil PRC Assets Disposal Conditions (vii) and (viii) above.

The PRC Assets Disposal Conditions set out above are not capable of being waived (save and except that PRC Assets Disposal Condition (viii) may be waived by the Company by notice in writing).

If any of the PRC Assets Disposal Conditions set out above have not been fulfilled on or before the Long Stop Date, the PRC Master Disposal Agreement shall cease and determine and thereafter neither party to the PRC Master Disposal Agreement shall have any obligations and liabilities towards each other thereunder save or any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, none of the PRC Assets Disposal Conditions had been fulfilled.

PRC Assets Disposal Completion

Subject to the PRC Assets Disposal Conditions having been satisfied or waived (as the case may be), PRC Assets Disposal Completion shall take place on the PRC Assets Disposal Completion Date simultaneously with the Share Transfer Completion, the KEE BVI Disposal Completion and the HK Property Disposal Completion. At PRC Assets Disposal Completion, KEE Guangdong and Nanhai Jinheming shall execute the relevant transfer agreement for the transfer of the KEE Jingmen Sale Capital, and KEE Zhejiang and Nanhai Jinheming shall execute the relevant transfer agreement for the transfer of the PRC Properties.

Immediately after PRC Assets Disposal Completion, KEE Jingmen will cease to be an indirect non-wholly owned subsidiary of the Company and the financial results of KEE Jingmen will no longer be consolidated into the Company's consolidated financial statements after PRC Assets Disposal Completion.

Information on KEE Jingmen

KEE Jingmen is owned as to 80% by KEE Guangdong and as to 20% by 上海翎峰貿易有公司 (Shanghai Lingfeng Trading Company Limited#). KEE Jingmen was principally engaged in the manufacture and sale of zipper products and other garment accessories and had not commenced operation as at the Latest Practicable Date. KEE Jingmen has been granted the land use rights of the Jingmen Land and the Jingmen Buildings for industrial use. The land use rights for the Jingmen Land and the Jingmen Buildings were granted for terms expiring on 15 April 2062 and 26 June 2062 respectively. As at the Latest Practicable Date, the superstructure of the Jingmen Buildings has been completed. Since the Jingmen Buildings are still under the final construction stage involving patching, repairing and cleaning works, they were not currently utilised by the Group for its operation as at the Latest Practicable Date. As at the Latest Practicable Date, the Company was uncertain about the approximate date of commencement of commercial production of KEE Jingmen.

Set out below is a summary of the key financial data of KEE Jingmen based on the audited financial statements of KEE Jingmen prepared in accordance with the Accounting Standards for Business Enterprises in PRC for the years ended 31 December 2013 and 2014:

	For the year ended 31 December	
	2014	**2013**
	HK$'000	*HK$'000*
Net loss before taxation	1,333	739
Net loss after taxation	1,333	739

Set out below is a reconciliation between the unaudited net assets value of KEE Jingmen as at 30 June 2015 and the adjusted unaudited net assets value attributable to 80% of the equity interest in KEE Jingmen as at 30 June 2015:

	HK$
Unaudited net assets value of KEE Jingmen at 30 June 2015	121,370,983
ADD:	
Fair value uplift of the properties held by KEE Jingmen as at 30 June 2015 with reference to the Valuation Reports as set out in Appendix III to this circular	10,148,992
Adjusted unaudited net assets value of KEE Jingmen at 30 June 2015 (the "**Adjusted KEE Jingmen NAV**")	131,519,975
80% of the Adjusted KEE Jingmen NAV	105,215,980

The unaudited net assets value of KEE Jingmen as at 30 June 2015 was approximately HK$121,370,983 and carrying amount of the properties held by KEE Jingmen as at 30 June 2015 was approximately HK$111,372,201. According to the valuation of the properties held by KEE Jingmen as set out in the Valuation Reports in Appendix III to this circular, the market value of such properties as at 30 June 2015 was approximately RMB100,700,000 (equivalent to approximately HK$121,202,520, with a fair value uplift of HK$10,148,992). For the purposes of illustration, the adjusted unaudited net assets value of KEE Jingmen as at 30 June 2015 (after adjusted for the fair value uplift of the properties held by KEE Jingmen as at 30 June 2015 with reference to the Valuation Reports as set out in Appendix III to this circular) was approximately HK$131,519,975 and the adjusted unaudited net assets value of KEE Jingmen as at 30 June 2015 attributable to 80% of the equity interest in KEE Jingmen was approximately HK$105,215,980.

Financial effect of the PRC Assets Disposal

Earnings

It is estimated that the Group will record a gain of approximately HK$23,758,163 as a result of the PRC Assets Disposal (including the disposal gain of the PRC Properties of HK$15,638,969 and the disposal gain of KEE Jingmen Sale Capital of HK$8,119,194 respectively), which is arrived at after taking into consideration the difference between (i) the considerations for the KEE Jingmen Sale Capital and the PRC Properties; and (ii) the net carrying amounts of the KEE Jingmen Sale Capital and the PRC Properties upon PRC Assets Disposal Completion.

Assets and liabilities

As a result of the PRC Assets Disposal, the total assets of the Group will be decreased by approximately HK$11,638,122. Such decrease is resulted from the deconsolidation of KEE Jingmen, net of the net proceeds from the disposal of KEE Jingmen Sale Capital. The total liabilities of the Group will be decreased by approximately HK$11,122,086 which is resulted from the deconsolidation of KEE Jingmen.

Use of proceeds

The proceeds from the PRC Assets Disposal will be RMB124,417,730 or HK$149,749,180. The Company intends to use the proceeds from the PRC Assets Disposal to achieve its plan of developing an internet marketing platform and internet financing platform business, including use towards the cost of setting up the internet platforms and related human resource costs. Please refer to the paragraph headed "Expansion plan of the Group" under the section headed "Information on the Group" below for details of the use of proceeds.

The PRC Lease Agreement

Pursuant to the PRC Master Disposal Agreement, KEE Zhejiang and Nanhai Jinheming shall enter into the PRC Lease Agreement in relation to the lease of the PRC Properties.

The principal terms of the PRC Lease Agreement are set out below:

Parties	:	(i) Nanhai Jinheming as landlord; and (ii) KEE Zhejiang as tenant
Premises	:	(i) the Land; and (ii) the PRC Buildings
Leased area	:	(i) the Land: approximately 32,241.3 sq.m. (ii) the PRC Buildings: approximately 23,183.43 sq.m.
Permitted use	:	Industrial use only
Term	:	One year commencing from the PRC Assets Disposal Completion Date
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 (excluding the rent free period). 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 PRC Lease Agreement.
Monthly rent	:	Rent free for the current term of one year. The monthly rent for renewed terms shall be determined according to the prevailing market rent in the same region under the valuation report issued by a qualified valuer.

Management fees and other outgoings	:	For the initial term of one year, the management fees (including but not limited to property management fees, water and electricity fees, cable television fees, communications fees, city management, urban services fees) for the PRC Properties and the taxes payable by KEE Zhejiang as tenant under the applicable laws shall be borne and paid by KEE Zhejiang. For the renewed terms, 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 asset/property insurance premiums). As at the Latest Practicable Date, there were no levy or charge of property management fees, city management and urban services fees in respect of the Land and the PRC Buildings. For the water and electricity fees and communication fees, they are charged for the use of water and electricity and communication services and payable to the relevant public utility companies. All fees which shall be borne and paid by Nanhai Jinheming or KEE Zhejiang under the PRC Lease Agreement will not be reimbursed or compensated by the other party to the PRC Lease Agreement.
Deposit	:	RMB200,000 (equivalent to approximately HK$240,720). Such deposit shall be payable upon execution of the PRC Lease Agreement. For the renewed terms, if the total of two-months' rent is more than RMB200,000, KEE Zhejiang shall pay the difference to Nanhai Jinheming as deposit.

Annual Cap

Since no rent is payable for the first one year term, the annual cap in respect of the PRC Lease Agreement during its first one year term will be RMB200,000, being the amount of the deposit payable under the PRC Lease Agreement.

Reasons for and benefits of the PRC Assets Disposal and the PRC Lease Agreement

Reference is made to the circular of the Company dated 4 January 2013. In such circular, it was mentioned that the Jingmen Buildings were intended to be part of the overall development plan of the Group and expected to provide an additional annual manufacturing capacity of 40 million pieces of finished zippers, 80 million pieces of sliders and 13 million pieces of flat knit ribs, which will help the Group to reach its goal by raising its market share.

Due to the slowdown of the PRC economy, the Board considers that the disposal of KEE Jingmen Sale Capital represents a good opportunity to realise its investments in KEE Jingmen. Although it is estimated that the additional cost to complete the construction of the Jingmen Buildings is approximately RMB1,400,000 which is not a substantial amount, the disposal of KEE Jingmen Sale Capital will allow the Group to save a substantial amount of other capital and operating expenditures to be further incurred by the Group on the establishment of a new production plant (which include, among others, investments in environmental facilities, equipment and machineries, ancillary engineering works and further renovation works as well as other recurrent operating and maintenance expenses and the aggregate investment amount in respect of the above additional works to bring KEE Jingmen into commercial operations was not yet estimated by the Company since the Company had no immediate development plan to utilise the Jingmen Buildings as another production plant as at the Latest Practicable Date) and redirect such financial resources to the leverage the experience, network and resources of Zhonghong to expand into a new business stream which is set out in the sub-section headed "Expansion plan of Group". Although after the disposal of KEE Jingmen Sale Capital, there will not be a new production plant located at the Jingmen Buildings and the production capacity of the Group will no longer be expanded substantially as planned previously, the Group is still able to expand its zipper manufacturing business and raise its market share by utilising the remaining production capacity and expanding the production capacity of the two production plants located in Foshan City, Guangdong Province, PRC and Jiashan County, Zhejiang Province, PRC if the demand for the zipper products of the Group grows. It is estimated that the unutilised production capacity of the Group for the eleven months ended 30 November 2015 was approximately 20%. The Group will be able to utilise this unutilised production capacity to meet the possible growth in demand for the Group's zipper products. In addition, the production capacity of the existing plants in Zhejiang and Foshan may be further expanded by installing new equipment and machineries and hiring more production workers.

The Board considers that the capital gain from the PRC Assets Disposal can strengthen the capital base of the Group and provide fund to meet its growth. Since KEE Zhejiang has been granted the right for renewal under the PRC Lease Agreement and the major terms for renewal (including the determination of the rent, term, management fees and other outgoings and deposit) have already been provided in the PRC Lease Agreement, the Board also considers that the PRC Lease Agreement can ensure that the Group will be able to use the PRC Properties as one of its production plants for at least 16 years with rent free for the first year and market rent for the subsequent 15 years. The Board considers that the one-year term with rent free for the whole term under the PRC Lease Agreement can facilitate the PRC Assets Disposal by reducing the time and immediate costs to engage an independent valuer to determine the market rent and in addition, the Group can also enjoy a substantial saving on the rental expenditure for the 1st year rent-free period. In considering that KEE Zhejiang has been granted the renewal right to renew the PRC Lease Agreement for 15 years and the risk that the PRC Lease Agreement cannot be renewed is rather remote, the Board considers that the current one-year term with rent free for the whole term under the PRC Lease Agreement is more beneficial to the Group than a longer term lease agreement with market rent for the whole term. Given the leaseback arrangement under the PRC Lease Agreement and that the Jingmen Buildings are not currently utilised by the Group for its operation, the Board is of the view that it is unlikely for the PRC Assets Disposal to have any material impact on the operation of the Group. In the unlikely event that KEE Zhejiang is unable to renew the PRC Lease Agreement, the production capacity of the Group will be temporarily affected. The Group will seek an appropriate location to relocate the production plant in Zhejiang as soon as possible. In the meantime, the Group will transfer part of the production of KEE Zhejiang to the larger production plant operated by KEE Guangdong, expand the production capacity of such production plant and contract out part of the production process to minimise the impact.

As such, the Directors (including the members of the Code IBC and the Listing Rules IBC) consider that the terms of the PRC Master Disposal Agreement and the PRC Lease Agreement are on normal commercial terms, fair and reasonable and the PRC Master Disposal Agreement, the PRC Lease Agreement and the transactions respectively contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole.

(C) The HK Property Disposal Agreement

Date: 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015)

Parties: (i) KEE Zippers as vendor; and

(ii) Classic Winner as purchaser.

KEE Zippers is an indirect wholly-owned subsidiary of the Company. Classic Winner is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, Classic Winner had no material assets. As at the Latest Practicable Date, Classic Winner is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively. Classic Winner is therefore a connected person of the Company.

Subject Matter

Pursuant to the HK Property Disposal Agreement, KEE Zippers agreed to sell and Classic Winner agreed to purchase the HK Property.

HK Property

The HK Property is the office situated at Office B on the sixteenth floor of YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong with a total saleable floor area of approximately 139.63 sq.m. The HK Property has been mortgaged to a bank as security for an outstanding bank borrowing amount of approximately HK$15 million. The HK Property is currently occupied by the Group for office use.

Consideration

The consideration for the sale and purchase of the HK Property shall be HK$24,800,000 which shall be payable by Classic Winner in cash at the HK Property Disposal Completion.

The consideration for the HK Property was agreed between KEE Zippers and Classic Winner after arm's length negotiations with reference to the appraised value of the HK Property of HK$24,800,000 as at 30 June 2015. Please refer to Appendix III to this circular for the text of the Valuation Reports issued by Greater China Appraisal Limited for, amongst others, the value of the HK Properties as at 30 June 2015.

HK Property Disposal Conditions

HK Property Disposal Completion shall be conditional upon:–

(i) KEE Zippers having shown, proved and given a good title of the HK Property in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);

(ii) the Company having obtained all necessary Independent Shareholders' approval with respect to the HK Property Disposal Agreement and the transactions contemplated thereunder (including but not limited to the transactions contemplated under the HK Lease Agreement) as required under the Listing Rules and the Takeovers Code;

(iii) the Company having obtained all necessary consents of the Executive for the special deal constituted by the HK Property Disposal Agreement and the transactions contemplated thereunder (including but not limited to the transactions contemplated under the HK Lease Agreement) pursuant to Rule 25 of the Takeovers Code;

(iv) all the conditions precedent to the completion of the transactions set out in the Sale and Purchase Agreement, the KEE BVI Disposal Agreement and the PRC Master Disposal Agreement having been fulfilled (or waived in accordance with these agreements) (other than the condition precedent that all the conditions precedent to the completion of the transactions set out in the HK Property Agreement being fulfilled or waived);

(v) all other relevant requirements under all applicable laws, rules and regulations in Hong Kong or otherwise, including without limitation the Listing Rules, the Takeovers Code and/ or all necessary approvals and processes of the relevant authorities for the entry into and implementation of the HK Property Disposal Agreement and the transactions contemplated thereunder having been duly fulfilled, obtained and/or complied with by KEE Zippers and/ or its holding companies; and

(vi) all other relevant requirements under all applicable laws, rules and regulations in Hong Kong or otherwise, including without limitation the Listing Rules, the Takeovers Code and/ or all necessary approvals and processes of the relevant authorities for the entry into and implementation of the HK Property Disposal Agreement and the transactions contemplated thereunder having been duly fulfilled, obtained and/or complied with by Classic Winner.

Classic Winner may at its absolute discretion at any time waive condition (i) as set out above by notice in writing to KEE Zippers. Neither KEE Zippers nor Classic Winner may waive conditions (ii) to (vi) as set out above.

KEE Zippers shall use all reasonable endeavours to procure the fulfillment of conditions (i) to (v) above. Classic Winner shall use all reasonable endeavours to procure the fulfillment of condition (vi). If any of the HK Property Disposal Conditions are not fulfilled or waived on or before 20 January 2016 or such other date as may be agreed between KEE Zippers and classic winner in writing, the rights and obligations of the parties under the HK Property Disposal Agreement shall lapse and be of no further effect except for antecedent breach.

As at the Latest Practicable Date, none of the HK Property Disposal Conditions had been fulfilled.

HK Property Disposal Completion

Completion of the HK Property Disposal Agreement shall take place at or before 5:00 p.m. on the third Business Day after fulfillment (or waiver as provided in the HK Property Disposal Agreement) of the last of the conditions precedent set out above or such other date as may be agreed between KEE Zippers and Classic Winner in writing.

Completion under the HK Property Disposal Agreement shall take place at the same time as completion under the Sale and Purchase Agreement, the KEE BVI Disposal Agreement and the PRC Master Disposal Agreement.

Financial effect of the HK Property Disposal

Earnings

It is estimated that the Group will record a gain of approximately HK$3,718,725 as a result of the HK Property Disposal, which is arrived at after taking into consideration the difference between (i) the consideration for the HK Property; and (ii) the net carrying amount of the HK Property as at the HK Property Disposal Completion.

Assets and liabilities

As a result of the HK Property Disposal, the total assets of the Group will be increased by approximately HK$3,718,725, which represents the gain from such disposal. There will be no change to the Group's total liabilities as a result of the HK Property Disposal.

Use of proceeds

The proceeds from the HK Property Disposal will be HK$24,800,000.

The Company intends to use HK$15,000,000 of the proceeds to settle the bank loan secured by the HK Property and the balance of the proceeds from the HK Property Disposal to achieve its plan of developing an internet marketing platform and internet financing platform business, including use towards the cost of setting up the internet platforms and related human resource costs. Please refer to the paragraph headed "Expansion plan of the Group" under the section headed "Information on the Group" below for details of the use of proceeds.

HK Lease Agreement

Pursuant to the HK Property Disposal Agreement, Classic Winner and KEE Zippers shall enter into the HK Lease Agreement upon HK Property Disposal Completion.

The principal terms of the HK Lease Agreement are set out below:

Parties	:	(i) Classic Winner as landlord; and (ii) KEE Zippers as tenant
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
Renewal	:	KEE Zippers shall be entitled to an option to extend the term of the HK Lease Agreement for another one year upon the expiration of the initial term of one year by serving a written notice to such intent of not less than three (3) months before the expiration of the said term provided that KEE Zippers has fully performed all its obligations in the HK Lease Agreement throughout the said term. For the avoidance of doubt, if no written notice aforesaid is served prior to the required notice period before the expiration of the said term, the option to renew shall lapse and cease to have effect automatically. The rent for the extended term under the option to renew shall be the then open market rent (inclusive of government rates, government rent, management fees and all other outgoings) of the HK Property as at the commencement date(s) of the extended term. The open market rent is to be calculated by reference to current market rental as follows: (a) If agreement is reached between Classic Winner and KEE Zippers as to the rent to be payable throughout the extended term, the rent payable during the extended term shall be such agreed sum.

(b) If such an agreement has not been made two (2) months before the commencement of the extended term, either Classic Winner or KEE Zippers may serve a notice upon the other calling for an independent chartered surveyor and valuer to be appointed to determine the open market rent. The surveyor's decision shall be conclusive and binding on the parties thereto.

(c) Pending determination of the open market rent, KEE Zippers shall continue to pay on account for the extended term the rent payable immediately before the beginning of the extended term and within fourteen (14) days of the determination of the open market rent, KEE Zippers shall pay to Classic Winner or vice versa (as the case may be) the difference between the rent actually paid by KEE Zippers during the period pending determination as aforesaid and the extended term payable for the period pending determination.

It is agreed by Classic Winner and KEE Zippers in writing that the rent to be payable throughout the extended term shall be determined according to the prevailing open market rent under the valuation report to be prepared by an independent professional valuer to be engaged by KEE Zippers or its holding company. KEE Zippers or the Company will engage an independent professional valuer to prepare such valuation report when the term under the HK Lease Agreement is renewed.

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 Zippers exercise its right to renew the HK Lease Agreement.

Term : One year commencing from the date of the HK Property Disposal Completion

Rent : HK$1 (exclusive of government rates, government rent, management fee and all other outgoings) for the whole term payable in advance without any deduction on the date of the HK Lease Agreement

Management fees, government rates and government rent	:	Management fees, government rates and government rent shall be payable by KEE Zippers for the initial term of one year
Deposit	:	Nil (upon exercise of the option to renew, the deposit shall be adjusted to two (2) months' rent during the extended term of the HK Lease Agreement)

Annual Cap

Since HK$1 rent is payable for the first one year term and no deposit is payable, the annual cap in respect of the HK Lease Agreement during its first one year term will be HK$1.

Reasons for and benefits of the HK Property Disposal and the HK Lease Agreement

The Board considers that the capital gain from the HK Property Disposal can strengthen the capital base of the Group and provide fund to meet its growth. The Board also considers that the HK Lease Agreement with a nominal rent of HK$1 for the initial term of one year is beneficial to the Group financially. The Board considers that the one-year term with a nominal rent of HK$1 for the whole term under the HK Lease Agreement can facilitate the HK Property Disposal by reducing the time and immediate costs to engage an independent valuer to determine the market rent and in addition, the Group can also enjoy a substantial saving on the rental expenditure for the one-year period with a nominal rent of HK$1. In considering that KEE Zippers has been granted the renewal right to renew the HK Lease Agreement for another one year and the risk that the HK Lease Agreement cannot be renewed is rather remote, the Board considers that the current one-year term with a nominal rent of HK$1 for the whole term under the HK Lease Agreement is more beneficial to the Group than a longer term lease agreement with market rent for the whole term. Given the leaseback arrangement under the HK Lease Agreement, the Board is of the view that the HK Property Disposal will not have any material impact on the operation of the Group. Since the Hong Kong real estate market is relatively mature and liquid and the size of the HK Property is relatively small, the Company considers that it should not be difficult for it to identify another suitable commercial space in Hong Kong if the HK Lease Agreement is not further renewed after the expiry of the renewed term of the HK Lease Agreement.

As such, the Directors (including the members of the Code IBC and the Listing Rules IBC) consider that the terms of the HK Property Disposal Agreement and the HK Lease Agreement are on normal commercial terms, fair and reasonable and the HK Property Disposal Agreement, the HK Lease Agreement and the transactions respectively contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 July 2010 and its Shares have been listed on the Main Board since January 2011 under the Stock Code 2011.

The Group is principally engaged in manufacturing finished zippers in China. The Group's customers for zippers are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the zipper supplier for their OEMs and place orders with such OEMs who in turn source zippers from the Group. In addition, the Group also supplies flat knit ribs to customers to gradually satisfy the one-stop procurement demand for apparel components and accessories. The Group also supplies sliders, components of zippers (including continuous zipper chains and stops) and moulds and designs and supplies premium items exclusively to apparel brand owners to meet the promotional needs for their products. Following the Share Transfer Completion, the Offeror intends to continue to operate the existing businesses of the Company with the present management of the Company. The Offeror has no plans to (i) dispose of or terminate or downsize the existing business of the Company; (ii) redeploy the fixed assets of the Company; or (iii) terminate any employees or make significant changes to any existing employment of the Company.

Expansion plan of the Group

Following the Share Transfer Completion, apart from the existing business of zipper manufacture and sale, the Group is looking for new investments and business opportunities in order to diversify its existing zipper manufacture and sale business with a view to formulating a suitable business strategy to expand its business scope and broaden its income stream, achieving better growth potential and enhancing Shareholders' return. In this regard, expansion into the e-commerce and online finance industries will hold great potential and will provide good future development opportunities for the Company.

Recent industry reports show that within the PRC real estate industry, there are currently an excessive number of information sources, which vary in both quality and reliability, particularly amongst online sources. The ability to sort through large quantities of data and efficiently provide data that is relevant to the user are of vital importance to both developers and property investors. An e-commerce platform can provide such ability and can effectively identify property investment demand and match it with appropriate property supply. At the same time, an e-commerce platform can identify users' demand for financing and match such demand with other users who possess the relevant capital and investment intentions, thus facilitating both sides to realize their investment needs. Further, the recent promulgation of the "2015 Guiding Opinions on Promoting the Healthy Development of Internet Finance" demonstrates the PRC government's support for internet finance association with the online marketing and e-commerce industry.

The continually improving regulatory environment and rapid expansion of online services create a favourable climate. It is expected that consumer demand for online services will grow every day. The development of e-commerce capabilities can bring about further opportunities, drive future growth and provide excellent potential returns.

In view of the significant growth potentials in China's internet e-commerce industry, the online marketing business will hold great potential for investment and create additional value for the Company and its Shareholders. As such, following the Share Transfer Completion, the Company plans to develop an internet platform through which to conduct online marketing and e-commerce businesses involving major real estate and tourist destination projects. Specifically, following the Share Transfer Completion, the Company plans to develop an internet platform that is available to the general public which identifies individuals, including third parties, who have property purchase intentions and demands for loans required in connection with such property purchases, and refer these individual borrowers to individuals who have appropriate funds and investment plans. Through the online platform, the borrowers can be matched with the investors in an efficient manner and thus satisfying their respective needs and the Company can charge a commission fee based on the transactions conducted. This internet business model is believed to have significant demand and development potential.

In terms of the business model of the Company's new Internet business, the Company shall make use of its ability to consolidate data and resources and provide Internet users with online marketing information service (i.e. the online-to-offline model) and financial information service in relation to loans for the purchase of real property.

Our online platform will gather demand from consumers requiring, for example, purchase of real property or tourism investments, and transfer such demand to our platform participants (e.g. property developer) who can meet such demand. The income to be realized from the online platform includes the fees received through online marketing information services, earnings from an increase in the value of the real property, etc. In the online-to-offline matching process, our online platform will offer financial information services to those consumers who are in need of loans in order to purchase real property. The online platform will match appropriate lenders who have investment plans (or other well-known online financial platforms). The online platform will charge a commission for each successful transaction.

It is expected that the main income will be from fees received through offering online marketing information services, earnings from an increase in the value of the real property. In respect of the financial information services, it is expected that the income will include the commissions charged for each successful transaction.

The online platform will form an experienced team of staff to select projects and manage risks. In relation to the prospective financial information service in relation to lending, the online platform shall evaluate the risks of each and every single project with comprehensive assessments of the transaction. In addition, the online platform will expressly warn the lender (or online financial platforms in partnership with us) that in the event where the borrower defaults on his loan, the lender (or the online financial platforms in partnership with us) shall bear the credit risks. However, due to the structure of the products and the design of related contracts, a property purchaser is required to pledge the purchased property as security after obtaining a loan through the online financial platform. Where the borrower defaults on his loan, the online platform party will have the right to dispose of the pledged property. This arrangement will significantly lower the credit risk of borrowers and ensure that the proceeds from the sale of the pledged property will be sufficient to cover the principal amount of the loan.

It is expected that the target customers will consist of property developers and property buyers. Offline property developers will engage the Company to publish information on property developments on its online platform, the online platform will become both a sales channel and provide promotional services. Potential property buyers will be able to browse information on properties through the online platform to identify suitable properties and, if the potential buyer so demands, the online platform can arrange a physical visit of the properties. At the same time, if the potential buyer requires financing when making the property purchase, the online platform can also connect him with a corresponding lender, thus providing a complete online to offline service.

Following the Share Transfer Completion, the Company will look for appropriate candidates for directors and senior management who have experience and expertise in real estate, e-commerce and/or internet-financing industry to develop and monitor the new business. Besides the new hiring, the Company will also leverage the existing management team of Zhonghong, which is equipped with insight of the real estate industry and clear vision of the latest industry trends, including online marketing. It is expected that the newly appointed directors and senior level management, together with the existing management of Zhonghong, will form a strong and efficient management team to develop and monitor the new business.

Through the share transfer under the Sale and Purchase Agreement, the Company will be able to leverage the experience, network and resources of Zhonghong in the real estate industry to expand into such new business stream while still maintaining its existing zipper products business stream in parallel. Funds raised through completion of the Disposal Agreements in the approximate amount of HK$200,000,000 will primarily be used to finance the Company's efforts in implementing this new business strategy, in addition to settling the bank loan secured by the Hong Kong Property.

More specifically, these funds will primarily be used over the next two years to construct an open, collaborative online real estate information and marketing platform, build up operational and management teams, improve the marketing of the Company's business and customer service levels, consolidate working capital and explore new business opportunities. Details are set out below:

1. approximately 20% will be used to build up professional business teams, including (i) professional management staff; (ii) professional technical staff charged with constructing the online platform, including establishing the webpage, necessary applications and electronic databases; and (iii) business development professionals charged with promoting the online platform and its products within the market and conducting market research;

2. approximately 40% will be used to market the product offering and establish brand recognition. The Group plans to engage an independent marketing company to assist in establishing the brand and image of the product, and significantly invest in promotional activities through both traditional media and online media. Specific methods will include engaging a brand spokesperson, collaborating with media outlets, engaging in corporate sponsorship and other promotional and advertising activities. The goal will be to improve brand recognition and increase market share amongst online investors; and

3. approximately 40% will be used to purchase equipment and services necessary for the business, including cloud services equipment and networking channels, outsourced web and application hosting, third party payment platforms, messaging platforms, third party user identification and security systems and other systems as well as being used for working capital, including the settling of the bank loan secured by the Hong Kong Property.

The implementation of any new investment or business expansion will be done in compliance with the Listing Rules.

As advised by the PRC Legal Advisers, the proposed internet platform business may involve three categories of business: (1) utilising the internet platform to promote and sale of the real estate and tourist destination projects of the Group (the "**1st Category Business**"); (2) utilising the internet platform for promotion and sales of real estate and tourist destination projects for other property developers (the "**2nd Category Business**"); and (3) utilising the internet platform for conducting individual internet financing (the "**3rd Category Business**").

As advised by the PRC Legal Advisers, the 1st Category Business is not a restricted or prohibited business for foreign investment under the Catalogue of Industries for Guiding Foreign Investment (2015 Revision). According to "Notice of the General Office of the Ministry of Commerce on the Relevant Issues concerning the Examination, Approval and Administration of Projects of Foreign Investment in Internet and Vending Machine Sales", only recordation with the telecommunication authority is required. For the 2nd Category Business and the 3rd Category Business, they are restricted businesses for foreign investment under the Catalogue of Industries for Guiding Foreign Investment (2015

Revision) and a foreign investor cannot own more than 50% of the registered capital. In any event, the qualification of the internet platform business is subject to the approval of the relevant authority.

The Group may conduct the new internet platform business through contractual arrangements, direct investment in equity interest subject to the restriction on foreign investment, cooperation with other qualified entities and/or other arrangements permitted under the applicable laws and regulations.

If any contractual arrangements have been entered into by the Group for the new internet platform business, the Company will comply with the guidance letter GL77-14, provide the necessary legal opinion to the Stock Exchange and make an announcement to update the Shareholders and potential investors.

Shareholding structure of the Company

The following table sets out the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after Share Transfer Completion but before the Offers (assuming that none of 9,274,000 vested Share Options have been exercised); and (iii) immediately after Share Transfer Completion but before the Offers (assuming that all of 9,274,000 vested Share Options have been exercised by the Optionholders):

	(i) As at the Latest Practicable Date		**(ii) Immediately after Share Transfer Completion (assuming that none of 9,274,000 vested Share Options have been exercised)**		**(iii) Immediately after Share Transfer Completion (assuming that all of 9,274,000 vested Share Options have been exercised)**	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
The Offeror and parties acting in concert with it	–	–	310,490,000	72.745	310,490,000	71.198
Nicco *(Note)*	310,490,000	72.745	–	–	–	–
Directors	–	–	–	–	1,140,000	0.261
Public shareholders	116,330,000	27.255	116,330,000	27.255	124,464,000	28.541
Total	426,820,000	100.000	426,820,000	100.000	436,094,000	100.000

Note: Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang, Albert are beneficial owners of 49.75%, 49.75% and 0.50% respectively, of the issued share capital of Nicco.

IMPLICATIONS OF THE DISPOSAL AGREEMENTS, THE LEASE AGREEMENTS, THE SHAREHOLDERS' AGREEMENT UNDER THE LISTING RULES AND THE TAKEOVERS CODE

Pursuant to the Sale and Purchase Agreement, the Offeror has agreed to acquire the Sale Shares, which represent approximately 72.745% of the issued share capital of the Company as at the Latest Practicable Date.

Since the Disposals, the Lease Agreements and the Shareholders' Agreement are not capable of being extended to all Shareholders, the Disposals, the Lease Agreements and the Shareholders' Agreement constitute special deals under Note 4 to Rule 25 of the Takeovers Code, which require the consent of the Executive and such consent, if granted, will normally be conditional upon the Independent Financial Adviser publicly stating in its opinion that the terms of the Disposals, the Lease Agreements and the Shareholders' Agreement are fair and reasonable and the approval of the Independent Shareholders having been obtained by way of a poll at the EGM. An application has been made to the Executive for consent to proceed with the Disposals, the Lease Agreements and the Shareholders' Agreement under Rule 25 of the Takeovers Code. Shareholders should note that such consent may or may not be granted by the Executive and, if such consent is not granted, completion of the Disposals will not proceed. As the obtaining of such consent is a condition to the Share Transfer Completion, Share Transfer Completion will not take place if such consent is not obtained on or before the Long Stop Date.

Since Nicco, Classic Winner and Nanhai Jinheming are connected persons of the Company, the Disposals shall constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals exceeds 25% but less than 75%, the Disposals are also major transactions under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Upon the completion of the Disposals, the Lease Agreements will become continuing connected transactions on the part of the Company under Chapter 14A of the Listing Rules. Since the Lease Agreements are part of the transactions under the Disposals, the Lease Agreements shall also be subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. Upon any variation or renewal of the Lease Agreements, the Company shall comply with all applicable requirements under the Listing Rules.

Notwithstanding the requirements of the Listing Rules, as stated above, the Disposals, the Lease Agreements and the Shareholders' Agreement are required to be approved by the Independent Shareholders as special deals pursuant to Note 4 to Rule 25 of the Takeovers Code.

At the EGM, (i) Nicco, Nanhai Jinheming, Classic Winner, Mr. Xu Xipeng, Mr. Xu Xinan, Mr. Chow Hoi Kwang, Albert, their associates, their close associates and parties acting in concert with any of them; (ii) the Offeror, its associates and parties acting in concert with it; and (iii) any Shareholders who are involved in or interested in the Sale and

Purchase Agreement, the Disposal Agreements, the Lease Agreements, the Shareholders' Agreement and any transactions contemplated thereunder shall abstain from voting on all the Shareholders' resolutions approving the Disposal Agreements, the Lease Agreements, the Shareholders' Agreement.

Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang, Albert, who are executive Directors, have material interest in the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement and have abstained from voting on the relevant Board meeting for approving the Disposal Agreements, the Lease Agreements, the Shareholders' Agreement and the transactions contemplated thereunder.

Pursuant to Rule 10 of the Takeovers Code, (i) the unaudited net profit before taxation and the unaudited net profit after taxation attributable to equity shareholders of KEE BVI Group for the two years ended 31 December 2013 and 31 December 2014; (ii) the unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group as at 30 June 2015; (iii) the adjusted unaudited consolidated net assets value of KEE BVI Group attributable to 15% of the equity interest in KEE BVI Group as at 30 June 2015 assuming the PRC Assets Disposal, the HK Property Disposal and the Reorganisation had been completed on 30 June 2015; (iv) the unaudited net assets value of KEE Jingmen attributable to 80% of the equity interest in KEE Jingmen as at 30 June 2015 (after adjusted for the fair value uplift of the properties held by KEE Jingmen as at 30 June 2015 with reference to the Valuation Reports as set out in Appendix III to this circular); and (v) the unaudited net assets value of KEE Jingmen as at 30 June 2015 constitute profit forecasts and should be reported on by the Company's financial adviser and reporting accountants under Rule 10 of the Takeovers Code. The letters on the profit forecasts of KEE BVI Group and KEE Jingmen from the reporting accountants and the financial adviser of the Company are set out in "Appendix II – Letters from the reporting accountants and the financial adviser of the Company on the profit forecasts of KEE BVI Group and KEE Jingmen" to this circular.

The Company has, pursuant to the Takeovers Code, formed the Code IBC comprising Mr. Yang Shaolin, Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy, being all the non-executive Directors, to advise (i) the Independent Shareholders on whether the Special Deals, the Disposals, the Lease Agreements and the Shareholders' Agreement are in the interests of the Company and the Independent Shareholders as a whole; (ii) whether the terms of the Special Deals, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the voting action that should be taken; and (iii) the Independent Shareholders and the Optionholder(s) on whether the terms of the Offers (if it is made) are fair and reasonable and as to acceptance of the Offers.

The Company has also formed the Listing Rules IBC pursuant to the Listing Rules comprising Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy, being all the independent non-executive Directors, to advise the Independent Shareholders on (i) whether the Disposals, the Lease Agreements and the Shareholders' Agreement are in the interests of the Company and the Independent Shareholders as a whole; and (ii) whether the terms of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the voting action that should be taken.

BOSC International has been appointed as the independent financial adviser to advise (i) the Code IBC, the Listing Rules IBC and the Independent Shareholders on the Special Deals, the Disposals, the Lease Agreements and the Shareholders' Agreement; and (ii) the Code IBC on the terms of the Offers.

EGM

The EGM, the notice of which is set out on pages 210 to 213 of this circular, will be convened and held at Room 632-633, 6/F, Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Friday, 8 January 2016 at 11:00 a.m. (or any adjournment thereof) for the Independent Shareholders to consider and, if thought fit, pass the resolutions to approve, among others, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement. The voting at the EGM will be taken by way of poll.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The Board (including the members of the Code IBC and the Listing Rules IBC whose views have been set out in the letter from the Code IBC on pages 48 to 49 and the letter from the Listing Rules IBC on pages 50 to 51 of this circular after taking into account the advice of BOSC International) considers that (i) the respective terms of the Special Deals, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are on normal commercial terms; (ii) the respective terms of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) each of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Code IBC and the Listing Rules IBC set out in the letter from the Code IBC on pages 48 to 49 and the letter from the Listing Rules IBC on pages 50 to 51 of this circular, which contains its recommendation to the Independent Shareholders in relation to the respective terms of the Special Deals, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement (the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement constitute special deals for the Company under Rule 25 of the Takeovers Code). Your attention is also drawn to the letter from BOSC International set out on pages 52 to 88 of this circular which contains its recommendations to the Code IBC and the Listing Rules IBC and the Independent Shareholders in relation to the respective terms of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement (the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement constitute special deals for the Company under Rule 25 of the Takeovers Code) and the principal factors and reasons taken into account in arriving at its recommendations.

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
KEE Holdings Company Limited
Xu Xipeng
Chairman

KEE HOLDINGS COMPANY LIMITED
開易控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2011)

21 December 2015

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEALS

We refer to the circular of the Company dated 21 December 2015 (the "**Circular**") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Code IBC to advise the Independent Shareholders as to whether, in our opinion, the respective terms of the Disposal Agreements, the Lease Agreements (including the annual caps) and the Shareholders' Agreement (the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement constitute special deals for the Company under Rule 25 of the Takeovers Code) are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole. BOSC International has been appointed as the Independent Financial Adviser to advise us and you in this respect. Details of its advice together with the principal factors and reasons it has taken into consideration on giving its advice, are contained in its letter set out on pages 52 to 88 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having taken into account the advice of BOSC International, we considered that (i) the respective terms of the Disposal Agreements and the Shareholders' Agreement are on normal commercial terms and the terms of the Lease Agreements are on better than normal commercial terms; (ii) the respective terms of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) although the Disposal Agreements and the Shareholders' Agreement are not in the ordinary and usual course of business of the Group and only the Lease Agreements are in the ordinary and usual course of business of the Group, each of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Special Deals, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement and the respective transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Code IBC
Mr. Yang Shaolin
Non-executive Director

Mr. Lin Bin **Mr. Kong Hing Ki** **Mr. Tam Yuk Sang, Sammy**
Independent Non-executive Directors

KEE HOLDINGS COMPANY LIMITED
開易控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2011)

21 December 2015

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEALS

We refer to the circular of the Company dated 21 December 2015 (the "**Circular**") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Listing Rules IBC to advise the Independent Shareholders as to whether, in our opinion, the respective terms of the Disposal Agreements, the Lease Agreements (including the annual caps) and the Shareholders' Agreement (the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement constitute special deals for the Company under Rule 25 of the Takeovers Code) are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole. BOSC International has been appointed as the Independent Financial Adviser to advise us and you in this respect. Details of its advice together with the principal factors and reasons it has taken into consideration on giving its advice, are contained in its letter set out on pages 52 to 88 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having taken into account the advice of BOSC International, we considered that (i) the respective terms of the Disposal Agreements and the Shareholders' Agreement are on normal commercial terms and the terms of the Lease Agreements are on better than normal commercial terms; (ii) the respective terms of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) although the Disposal Agreements and the Shareholders' Agreement are not in the ordinary and usual course of business of the Group and only the Lease Agreements are in the ordinary and usual course of business of the Group, each of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Special Deals, the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement and the respective transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Listing Rules IBC
Mr. Lin Bin **Mr. Kong Hing Ki** **Mr. Tam Yuk Sang, Sammy**
Independent Non-executive Directors

上銀國際有限公司
BOSC International Company Limited

Suite 2608-2611 Citibank Tower
Citibank Plaza, 3 Garden Road
Hong Kong

21 December 2015

To the Code IBC, the Listing Rules IBC and
the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND SPECIAL DEALS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Listing Rules IBC, the Code IBC and the Independent Shareholders in respect of the entering into of the Disposal Agreements, the Special Deals, the Lease Agreements (including the Annual Caps) and the Shareholders' Agreement (collectively, the "**Transactions**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company (the "**Circular**") to the Shareholders dated 21 December 2015, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 9 November 2015 (after the trading hours of the Stock Exchange), the Company and the Offeror jointly announced that:

(a) on 19 August 2015, Nicco as vendor, the Offeror as purchaser, and Mr. Xu Xipeng and Mr. Xu Xinan as vendor's guarantors entered into the Sale and Purchase Agreement pursuant to which Nicco has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares for a consideration of HK$707,575,661 (equivalent to HK$2.2789 per Sale Share). The Sale Shares represent approximately 72.745% of the issued share capital of the Company as at the Latest Practicable Date;

(b) on 19 August 2015, the Company and KEE Zippers respectively entered into the Disposal Agreements with Nicco, Nanhai Jinheming and Classic Winner in relation to the Disposals;

(c) pursuant to the PRC Master Disposal Agreement, KEE Zhejiang and Nanhai Jinheming shall enter into the PRC Lease Agreement upon PRC Assets Disposal Completion. Pursuant to the HK Property Disposal Agreement, Classic Winner and KEE Zippers shall enter into the HK Lease Agreement upon HK Property Disposal Completion; and

(d) pursuant to the KEE BVI Disposal Agreement, KEE BVI, the Company and Nicco shall enter into a Shareholders' Agreement which shall set out the rights and obligations of the Company and Nicco and the arrangements between them with respect to the ownership, management and operations of KEE BVI and its subsidiaries upon KEE BVI Disposal Completion.

The completions of the Sale and Purchase Agreement and the Disposal Agreements are inter-conditional.

IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

Upon Share Transfer Completion, unconditional mandatory cash offers in cash (i) for the Offer Shares, being all the Shares in issue during the offer period, other than those Shares already owned or agreed to be acquired by the Offeror, or parties acting in concert with the Offeror; and (ii) to cancel all the Share Options in accordance with Rules 13 and 26.1 of the Takeovers Code will be made by the Offeror.

Since Nicco, Classic Winner and Nanhai Jinheming are connected persons of the Company, the Disposals shall constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposals are more than 25% but less than 75%, the Disposals are also major transactions under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As the entering into of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreement are not capable of being extended to all Shareholders, they also constitute "Special Deals" under Note 4 to Rule 25 of the Takeovers Code and require, among other things, the consent of the Executive and the approval by the Independent Shareholders by way of poll at the EGM.

ABSTAIN FROM VOTING

Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang, Albert, who has material interests in the Disposals, the Lease Agreements and the Shareholders' Agreement, have abstained from voting on the relevant Board meeting for approving the Disposals, the Lease Agreements (including the Annual Caps), the Shareholders' Agreement and the transactions contemplated respectively thereunder.

At the EGM, (i) Nicco, Nanhai Jinheming, Classic Winner, Mr. Xu Xipeng, Mr. Xu Xinan, Mr. Chow Hoi Kwang, Albert, their associates, their close associates and parties acting in concert with any of them; (ii) the Offeror, Keen Concept, their associates and parties acting in concert with any of them; and (iii) any Shareholders who are involved in or interested in the Sale and Purchase Agreement, the Disposal Agreements, the Lease Agreements, the Shareholders' Agreement and any transactions contemplated respectively thereunder shall abstain from voting on all the Shareholders' resolutions approving the Disposal Agreements, the Lease Agreements (including the Annual Caps) and the Shareholders' Agreement.

THE INDEPENDENT BOARD COMMITTEES

Each of the Listing Rules IBC, comprising all the independent non-executive Directors (namely Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy), and the Code IBC, comprising all the non-executive Director and independent non-executive Directors (namely Mr. Yang Shaolin, Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy), has been established to advise the Independent Shareholders on the Disposal Agreements, the Special Deals, the Lease Agreements, the Shareholders' Agreement and the transactions contemplated respectively thereunder. Our appointment as the Independent Financial Adviser has been approved by the Listing Rules IBC and the Code IBC.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, BOSC International are not aware of any relationships or interests between BOSC International and the Company or any other parties that could be reasonably regarded as a hindrance to BOSC International's independence as defined under the Listing Rules and the Takeovers Code to act as the independent financial adviser to the Listing Rules IBC, the Code IBC and the Independent Shareholders in respect of the Disposal Agreements, the Special Deals, the Lease Agreements, the Shareholders' Agreement and the transactions contemplated respectively thereunder. Before BOSC International's engagement as the Independent Financial Adviser to the Company in respect of the Disposal Agreements, the Special Deals, the Lease Agreements, the Shareholders' Agreement and the transactions contemplated respectively thereunder, BOSC International never acted in any financial advisory (including independent financial advisory) role to the Company.

BASIS OF OUR OPINION

In formulating our opinion, we have relied upon the information, facts and representations contained in the Circular and those supplied or made available to us by the Company, the Directors and representatives of the Company for which they are solely and wholly responsible, and to their information and knowledge, were true, accurate and complete in all respects at the time they were given or made and continue to be true, accurate and valid as at the Latest Practicable Date and can be relied upon. In case we note any material changes to the information presented in this letter from the Latest Practicable Date to the end of the offer period in respect of the Offers, we shall notify the Shareholders as soon as possible. We have assumed that all statements and information supplied, and the opinions and representations made or provided to us by the Directors and representatives of the Company and those contained in the Circular have been reasonably made after due and careful enquiry.

As stated in the Circular, the Circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or the Circular misleading. Information and confirmation relating to the Offeror, its associates and parties acting in concert with them set out in the Circular have been duly extracted from the Joint Announcement or provided by the respective parties. The Directors jointly and severally accept responsibility for the correctness and fairness of reproduction or presentation of such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in this circular misleading.

We consider that we have reviewed all available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company, the Directors and representatives of the Company or to believe that material information has been withheld or omitted from the information provided to us or referred to in the available documents. We have not, however, conducted any independent verification of the information provided, nor have we conducted any independent investigation into the business or affairs or future prospects of the Company, the Offeror, Keen Concept, Nicco, Nanhai Jinheming, Classic Winner or their respective substantial shareholders or associates.

We are not associated with the Company, the Offeror, Nicco, Nanhai Jinheming, Classic Winner or their respective substantial shareholders or associates and, accordingly, are considered eligible to give independent advice on the Transactions. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, Keen Concept, Nicco, Nanhai Jinheming, Classic Winner or their respective substantial shareholders or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the Transactions, we have considered the following principal factors and reasons:

1. Information on the Group

The Group is principally engaged in the manufacturing of finished zippers and sliders in the PRC. The Group's customers for zippers are primarily OEMs who manufacture apparel products for (i) apparel brands in the PRC; and (ii) some well-known international apparel labels. In addition, the Group also supplies flat knit ribs to customers to gradually satisfy the one-stop procurement demand for apparel components and accessories. The Group also supplies sliders, components of zippers (including continuous zipper chains and stops) and moulds and designs and supplies premium items exclusively to apparel brand owners to meet the promotional needs for their products. Given the aforesaid principal business of the Group, we consider the entering into of the KEE BVI Disposal Agreement, the PRC Master Disposal Agreement and the HK Property Disposal Agreement is not in the ordinary and usual course of business of the Company. As the entering into of the Lease Agreements relate to the renting of production premises and business office of the Group, we consider the entering into of the Lease Agreements is in the ordinary and usual course of business of the Company.

1.1. Historical financial performance of the Group

Set out below are the highlights of the financial results of the Group for the three years ended 31 December 2012, 2013 and 2014, details of which are set out in the Company's annual reports for the respective years:

	For the year ended 31 December			Six months ended 30 June	
	2014	**2013**	**2012**	**2015**	**2014**
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover:					
– Finished zippers and sliders	145,924	150,024	150,978	78,418	83,790
– Flat knit ribs	13,159	6,389	1,414	4,348	5,661
– Premium items and others	6,276	4,428	4,981	3,529	3,139
	165,359	160,841	157,373	86,295	92,590
Cost of sales	(115,510)	(111,927)	(113,755)	(58,339)	(61,137)
Gross profit	49,849	48,914	43,618	27,956	31,453
Other revenue	2,495	2,804	3,629	2,130	1,376
Other net losses	(163)	(1,278)	(1,600)	–	–
Distribution costs	(15,936)	(16,921)	(13,630)	(6,583)	(7,480)
Administrative expenses	(29,692)	(28,542)	(28,330)	(14,982)	(15,487)
Finance costs	(417)	–	–	(213)	(197)
Profit before taxation	6,136	4,977	3,687	8,308	9,665
Income tax	(2,742)	(2,064)	(2,859)	(2,540)	(2,743)
Profit for the year	3,394	2,913	828	5,768	6,922
Attributable to:					
– Equity shareholders of the Company	3,661	3,061	1,055	5,987	7,000
– Non-controlling interests	(267)	(148)	(227)	(219)	(78)
Profit for the year	3,394	2,913	828	5,768	6,922

As shown above, revenue was mainly derived from sales of finished zippers, and it represented over 85% of the total revenue of the Group for each of the three years ended 31 December 2012, 2013 and 2014.

Comparison between the two years ended 31 December 2013

The Group's revenue for the year ended 31 December 2013 ("**FY13**") amounted to approximately HK$160.8 million, representing an increase of approximately 2.2% as compared to the year ended 31 December 2012 ("**FY12**"). The increase was mainly due to the increased sales of flat knit ribs, which was partially offset by the small decrease in sales of finished zippers and sliders. The increase in sales of flat knit ribs during FY13 was mainly due to more marketing and promotion activities undertaken for the sale of flat knit ribs.

For FY13, the overall cost of sales for the Group amounted to approximately HK$111.9 million, representing a decrease of approximately 1.6% as compared to FY12. The overall gross profit of the Group increased by approximately 12.1% from approximately HK$43.6 million for FY12 to HK$48.9 million for FY13. The gross profit margin for FY13 was approximately 30.4% as compared to 27.7% for FY12, and such increase was mainly attributable to stricter production and cost management by the Group during FY13.

For FY13, the Group's profit attributable to Shareholders amounted to approximately HK$3.1 million, representing an increase of approximately 190.1% as compared to FY12. The increase was primarily due to the aforesaid increase in gross profit margin during FY13. The margin of profit attributable to Shareholders for FY13 was 1.9%, representing an increase of approximately 1.2 percentage points as compared to FY12.

Comparison between the two years ended 31 December 2014

The Group's revenue for the year ended 31 December 2014 ("**FY14**") amounted to HK$165.4 million, representing an increase of approximately 2.8% as compared to FY13. The increase was mainly due to the increased sales of flat knit ribs, which was partially offset by the decrease in sales of finished zippers and sliders. The increase in sales of flat knit ribs during FY14 was mainly due to more marketing and promotion activities undertaken for the sale of flat knit ribs. The decrease in sales of finished zippers and sliders during FY14 was mainly due to a decrease in sales volume, which was attributable to (i) the weak recovery of the Group's major trading countries; and (ii) a slow down in apparel demands in the PRC.

For FY14, the overall cost of sales for the Group amounted to approximately HK$115.5 million, representing an increase of approximately 3.2%. The overall gross profit of the Group increased by approximately 1.9% from approximately HK$48.9 million for FY13 to HK$49.9 million for FY14. The gross profit margin for FY14 was approximately 30.2%, which was close to approximately 30.4% for FY13.

For FY14, the Group's profit attributable to Shareholders amounted to approximately HK$3.7 million, representing an increase of approximately 19.6% as compared to FY13. The increase was primarily due to lower other net losses during FY14 as compared to FY13. The margin of profit attributable to Shareholders for FY14 was approximately 2.2%, representing an increase of approximately 0.3 percentage points as compared to FY13.

Comparison between the two six months ended 30 June 2014 and 30 June 2015

The Group's revenue for the six months ended 30 June 2015 amounted to approximately HK$86.3 million, representing a decrease of approximately 6.8% as compared to the corresponding period in 2014. For the six months ended 30 June 2015, revenue from sales of finished zippers and sliders decreased by approximately 6.4% to HK$78.4 million, primarily due to a decrease in sales price of finished zippers and sale volume of sliders. Such decrease mainly resulted from the long-term decline in the growth rate of the Chinese economy, the lack of total demand and the global economic downturn. For the six months ended 30 June 2015, the revenue from sales of flat knit ribs decreased by approximately 23.2% to HK$4.35 million due to selection of quality customers and sales of quality goods. The others represented scrap materials, zipper components, molds fittings and premium items etc. For the six months ended 30 June 2015, the revenue from sales of others increased by approximately 12.4% to HK$3.53 million, mainly due to the increasing demand for molds from overseas customers.

The gross profit decreased by approximately 11.1% to HK$28.0 million for the six months ended 30 June 2015 from HK$31. 5 million for the same period in 2014. The gross profit margin decreased to approximately 32.4% for the six months ended 30 June 2015 from 34.0% for the same period in 2014, mainly due to (i) the sales volume of sliders decreased due to global economic downturn; and (ii) the price of some finished zippers product decreased as a result of the low market demand and fierce competition.

The profit attributable to equity shareholders of the Company decreased by approximately 14.5% to HK$6.0 million for the six months ended 30 June 2015 from HK$7.0 million for the same period in 2014. The margin of profit attributable to equity shareholders of the Company was approximately 6.9% for the six months ended 30 June 2015. Profit attributable to equity shareholders of the Company decreased mainly due to the decrease in revenue and gross profit.

1.2. Financial position of the Group

Set out below is the summary of the consolidated assets and liabilities of the Group as at 30 June 2015, details of which are set out in the Company's interim report for the period:

	As at 30 June 2015 (unaudited) *HK$'000*
Non-Current Assets	
– Fixed assets	241,269
– Intangible assets	7,107
– Prepayment for fixed assets	534
– Deferred tax assets	2,133
	251,043
Current Assets	
– Inventories	21,631
– Trade and other receivables	62,343
– Current tax recoverable	44
– Deposits with banks	3,824
– Cash and cash equivalents	70,062
	157,904
Current Liabilities	
– Bank borrowing	15,000
– Trade and other payables	53,428
– Current tax payable	1,678
	70,106
Non-Current Liabilities	
– Deferred tax liabilities	684
Net assets	338,157
Equity	
– Equity attributable to equity shareholders of the Company	313,883
– Non-controlling interests	24,274
	338,157

As at 30 June 2015, total assets amounted to approximately HK$408.9 million, total liabilities amounted to approximately HK$70.8 million and net assets amounted to approximately HK$338.2 million. Fixed assets of the Group of approximately HK$241.3 million contributed to approximately 59.0% of total assets as at 30 June 2015. Trade and other payables of approximately HK$53.4 million contributed to approximately 75.5% of total liabilities as at 30 June 2015.

2. Background of the Sales and Purchase Agreement, information on the Offeror and the Offeror's intention regarding the Group

2.1 Information on the Offeror

As stated in the Letter from the Board, the Offeror is an investment holding company incorporated in BVI with limited liability. Save for entering into the MOU, the Sale and Purchase Agreement with Nicco and other agreements in relation to the Sale and Purchase Agreement, an investment agreement dated 14 August 2015 as amended by a deed of amendment dated 5 November 2015 and the related security documents and the Offers, the Offeror did not engage in any business activities. Prior to the Share Transfer Completion, the Offeror does not have any assets other than the inter-company loan facility provided by Li Zhen. The Offeror is directly wholly-owned by Li Zhen, which is a company incorporated in Hong Kong and is principally engaged in investment holding activities. The Offeror, through Li Zhen and other intermediate holding companies, is indirectly wholly-owned by Zhonghong. Zhonghong is established in the PRC with its headquarters in Beijing and is primarily engaged in the business of real estate development in various provinces in the PRC including Beijing, Jilin, Shandong and Hainan. As an integrated leader in the PRC property industry, Zhonghong has a diverse portfolio of property related businesses which primarily focuses on the development, sale and management of commercial properties including offices, residential properties, hotels and shopping complexes. In addition, its long term strategy includes the development and operation of travel destinations and it currently operates and manages several cultural and leisure resort destinations in Beijing, Jilin, Shandong and Hainan. Zhonghong was listed on the Stock Exchange of Shenzhen with the Stock Code 000979 in 2010. As of 31 March 2015, Zhonghong's total asset value was RMB17.9 billion and as of 22 May 2015, its total market capitalisation was RMB27.8 billion. In 2011 it was recognized as one of the "Top 100 Real Estate Companies" in China. As one of the leading real estate enterprises in the PRC, it has won numerous honours and awards.

As stated in the Letter from the Board, apart from the existing business of zipper manufacture and sale, the Group is looking for new investments and business opportunities in order to diversify its existing zipper manufacture and sale business with a view to formulating a suitable business strategy to expand its business scope and broaden its income stream, achieving better growth potential and enhancing Shareholders' return. In this regard, expansion into the e-commerce and online finance industries will hold great potential and will provide good future development opportunities for the Company. After the Share Transfer Completion, the Company will be able to leverage the experience, network and resources of Zhonghong in the real estate industry to expand into such new business stream while still maintaining its existing zipper products business stream in parallel. Funds raised through completion of the Disposal Agreements will primarily be used to finance the Company's efforts in implementing this new business strategy, in addition to settling the bank loan secured by the Hong Kong Property. As stated in the Joint Announcement, based on the current business scale and plan, the Offeror presently has not identified specific funding needs for new businesses in the future or after the next two years. Please refer to the Letter from the Board for further details on the use of proceeds.

Notwithstanding the above, as stated in the Letter from the Board, taking into account various factors, including but not limited to current macro-economic environment and market condition, the Offeror has confirmed that it has no plans to (i) dispose of, terminate or downsize the existing business; (ii) redeploy the fixed assets of the Company; or (iii) terminate any employees or make significant changes to any existing employment of the Company.

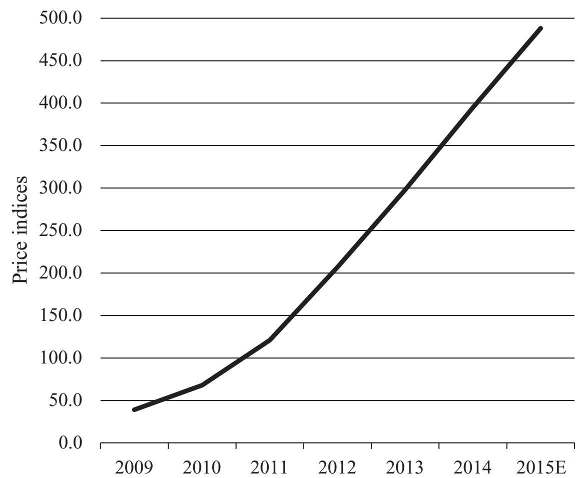
The Offeror has also confirmed that it does not have any plans or has not engaged in any discussion or negotiation on injection of assets or businesses into the existing business.

2.2 Industry information on the e-commerce industry in the PRC

With regards to the e-commerce industry in the PRC, we have reviewed the recent promulgation of the "2015 Guiding Opinions on Promoting the Healthy Development of Internet Finance" issued by the State Council of the PRC on 20 June 2015 (the "**Guiding Opinions**"), and note that the Guiding Opinions include, among others, the following measures to be undertaken by the PRC government: (i) enhancing support for domestic enterprises that use e-commerce to trade; (ii) improving the management system of e-commerce-related payment and settlement; (iii) providing active fiscal and financial support (such as enhancing supporting for corporations aiming to use e-commerce to expand businesses); (iv) standardising cross-border e-commerce business and improving credit assessment mechanisms; and (v) formulating mid and long-term plans relating to e-commerce businesses. The issue of the Guiding Opinions therefore shows that the PRC government is willing to support and promote the e-commerce industry in the PRC in the foreseeable future, in particular aspects that are associated to internet financing.

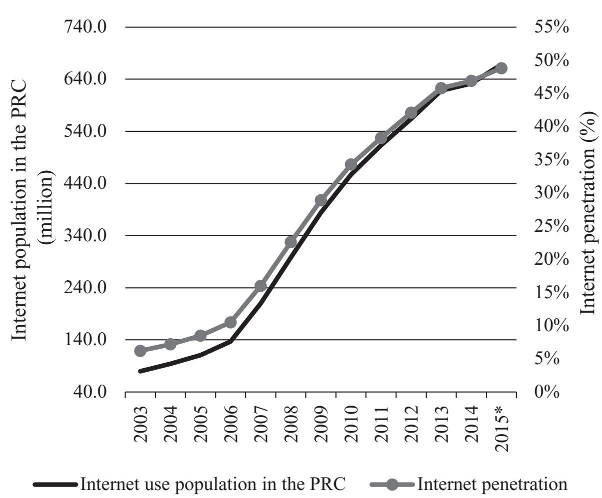
In addition to the above, we have also reviewed numerical statistics in respect of the e-commerce market in the PRC, which include total sales in the e-commerce market and the internet population in the PRC, published by the China Internet Network Information Center ("**CNNIC**"), a non-profit administrative agency responsible for internet affairs under the Ministry of Information Industry of the PRC, on 22 July 2015 and note the following trends in respect of the e-commerce market in the PRC:

Sales in the e-commerce market in the PRC



Source: CNNIC
Note: "E" denotes expected

Internet population and penetration in the PRC



Source: CNNIC
Note: "*"data as of 30 June 2015

From the charts above, we note that sales in the e-commerce market in the PRC is expected to grow from approximately US$39 billion in 2009 to approximately US$488 billion in 2015, which represents a cumulative annual growth rate of approximately 52.4% over the period. We also note whilst the internet population in the PRC already grew by over 600% over the past ten years, internet penetration is still below 50%, which according to CNNIC represents an internet penetration percentage that is below many of the developed countries such as the United States, United Kingdom, Japan and South Korea. Based on such statistics, it can be seen that there is still significant growth potential in the e-commerce market in the PRC.

Taking into account the above, the Group's move into e-commerce related businesses is therefore expected to benefit from the Guiding Opinions and the growth potential of the e-commerce market in the PRC.

3. The Disposals

3.1 The KEE BVI Disposal

3.1.1 Background of and reasons for the KEE BVI Disposal

On 19 August 2015, the Company entered into the KEE BVI Disposal Agreement with Nicco pursuant to which the Company agreed to sell and Nicco agreed to purchase the KEE BVI Disposal Shares (representing 15% of the issued share capital of KEE BVI which was determined after arm's length negotiations between the Company and Nicco with a view to allow Nicco to acquire a non-controlling interest in the KEE BVI Group as an incentive for Mr. Xu Xipeng and Mr. Xu Xinan, who are familiar with and have rich experience in the business and operations of KEE BVI Group, to continue to be part of the management of the KEE BVI Group), free from all encumbrances together with all rights attaching thereto at the KEE BVI Disposal Completion Date, including all rights to any dividend or other distribution declared, made or paid on or after the KEE BVI Disposal Completion Date, at the consideration of HK$24,627,172.

The Board considers that the disposal of 15% of the issued share capital of KEE BVI to Nicco could allow the Company to realise part of its investment in the KEE BVI Group (the net proceeds of which could be used to finance the Group's intended use of proceeds), as well as to ensure that Mr. Xu Xipeng and Mr. Xu Xinan, who are familiar with and have rich experience in the business and operation of KEE BVI Group, could continue to be involved and be part of the management of the KEE BVI Group so that the KEE BVI Group will operate smoothly and normally after KEE BVI Disposal Completion.

KEE BVI is a direct wholly-owned subsidiary of the Company, and the KEE BVI Group is principally engaged in design, manufacture and sale of finished zippers, flat knit ribs and other garment accessories. Following the Share Transfer Completion, the Offeror intends to continue to operate the existing businesses of KEE BVI with the present management, and there are no plans to dispose of or terminate or downsize the existing business of KEE BVI. As disclosed in the paragraph headed "4. Financial and Trading Prospects of the Group" in Appendix I to the Circular, the Group believes that along with China's economic development into the new era, the government will continue to deepen the reforms to lead the economic transformation and consistently provide support through appropriate policies and the apparel industry is also in the stage of reform and transformation. Under such circumstances, the Group expects that the domestic demand for apparel industry will gradually recover, which might lead to an increase in the demand for quality zippers. The Group will continue to maintain the strategy of active response and continuous exploration, refine product category, improve product quality, meet customer needs and strive to increase its market share in the field of zippers.

As the KEE BVI Disposal Shares represent only 15% of the equity interests in KEE BVI, the KEE BVI Disposal will not result in any change in control by the Company over KEE BVI and KEE BVI will continue to be a subsidiary of the Company. The KEE BVI Group has been profitable in recent years, and the KEE BVI Group's net profit after taxation attributable to equity shareholders amounted to approximately HK$8.9 million and HK$8.3 million for the two years ended 31 December 2013 and 2014, respectively. The results of the KEE BVI Group have therefore contributed healthily to the Group's overall profitability in recent years and will continue to be consolidated into the Company's consolidated financial statements after KEE BVI Disposal Completion.

Given that (i) KEE BVI will remain a subsidiary of the Company and hence the results of KEE BVI will continue to contribute to the Group's overall profitability; (ii) the Group will continue to direct resources to develop its zipper business, and it is intended by the Offeror that the existing businesses of the KEE BVI Group will remain unchanged and continue to be operated by the present management team; (iii) 15% of the equity interests in KEE BVI will be disposed of to a company almost entirely owned by Mr. Xu Xipeng and Mr. Xu Xinan, who are executive Directors and have rich experience in managing the operations of the KEE BVI Group; and (iv) the KEE BVI Disposal will allow the Group to realise part of its investment in the KEE BVI Group, which in turn will generate additional working capital for the Group to finance its intended use of proceeds, we concur with the Directors' views that the KEE BVI Disposal is in the interests of the Company and the Independent Shareholders as a whole, and given the strategy of the Group and intentions of the Offeror, we consider that the KEE BVI Disposal will not adversely affect the principal business and the future prospects of the KEE BVI Group.

Moreover, as disclosed in the section headed "Expansion plan of the Group" in the Letter from the Board, the net proceeds from the KEE BVI Disposal will primarily be used over the next two years to build the Group's new internet marketing and financing related businesses. As disclosed in the Letter from the Board, the Board had considered other fund raising methods such as equity and/or debt financing. After taking into account the potential dilution of Shareholders from equity fund raising and the potential increase in leverage from debt fund raising, we concur with the management of the Company that the KEE BVI Disposal allows the Group to efficiently raise the necessary funds to finance its intended use of proceeds and provides an incentive for Mr. Xu Xipeng and Mr. Xu Xinan to remain with the KEE BVI Group, while avoiding immediate dilution of Shareholders and maintaining the consolidation of the results of the KEE BVI Group going forward.

3.1.2 Key terms of the KEE BVI Disposal Agreement

3.1.2.1 The KEE BVI Disposal Agreement

Pursuant to the KEE BVI Disposal Agreement, the Company agreed to sell and Nicco agreed to purchase the KEE BVI Disposal Shares (representing 15% of the issued share capital of KEE BVI) at the consideration of HK$24,627,172 (the "**KEE BVI Consideration**").

3.1.2.2 The KEE BVI Consideration

The KEE BVI Consideration of HK$24,627,172 was agreed between the Company and Nicco after arm's length negotiations, taking into account, among others, the adjusted unaudited consolidated net assets value of KEE BVI Group (the "**KEE BVI Adjusted NAV**") attributable to 15% of the equity interest in KEE BVI Group as at 30 June 2015 in the amount of approximately HK$24,627,172 assuming that the PRC Assets Disposal, the HK Property Disposal and the Reorganisation have been completed.

We have obtained from the Company and reviewed the calculation in respect of the KEE BVI Adjusted NAV and note that the KEE BVI Adjusted NAV was arrived at by adjusting for (i) the disposal gain of the KEE Jingmen Sale Capital, the PRC Properties and the HK Property; (ii) the issuance of new shares after 30 June 2015; and (iii) the declaration and distribution of dividends from KEE BVI to the Company, which is part of the Reorganisation, from the unaudited consolidated net assets value of KEE BVI Group as at 30 June 2015. Taking into consideration the above, we concur with the Company's adjustments in arriving at the KEE BVI Adjusted NAV and consider the calculation of the KEE BVI Adjusted NAV to be fair and reasonable as the KEE BVI Adjusted NAV has appropriately taken into account the adjusting events after 30 June 2015 which would affect the consolidated net assets value of KEE BVI Group.

Furthermore, in considering the fairness of the KEE BVI Consideration, we have performed a comparable analysis and selected peer companies for the purpose of assessing the fairness of the KEE BVI Consideration. Another method to assess the value of KEE BVI would be to use discounted cash flows ("**DCF**"). Although a DCF approach may remove some of the limitations inherent in comparable analyses (the limitations of comparable analyses are explained below) as DCF takes into account unique drivers and factors of a company to arrive at the discounted value of a company, we do not consider a DCF approach to be appropriate for this case as the fundamental criteria for making the DCF approach appropriate is the assumption that the subject being valued is able to generate positive cash flow in the long run. In this case, due to the change in shareholding of the Company to be brought about by the Share Transfer Completion, it may be difficult to forecast the long-term cash flows of KEE BVI with accuracy based on historical trends. Thus, we consider that DCF may not be the most appropriate method to value KEE BVI for the purpose of assessing the fairness of the KEE BVI Consideration.

When selecting peer companies for the purpose of comparison, we have identified companies which (i) are listed on the Main Board of the Stock Exchange; (ii) are principally engaged in the manufacture and sale of clothing and accessories related products with minimal retail operations and profit-making; and (iii) had a market capitalisation of between HK$500 million and HK$2,000 million as at 19 August 2015, being the date of the KEE BVI Disposal Agreement (the range of the market capitalisation is chosen with reference to the market capitalisation of the Company of approximately HK$789.1 million as at 29 June 2015, being the last trading day before entering into the KEE BVI Disposal Agreement). Based on such criteria, we have identified 8 companies (the "**Comparables**") which we consider exhaustive for comparison purposes.

Despite KEE BVI not being a publicly listed company, we still selected publicly listed Comparables for the purpose of assessing the fairness of the KEE BVI Consideration as there is insufficient publicly available information for private companies which are engaged in similar lines of business as KEE BVI. Since publicly listed companies should theoretically trade at a premium over private companies due to much better liquidity (for the avoidance of doubt, we are comparing companies operating in similar lines of business), we consider that the valuation range implied by the Comparables is useful to serve as a reference for us and the Independent Shareholders to assess the KEE BVI Consideration; for example if the valuation multiples implied by the KEE BVI Consideration is within range of the Comparables (which is the case below), the KEE BVI Consideration should be considered fair after taking into account an illiquidity discount given that KEE BVI is a private company and its shares are relatively illiquid compared to shares of publicly listed companies. We would like to highlight that inherent in most cases of comparable analyses, the Comparables selected below are not entirely identical to KEE BVI in terms of, among other things, risk profile, capital structure, company management and future prospects. Notwithstanding the above limitations, we still consider our comparables analysis below to be a useful reference and the most appropriate valuation method as comparables analysis allows us to give Independent Shareholders an approximate benchmark of the relative value companies operating in similar lines of business are trading at in the market.

Details of our comparables analysis are tabled as below:

Company name	Stock code	Principal business	Market capitalisation	Net assets	Net profit	P/E Ratio	P/B Ratio
			HK$'million	*HK$'million*	*HK$'million*	*(times)*	*(times)*
			(Note 1)	*(Note 1)*	*(Note 1)*	*(Note 1)*	*(Note 1)*
Kingdom Holdings Ltd.	528	Manufacture and sale of linen yarns.	980.7	1,201.2	139.1	7.05	0.75
Fountain Set (Holdings) Ltd.	420	Production and sales of dyed fabrics, sewing threads, yarns and garments.	1,038.1	3,245.0	90.6	11.46	0.36
Eagle Nice (International) Holdings Ltd.	2368	Manufacture and trading of sportswear and garments.	905.8	1,087.5	105.2	8.61	0.78
Luen Thai Holdings Ltd.	311	Manufacturing and trading of apparels and accessories, provision of freight forwarding and logistics services and real estate development.	1,354.7	2,942.6	167.3	8.10	0.46
Wang Tai Holdings Ltd.	1400	Design, manufacturing and sales of fabrics and yarns in the PRC.	1,754.6	600.2	83.6	20.99	2.93
Co-Prosperity Holdings Ltd.	707	Processing, printing and sales of finished fabrics; and trading of fabrics and clothing.	558.2	271.6	26.1	21.36	2.84
Yongsheng Advanced Materials Co. Ltd.	3608	Developing and manufacturing of polyester filament yarns, the provision of dyeing services of differentiated polyester filament fabric and trading of textile raw materials and products in PRC.	620.0	462.5	60.3	10.28	1.51
Runway Global Holdings Co. Ltd.	1520	Designs, manufactures and sells apparel products with a focus on women's fashion outerwear such as coats and jackets, dresses, activewear, pants and jeans.	635.8	115.6	25.7	24.76	3.03
			Average			**14.08**	**1.58**
			Maximum			**24.76**	**3.03**
			Minimum			**7.05**	**0.36**
KEE BVI				**164.2** *(Note 2)*	**8.3**	**19.8** *(Note 3)*	**1.03** *(Note 4)*

Source: Bloomberg and the website of the Stock Exchange

Notes:

1) Data regarding the market capitalisations, price-to-earnings ratios and price-to-book ratios of the Comparables are sourced from Bloomberg as at 19 August 2015, being the date of the Sale and Purchase Agreement, and with reference to their respective latest annual/interim reports.

2) Represents 100% valuation of the KEE BVI Group, which is based on the KEE BVI Adjusted NAV.

3) The implied price-to-earnings ratio in respect of the KEE BVI Disposal is arrived at by dividing the 100% valuation of the KEE BVI Group of approximately HK$164,181,147 (as the KEE BVI Consideration of HK$24,627,172 represents 15% of the KEE BVI Group) by the unaudited net profit after taxation of the KEE BVI Group of approximately HK$8,308,000 for the year ended 31 December 2014.

4) The implied price-to-book ratio in respect of the KEE BVI Disposal is arrived at by dividing the 100% valuation of the KEE BVI Group of approximately HK$164,181,147 (as the KEE BVI Consideration of HK$24,627,172 represents 15% of the KEE BVI Group) by the unaudited consolidated net assets value of KEE BVI Group as at 30 June 2015 of approximately HK$160,041,657.

Since the KEE BVI Group has been profitable since the Company's listing in 2011 except for 2012 during which it recorded a loss of approximately HK$0.2 million arising mostly from exchange losses, we consider analysing the implied price-to-earnings ratio in respect of the KEE BVI Disposal (the "**Implied P/E Ratio**") against the price-to-earnings ratios of the Comparables to be the most appropriate. With reference to the above table, we note that the price-to-earnings ratio of the Comparables range from approximately 7.05 times to 24.76 times, with an average of approximately 14.08 times. In addition to analysing the Implied P/E Ratio, we have also analysed the implied price-to-book ratio in respect of the KEE BVI Disposal (the "**Implied P/B Ratio**") against the price-to-book ratios of the Comparables as an additional benchmark for us to assess the fairness of the KEE BVI Consideration. Price-to-book ratio, similar to price-to-earnings ratio, is a commonly used multiple analysis to value a business operation. For this purpose, we have compared the KEE BVI Consideration by comparing the KEE BVI Consideration's implied multiple against the multiples of companies which are engaged in similar lines of business. The Implied P/B Ratio is within range of the price-to-book ratios of the Comparables from approximately 0.36 times to 3.03 times.

From our analysis above, we would like to assess whether the Implied P/E Ratio and the Implied P/B Ratio are comparable to (or higher than) the trading multiples of the Comparables. Since the Implied P/E Ratio of 19.8 times is above the average and at the upper range of the price-to-earnings and the Implied P/B Ratio of 1.03 times is within range of the price-to-book ratios of the Comparables, we consider that the KEE BVI Consideration is fair and reasonable so far as the Independent Shareholders are concerned as the Implied P/E Ratio is higher than most of the Comparables and the Implied P/B Ratio is within range the Comparables, which indicates that the KEE BVI Consideration implies a valuation which is comparable to or better than the Comparables.

3.1.2.3 Terms of payment

The KEE BVI Consideration shall be settled by Nicco in cash upon KEE BVI Disposal Completion.

3.1.2.4 Conditions precedent to the KEE BVI Disposal Agreement

Please refer to the section headed "(A) The KEE BVI Disposal Agreement" in the Letter from the Board for the conditions precedent to the KEE BVI Disposal Agreement.

3.1.3 Conclusion

Having considered all factors discussed above, we are of the view that the terms of the KEE BVI Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

3.2 The PRC Assets Disposal

3.2.1 Background of and reasons for the disposal of the KEE Jingmen Sale Capital

On 19 August 2015, the Company entered into the PRC Master Disposal Agreement with Nanhai Jinheming pursuant to which (i) the Company agreed to procure KEE Guangdong, an indirect wholly-owned subsidiary of the Company, to sell and Nanhai Jinheming agreed to purchase the KEE Jingmen Sale Capital, representing 80% of the equity interest in KEE Jingmen; and (ii) the Company also agreed to procure KEE Zhejiang, an indirect wholly-owned subsidiary of the Company, to sell and Nanhai Jinheming agreed to purchase the PRC Properties. Both KEE Guangdong and KEE Zhejiang are indirect wholly-owned subsidiaries of the Company.

KEE Jingmen is owned as to 80% by KEE Guangdong and as to 20% by 上海翎峰貿易有公司 (Shanghai Lingfeng Trading Company Limited). KEE Jingmen is principally engaged in the manufacture and sale of zipper products and other garment accessories and had not commenced operation as at the Latest Practicable Date.

With regards to the disposal of the KEE Jingmen Sale Capital, we have discussed with the Company and obtained the audited financial statements of KEE Jingmen from the Company to understand that KEE Jingmen has not yet generated any revenue as the Jingmen Buildings are still under the final construction stage involving patching, repairing and cleaning works and they were not currently utilised by the Group for its operation as at the Latest Practicable Date. KEE Jingmen has therefore not contributed any profitability to the Group and has been incurring consecutive years of net losses due to the on-going construction and development work in respect of the superstructure of the

Jingmen Buildings. As disclosed in the section headed "Group III – Real property interests held under development in the PRC" in Appendix III to the Circular, the estimated total construction cost for the Jingmen Buildings amounts to approximately RMB66 million, of which approximately RMB64.6 million had been incurred up to 30 September 2015. However, as advised by the Company, after the completion of construction of the Jingmen Buildings, further investments, which include, among others, investments in environmental facilities, equipment and machineries, ancillary engineering works and further renovation works, still need to be made in the future to bring KEE Jingmen into commercial production stage. Due to the aforesaid need for further investments in the future, as at the Latest Practicable Date, the Company is uncertain about the approximate date of commencement of commercial production of KEE Jingmen.

We have also discussed with the Company to understand that since late 2012 when the Group decided to engage a contractor to help construct and develop the Jingmen Buildings, as a result of ongoing changes in market sentiment and business strategies, in particular the gradual slowdown of the PRC economy, the Directors have been meaning to diversify the Group's existing zipper manufacture and sale business. Although it is estimated that the additional cost to complete the construction of the Jingmen Buildings is approximately RMB1.4 million which is not a substantial amount, the disposal of the KEE Jingmen Sale Capital will allow the Group to save a substantial amount of other capital and operating expenditures to be further incurred by the Group on the establishment of a new production plant (which include, among others, investments in environmental facilities, equipment and machineries, ancillary engineering works and further renovation works as well as other recurrent operating and maintenance expenses, and the aggregate investment amount in respect of the above additional works to bring KEE Jingmen into commercial operations was not yet estimated by the Company since the Company had no immediate plan to utilize the Jingmen Buildings as another production plant as at the Latest Practicable Date), and at the same time, allow the Group to dispose of a non-revenue generating investment which may no longer be part of the Group's future growth strategies. The substantial amount of capital and operating expenditures which were originally planned for investment in the future operations of KEE Jingmen could now be redirected towards the expansion of new business streams and other growth sectors as elaborated in section 2 above. Although the disposal of KEE Jingmen will undoubtedly affect the Group's originally planned production capacity, the Group will still be able to expand its zipper manufacturing business and raise its market share by utilising the remaining production capacity of its two other production plants located in Foshan City, Guangdong Province, the PRC (the "**Guangdong Plant**"), and Jiashan County, Zhejiang Province, the PRC (collectively, the "**Remaining Two Plants**"). We have obtained from the Company a schedule showing the production capacities and utilisation rates of the Remaining Two Plants, and note that during the eleven months ended 30 November 2015, the overall capacities for zipper production were under-utilised (in particular for the Guangdong Plant, which has the larger production capacity out of the Remaining Two Plants, had an overall utilisation rates for zipper production of approximately 75% during the eleven months ended 30 November 2015). Hence, based on such schedule provided by the Company and historical data, we concur with the Directors' view that the Remaining Two Plants to have spare capacities to meet a possible growth in demand for the Group's zipper products in the near term. In the longer term where the future demand for the Group's zipper products is anticipated to exceed the total capacities of the Remaining Two Plants, we understand from the Company that the production capacities of the Remaining Two Plants could be further expanded at additional costs and time. As at the Latest Practicable Date, as we understand from the Company that there had not been instances where the Group had to consider expanding the capacities of the Remaining Two Plants to meet a growth in demand, the Company has not yet estimated the costs and time involved in expanding the production capacities of the Remaining Two Plants. Taking into account (i) the fact that the Group has no immediate plan to utilize the Jingmen Buildings as another product plant; and (ii) the spare capacities of the Remaining Two Plants and the possibility to expand the capacities of the Remaining Two Plants if necessary, the Company does not expect the prospect of the Group's zipper manufacturing business to be adversely affected by the disposal of the KEE Jingmen Sale Capital.

Given that (i) KEE Jingmen has not yet commenced commercial production and therefore the disposal of the KEE Jingmen Sale Capital is not expected to affect the current operations of the Group; (ii) the disposal of the KEE Jingmen Sale Capital allows the Group to dispose of a non-revenue generating investment which may no longer be part of the Group's expansion plan as a result of ongoing changes in market sentiment and business strategies; (iii) the disposal of the KEE Jingmen Sale Capital is expected to free up working capital of the Group as the Group will no longer need to invest further amount in renovating, completing the ancillary works for and installing ancillary facilities in the Jingmen Buildings given that the Company has no immediate development plan to complete such works to bring KEE Jingmen into commercial operations; (iv) the disposal of the KEE Jingmen Sale Capital will allow the Group to realise its investment in KEE Jingmen, which in turn will generate additional working capital for the Group to primarily develop internet marketing and financing related businesses; and (v) the Group still owns the Remaining Two Plants, and the Remaining Two Plants have spare capacities to cater for additional productions, and if required, could be further expanded to meet future growth in demand, we concur with the Directors' views that the disposal of the KEE Jingmen Sale Capital is in the interests of the Company and the Independent Shareholders as a whole.

3.2.2 Background of and reasons for the PRC Assets Disposal

The PRC Properties which are currently owned by KEE Zhejiang are located in Weizhong Village, Weifang Town, Jiashan County, Zhejiang Province, PRC comprise the Land and the PRC Buildings. As stated in Appendix III to the Circular, the appraised value of the PRC Properties amounted to RMB37,000,000 (equivalent to approximately HK$44,533,200) as at 30 June 2015, and Greater China Appraisal Limited ("**GCA**") has adopted the depreciated replacement cost approach in valuing the PRC Properties. The Land has a total area of approximately 32,241.3 sq.m. The PRC Buildings comprise seven buildings constructed on the Land and with aggregate gross floor area of approximately 23,183.43 sq.m. The PRC Properties are currently occupied by KEE Zhejiang for industrial and ancillary purposes, and they represent one of the two major production plants of the Group in the PRC.

As the market price of the PRC Properties is at a reasonable premium over the carrying value and the PRC Properties will be subsequently leased back by the Group pursuant to the Lease Agreements (KEE Zhejiang has already been granted the right for renewal under the PRC Lease Agreement and therefore the PRC Lease Agreement can ensure that the Group will be able to rent the PRC Properties for at least 16 years), it is expected that the disposal of the PRC Properties will allow the Group to benefit from such capital gain, which in turn will generate additional working capital for the Group to develop internet marketing and financing related businesses, while not causing any material disruption to the operations of the Group. Please refer to section 3.2.2.3 below and Appendix III to the Circular for more details on the market valuation and the valuation methodology used by GCA in valuing the PRC Properties. Although there are inherent renewal risks involved in any 'sale and leaseback' arrangements, we have discussed with the Company in this regard to understand that as the parties to the PRC Lease Agreement have already discussed and agreed on the terms of renewal under the PRC Lease Agreement, the Company considers the chance of unsuccessful renewal to be relatively remote based on current negotiations. Such 'sale and leaseback' arrangement therefore allows the Group to immediately generate funds, while at the same time also allows the Group to continue to use the PRC Properties for at least 16 years under the PRC Lease Agreement.

Given that (i) the Group will be able to realise the capital gain from the disposal of the PRC Properties, which in turn will generate additional working capital for the Group to primarily develop internet marketing and financing related businesses; (ii) the PRC Properties will be subsequently leased back by the Group through the Lease Agreements (upon expiry of the one-year term of the PRC Lease Agreement, the Group has the right to renew the PRC Lease Agreement for at least another 15 years, and based on current negotiations, the Company considers the chance of unsuccessful renewal to be relatively remote) and therefore it is expected that the disposal of the PRC Properties will not have any material impact on the operations of the Group in the foreseeable future; and (iii) the terms of the Lease Agreements are beneficial to the Group (further details are elaborated in section 4.2 below), we concur with the Directors' views that the disposal of the PRC Properties is in the interests of the Company and the Independent Shareholders as a whole.

3.2.2 Key terms of the PRC Master Disposal Agreement

3.2.2.1 The PRC Master Disposal Agreement

Pursuant to the PRC Master Disposal Agreement, (i) the Company agreed to procure KEE Guangdong to sell and Nanhai Jinheming agreed to purchase the KEE Jingmen Sale Capital, representing 80% of the equity interest in KEE Jingmen; and (ii) the Company also agreed to procure KEE Zhejiang to sell and Nanhai Jinheming agreed to purchase the PRC properties.

The total consideration for the disposal of the KEE Jingmen Sale Capital is RMB87,417,730 (or HK$105,215,980 if paid in Hong Kong dollars) (the "**KEE Jingmen Consideration**"), and the total consideration for the disposal of the PRC Properties is RMB37,000,000 (or HK$44,533,200 if paid in Hong Kong dollars) (the "**PRC Properties Consideration**").

3.2.2.2 The KEE Jingmen Consideration

The KEE Jingmen Consideration of RMB87,417,730 was agreed between the Company and Nanhai Jinheming after arm's length negotiations with reference to 80% of the adjusted unaudited net assets value of KEE Jingmen as at 30 June 2015 in the amount of HK$105,215,980 (taking into account the fair value uplift of the properties held by KEE Jingmen as at 30 June 2015 with reference to the appraised value of the properties held by KEE Jingmen as at 30 June 2015 of RMB100,700,000 (equivalent to approximately HK$102,202,520) as set out in the valuation report in Appendix III to the Circular).

As mentioned above in section 3.2.1, as at the Latest Practicable Date, KEE Jingmen has not commenced commercial production and hence has not yet generated any revenue. As further elaborated above in section 3.2.1, it was originally planned that KEE Jingmen would contribute to the expansion in zipper manufacturing capacity of the Group. As a result of ongoing changes in market sentiment and business strategies since 2012, the Directors have been meaning to diversify the Group's existing zipper manufacture and sale business, and after the disposal of the KEE Jingmen Sale Capital, there will no longer be a new production plant located at the Jingmen Buildings, and the production capacity of the Group will no longer be expanded substantially as planned previously. We have obtained the management accounts of KEE Jingmen as at 30 June 2015 from the Company and note that the net assets of KEE Jingmen mainly comprised of fixed assets and lease prepayments of approximately HK$111.4 million (before adjusted for the appraised value of the properties held by KEE Jingmen), cash and bank of approximately HK$16.9 million, and other creditors of approximately HK$20.0 million. The other creditors mainly represent payables to sub-contractors for their construction work performed.

The net asset value of KEE Jingmen (save for the adjustment for the appraised value of the properties held by KEE Jingmen) therefore substantially represents the cost of land and construction for the purpose of setting up KEE Jingmen's operations. We therefore concur with the Company that it is fair and reasonable to determine the KEE Jingmen Consideration based on KEE Jingmen's net asset value (after adjusted for the appraised value of the properties held by KEE Jingmen) as this is a fair reflection of (i) the costs involved if Nanhai Jinheming were to set up the operations of KEE Jingmen; and (ii) the market value of the properties held by KEE Jingmen.

In assessing the fairness and reasonableness of the appraised value of the properties held by KEE Jingmen (the "**KEE Jingmen Properties**"), we have reviewed the valuation report set out in Appendix III to this Circular (the "**GCA Valuation Report**") and other information provided by GCA, a valuer independent to the Company, including its engagement letter, and interviewed GCA. With regards to our review of GCA's engagement letter, we consider its scope of work to be appropriate for the purpose of this transaction, and we did not note any limitations that would adversely impact on the degree of assurance given by the GCA Valuation Report. With regards to our interview with GCA, we note that in performing the valuation of the KEE Jingmen Properties, GCA has assumed that the KEE Jingmen Properties will be developed and completed in accordance with the latest development proposal provided to GCA by the Company. GCA has also made references to comparable sale transactions as available in the market and taken into account the development costs relevant to the stage of construction as at the valuation date, being 30 June 2015. We have also been advised by GCA that in light of the fact that the KEE Jingmen Properties are still under construction, the above valuation methodology is considered the most appropriate methodology in arriving at the valuation of the KEE Jingmen Properties. Furthermore, we have also discussed with GCA to understand the assumptions which they have taken into consideration when performing the valuation of the KEE Jingmen Properties (details of the assumptions are set out in the GCA Valuation Report). GCA also advised that the valuation of the KEE Jingmen Properties was carried out in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors. Based on the above, we believe that the above valuation approach adopted by GCA in performing the valuation of the KEE Jingmen Properties and the assumptions taken into consideration by GCA are appropriate and have been made with due care and objectivity, and on a reasonable basis.

3.2.2.3 The PRC Properties Consideration

The PRC Properties Consideration of RMB37,000,000 was agreed between the Company and Nanhai Jinheming after arm's length negotiations with reference to the appraised value of the PRC Properties of RMB37,000,000 (equivalent to approximately HK$44,533,200) as at 30 June 2015.

In assessing the fairness and reasonableness of the appraised value of the PRC Properties, we have reviewed the GCA Valuation Report and other information provided by GCA and interviewed GCA. During such interview, we note that in performing the valuation of the PRC Properties, GCA has adopted the depreciated replacement cost approach. Depreciated replacement cost is defined as "the current cost of replacing an asset less deductions for physical deterioration and all relevant forms of obsolescence", and is based on an estimate of the market value for the existing use of the land, plus the current cost of replacing the improvements, less deduction for physical deterioration and all relevant forms of obsolescence. We have also been advised by GCA that in light of the fact that there are no readily identifiable comparable transaction available in respect of the PRC Properties, the above valuation methodology is considered the most appropriate methodology in arriving at the valuation of the PRC Properties. Furthermore, we have also discussed with GCA to understand the assumptions which they have taken into consideration when performing the valuation of the PRC Properties (details of the assumptions are set out in the GCA Valuation Report). GCA also advised that the valuation of the PRC Properties was carried out in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors. Based on the above, we believe that the depreciated replacement cost approach adopted by GCA in performing the valuation of the PRC Properties and the assumptions taken into consideration by GCA are appropriate with due care and objectivity, and on a reasonable basis.

3.2.2.4 Terms of payment

The KEE Jingmen Consideration shall be satisfied by Nanhai Jinheming by bank transfer to the bank account designated by KEE Guangdong upon PRC Assets Disposal Completion, and the PRC Properties Consideration shall be satisfied by Nanghai Jinheming by bank transfer to the bank account designated by KEE Zhejiang upon PRC Assets Disposal Completion.

3.2.2.5 Conditions precedent to the PRC Master Disposal Agreement

Please refer to the section headed "(B) The PRC Master Disposal Agreement" in the Letter from the Board for the conditions precedent to the PRC Master Disposal Agreement.

3.2.3 Conclusion

Having considered all factors discussed above, we are of the view that the terms of the PRC Master Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

3.3 The HK Property Disposal

3.3.1 Background of and reasons for the HK Property Disposal

On 19 August 2015, KEE Zippers, an indirect wholly-owned subsidiary of the Company, entered into the HK Property Disposal Agreement with Classic Winner pursuant to which KEE Zippers agreed to sell and Classic Winner agreed to purchase the HK Property at the consideration of HK$24,800,000.

The HK Property is the office situated at Office B on the sixteenth floor of YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong with a total gross floor area of approximately 139.63 sq.m. The HK Property has been mortgaged to a bank as security for a facility loan in the principal amount of HK$15 million. The HK Property is currently occupied by the Group for office use. As stated in Appendix III to the Circular, the appraised value of the HK Property amounted to HK$24,800,000 as at 30 June 2015, and GCA has adopted the direct comparison approach in valuing the HK Property.

As the market price of the HK Property is at a reasonable premium over the carrying value and the HK Property will be subsequently leased back by the Group pursuant to the Lease Agreements, it is expected that the HK Property Disposal will allow the Group to benefit from such capital gain, which in turn will generate additional working capital for the Group to develop internet marketing and financing related businesses, while not cause any material disruption to the operations of the Group. Please refer to section 3.3.2.2 below and Appendix III to the Circular for more details on the market valuation and the valuation methodology used by GCA in valuing the HK Property. Similar to the disposal of the PRC Properties, although there are inherent renewal risks involved in any 'sale and leaseback' arrangements, we have discussed with the Company in this regard to understand that as the parties to the HK Lease Agreement have already discussed and agreed on the terms of renewal under the HK Lease Agreement, the Company considers the chance of unsuccessful renewal to be relatively remote based on current negotiations. Such 'sale and leaseback' arrangement therefore allows the Group to immediately generate funds, while at the same time also allows the Group to continue to use the HK Property under the HK Lease Agreement.

Given that (i) the Group will be able to realise the capital gain from the HK Property Disposal, which in turn will generate additional working capital for the Group to finance its intended use of proceeds; (ii) the HK Property will be subsequently leased back by the Group through the Lease Agreements and therefore it is expected that the HK Property Disposal will not have any material impact on the operations of the Group (although upon expiry of the one-year term of the HK Lease Agreement, the Group has the right to renew the HK Lease Agreement for only another one year, based on our knowledge that Hong Kong is a relatively mature and liquid real estate market, we consider that a two-year lease term for commercial properties in Hong Kong is common); and (iii) the terms of the Lease Agreements are beneficial to the Group (further details are elaborated in section 4.2 below), we concur with the Directors' views that the HK Property Disposal is in the interests of the Company and the Independent Shareholders as a whole.

3.3.2 Key terms of the HK Property Disposal Agreement

3.3.2.1 The HK Property Disposal Agreement

Pursuant to the HK Property Disposal Agreement, KEE Zippers agreed to sell and Classic Winner agreed to purchase the HK Property at the consideration of HK$24,800,000 (the "**HK Property Consideration**").

3.3.2.2 The HK Property Consideration

The HK Property Consideration of HK$24,800,000 was agreed between KEE Zippers and Classic Winner after arm's length negotiations with reference to the appraised value of the HK Property of HK$24,800,000 as at 30 June 2015.

In assessing the fairness and reasonableness of the appraised value of the HK Property, we have reviewed the GCA Valuation Report and other information provided by GCA and interviewed GCA. During such interview, we note that in performing the valuation of the HK Property, GCA has adopted the direct comparison approach by making reference to the comparable properties in the relevant locality. Comparable properties of similar size, character and location were analysed and carefully weighed against all the respective advantages and disadvantages of each property. We have also been advised by GCA that in light of the particulars of the HK Property, the above valuation methodology is considered the most appropriate methodology in arriving at the valuation of the HK Property. Furthermore, we have also discussed with GCA to understand the assumptions which they have taken into consideration when performing the valuation of the HK Property (details of the assumptions are set out in the GCA Valuation Report). GCA also advised that the valuation of the HK Property was carried out in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors. Based on the above, we believe that the market approach adopted by GCA in performing the valuation of the HK Property and the assumptions taken into consideration by GCA are appropriate and have been made with due care and objectivity, and on a reasonable basis.

3.3.2.3 Terms of payment

The HK Property Consideration shall be settled by Classic Winner in cash upon HK Property Disposal Completion.

3.3.2.4 Conditions precedent to the HK Property Disposal Agreement

Please refer to the section headed "(C) The HK Property Disposal Agreement" in the Letter from the Board for the conditions precedent to the HK Property Disposal Agreement.

3.3.3 Conclusion

Having considered all factors discussed above, we are of the view that the terms of the HK Property Disposal Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

4. The Lease Agreements

4.1 Background of and reasons for entering into the Lease Agreements

Pursuant to the PRC Master Disposal Agreement, KEE Zhejiang and Nanhai Jinheming will enter into the PRC Lease Agreement in relation to the lease of the PRC Properties upon completion of the PRC Master Disposal Agreement. Pursuant to the HK Property Disposal Agreement, Classic Winner and KEE Zippers will also enter into the HK Lease Agreement in relation to the lease of the HK Property upon completion of the HK Property Disposal Agreement.

The entering into of the Lease Agreements represents a leaseback arrangement and is important in ensuring there will be minimal interruption to the on-going operations of the Group. The initial one year term of the Lease Agreements is to facilitate the PRC Assets Disposal and the HK Property Disposal by reducing the time and costs to engage an independent valuer to determine the market rent and in addition, allows the Group to enjoy a substantially discounted rent fee. Although there are risks that renewal after the initial one year term of the Lease Agreements may not be successful, we have discussed with the Company in this regard to understand that as the parties to the Lease Agreements have already discussed and agreed on the terms of renewal under the Lease Agreements, the Company considers the chance of unsuccessful renewal to be relatively remote based on current negotiations.

Given that (i) the Group will be able to continue to use the PRC Properties and the HK Property as one of its production plants and the business office of the Company in Hong Kong, respectively, and as such, the PRC Assets Disposal and the HK Property Disposal will not cause material impact on the operations of the Group; (ii) although the Group is only entitled to extend the term of the HK Lease Agreement for another one year upon the expiration of the initial term of one year, given that a two-year lease term for commercial properties is common for relatively mature and liquid real estate markets (as explained in section 3.1.1 above) and the relocation of a business office within Hong Kong can be done within a relatively short period of time, we consider that the relatively short extension period will not cause material impact on the operations of the Group even in the case of non-renewal after two years (we understand from the Company that the Company will start to look for alternative locations for its business office as soon as it foresees a likely chance of non-renewal of the HK Lease Agreement); (iii) KEE Zhejiang has already been granted the right for renewal under the PRC Lease Agreement and the major terms for renewal (including the determination of the rent, term, management fees and other outgoings and deposit) have already been provided in the PRC Lease Agreement, and KEE Zippers has also already been granted the right for renewal under the HK Lease Agreement and the major terms of renewal (including the determination of the rent, term and deposit); (iv) the terms of renewal have been proposed in the Lease Agreements, and based on current negotiations, the Company considers the chance of unsuccessful renewal to be relatively remote; and (v) the terms of the Lease Agreements are beneficial to the Group (further details are elaborated in section 4.2 below), we concur with the Directors' views that the entering into of the Lease Agreements is in the interests of the Company and the Independent Shareholders as a whole.

4.2 Key terms of the Lease Agreements and the Annual Caps

4.2.1 The PRC Lease Agreement

The principal terms of the PRC Lease Agreement as set out in the Letter from the Board are summarised below:

Parties:	(i) Nanhai Jinheming (as landlord); and (ii) KEE Zhejiang (as tenant)
Term:	One year commencing from the PRC Assets Disposal Completion Date
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 (excluding the rent free period).
Monthly rent:	Rent free for the current term of one year. The monthly rent for renewed terms shall be determined according to the prevailing market rent in the same region under a valuation report to be issued by a qualified property valuer.

Management fees and other outgoings:	For the initial term of one year, the management fees (including but not limited to property management fees, water and electricity fees, cable television fees, communications fees, city management, urban services fees) for the PRC Properties and the taxes payable by KEE Zhejiang as tenant under the applicable laws shall be borne and paid by KEE Zhejiang. For the renewed terms, 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 (including but not limited to property taxes and asset/property insurance premiums).
Deposit:	RMB200,000 (equivalent to approximately HK$240,720). Such deposit shall be payable upon execution of the PRC Lease Agreement. For the renewed terms, if the total of two-months' rent is more than RMB200,000, KEE Zhejiang shall pay the difference to Nanhai Jinheming as deposit.

As the first year of the PRC Lease Agreement is rent-free, the annual cap in respect of the PRC Lease Agreement during its first one year term will be RMB200,000 (equivalent to approximately HK$240,720), which fully represents the amount of the deposit payable under the PRC Lease Agreement.

Given that the Group will have the right to use the PRC Properties for at least 16 years with rent free for the first year and market rent for the subsequent 15 years pursuant to the PRC Lease Agreement, we consider that the terms of the PRC Lease Agreement (including the annual caps in respect of the PRC Lease Agreement) are on better terms to and in the interests of the Company and the Independent Shareholders as a whole. As the first year of the PRC Lease Agreement is rent-free, we do not consider it necessary to assess the current market rent valuation of the PRC Properties to arrive at our opinion that the rental charge pursuant to the PRC Lease Agreement is on better terms to and in the interests of the Company and the Independent Shareholders as a whole.

Furthermore, we also consider the method in determining the monthly rent during the renewed term to be fair as the monthly rent will be determined by a qualified property valuer with reference to prevailing comparable market rent. As the market rent during the renewed term will be determined by an independent qualified property valuer, based on current negotiations, the Company considers that a disagreement between the parties to the PRC Lease Agreement over a market rent value that is determined by a qualified property valuer to be relatively remote. We concur with the Company in this regard as the determination of rental value by a qualified property valuer is a fair way for a landlord and a tenant to assess the market rental value for a property and hence, based on our discussion with the Company, we do not consider a disagreement between the parties to the PRC Lease Agreement over the method of determination of such market rental value to be likely.

4.2.2 The HK Lease Agreement

The principal terms of the HK Lease Agreement as set out in the Letter from the Board are summarised below:

Parties:	(i) Classic Winner (as landlord); and (ii) KEE Zippers (as tenant)
Term:	One year commencing from the HK Property Disposal Completion
Renewal:	KEE Zippers shall be entitled to an option to extend the term of the HK Lease Agreement for another one year upon the expiration of the initial term of one year by serving a written notice to such intent of not less than three (3) months before the expiration of the said term provided that KEE Zippers has fully performed all its obligations in the HK Lease Agreement throughout the said term. For the avoidance of doubt, if no written notice aforesaid is served prior to the required notice period before the expiration of the said term, the option to renew shall lapse and cease to have effect automatically. The rent for the extended term under the option to renew shall be the then open market rent (inclusive of government rates, government rent, management fees and all other outgoings) of the HK Property as at the commencement date(s) of the extended term. It is agreed by Classic Winner and KEE Zippers in writing that the rent to be payable throughout the extended term shall be determined according to the prevailing open market rent under the valuation report to be prepared by an independent professional valuer to be engaged by KEE Zippers or its holding company. KEE Zippers or the Company will engage an independent professional valuer to prepare such valuation report when the term under the HK Lease Agreement is renewed.

Monthly rent:	HK$1 (exclusive of government rates, government rent, management fee and all other outgoings) for the whole term payable in advance without any deduction on the date of the HK Lease Agreement. The rent for the extended term under the option to renew shall be the then open market rent of the HK Property as at the commencement date(s) of the extended term.
Management fees, government rates and government rent:	Management fees, government rates and government rent shall be payable by KEE Zippers for the initial term of one year
Deposit:	Nil (upon exercise of the option to renew, the deposit shall be adjusted to two (2) months' rent during the extended term of the HK Lease Agreement)

Since only a nominal rental fee of HK$1 is charged on the first year of the HK Lease Agreement, the annual cap in respect of the HK Lease Agreement during its first one year term will be HK$1.

Given that the Group is only required to pay a nominal rental fee of HK$1 during the first one year term of the HK Lease Agreement, we consider that the terms of the HK Lease Agreement (including the annual caps in respect of the HK Lease Agreement) are on better terms to and in the interests of the Company and the Independent Shareholders as a whole. As the rental fee for the first year of the HK Lease Agreement is at a nominal rental fee of HK$1, we do not consider it necessary to assess the current market rent valuation of the HK Property to arrive at our opinion that the rental charge pursuant to the HK Lease Agreement is on better terms to and in the interests of the Company and the Independent Shareholders as a whole.

Furthermore, we also consider the method in determining the monthly rent during the renewed term to be fair as the monthly rent will be determined by a qualified property valuer with reference to prevailing comparable market rent. As the open market rent during the renewed term will be determined by an independent qualified property valuer, based on current negotiations, the Company considers that a disagreement between the parties to the PRC Lease Agreement over a market rent value that is determined by a qualified property valuer to be relatively remote. As further advised by the Company, upon expiry of the two year period of the HK Lease Agreement, in the scenario the Company foresees the lease for the HK Property will not be renewed for certain reasons, the Company will look for other commercial spaces in Hong Kong if required. As explained in sections 3.1.1 and 4.1 above, based on our knowledge that the Hong Kong real estate market is relatively mature and liquid, we consider that it should not be difficult for the Company to identify another suitable commercial space in Hong Kong.

4.3 Conclusion

Having considered all factors discussed above, we are of the view that the terms of the Lease Agreements (including the Annual Caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

5. The Shareholders' Agreement

5.1 Background of and reasons for entering into the Shareholders' Agreement

Pursuant to the KEE BVI Disposal Agreement, KEE BVI, the Company and Nicco shall enter into the Shareholders' Agreement which shall set out the rights and obligations of the Company and Nicco and the arrangements between them with respect to the ownership, management and operations of the KEE BVI and its subsidiaries upon KEE BVI Disposal Completion.

5.2 Key terms of the Shareholders' Agreement

Set out below is a summary of the principal terms governed by the Shareholders' Agreement (for full details on the Shareholders' Agreement, please refer to the Letter from the Board):

(a) Board composition

The Shareholders' Agreement shall provide that the board of directors of KEE BVI shall comprise five directors, three of them shall be appointed and removed at the request of the Company and two of them shall be appointed and removed at the request of Nicco. Although this term would allow Nicco to have a 40% representation of the board of KEE BVI, which exceeds Nicco's 15% equity interest in KEE BVI upon KEE BVI Disposal Completion, we consider this disproportionate board representation to be acceptable as this would facilitate smooth continuity of KEE BVI's operations as Mr. Xu Xipeng and Mr. Xu Xinan, who are executive Directors and have rich experience in managing the operations of the KEE BVI Group, could continue to stay on the board of KEE BVI as director representatives from Nicco. Moreover, the Group continues to retain control over the board of directors of KEE BVI given its 60% board representation, which allows the Group to effectively safeguard its interests in respect of any future decision-making within the board of KEE BVI.

The chairman of the board of directors of KEE BVI shall be nominated by the Company and does not have a second or casting vote.

(b) Business

KEE BVI Group shall maintain its principal business in design, manufacture and sale of finished zippers, flat knit ribs and other garment accessories (the "**Business Scope**") and, subject to written approval of all the shareholders of KEE BVI, shall not participate in any other business activities which are unrelated or not reasonably related to the Business Scope.

(c) Matters requiring unanimous consent

During the term of the Shareholders' Agreement, unless the unanimous consent of the shareholders of KEE BVI has been obtained, the shareholders of KEE BVI shall take all necessary actions to ensure that the KEE BVI Group shall not carry out a list of actions. For further details on this list of actions, please refer to the Letter from the Board.

(d) Transfer of shares and lock-up

None of the shareholders of KEE BVI shall dispose of or permit or suffer a transfer of the whole or any part of the shares held by it or any interest therein unless the following procedures are complied with:

– the transfer is to be made to a third party who is approved in writing by all other shareholders and a transfer part or all of the shares in KEE BVI by a shareholder to any individual(s) on such conditions which has been approved in writing by all other shareholders; and

– a transfer of all (but not part) of the shares in KEE BVI by a shareholder to its wholly-owned subsidiary and a deed of adherence has been executed by the transferee upon completion of transfer of shares in KEE BVI.

Except as stated above, the parties to the Shareholders' Agreement agree that, if KEE BVI Group has incurred a loss of more than HK$3 million during any twelve-month period, the Company shall be entitled to transfer all or part of the shares in KEE BVI to any third parties, but Nicco shall have the right of first refusal to acquire the shares in KEE BVI under the same terms.

(e) Undertakings by Nicco

Pursuant to the Shareholders' Agreement, Nicco shall undertake to the Company that during the term of the Shareholders' Agreement, it shall (i) use its best endeavours to maintain the good operation of the business of KEE BVI Group and shall ensure that the operation of the KEE BVI Group will not affect the listing status of the Company; and (ii) ensure that Mr. Xu Xipeng and Mr. Xu Xinan will and will continue to be the directors of the relevant members of the KEE BVI Group and participate in the operation and management of the business of the KEE BVI Group.

5.3 Conclusion

Based on our review of the Shareholders' Agreement and our discussion with the Company, we are of the view that the principal terms of the Shareholders' Agreement are on normal commercial terms, were determined after arm's length negotiations, and are fair and reasonable as they ensure the protection of the Company's shareholder rights on KEE BVI, in particular the determination of board composition, matters requiring unanimous consent from all shareholders of KEE BVI, and the Company is entitled to pre-emptive rights in relation to any disposal or transfer of shares of KEE BVI. The undertakings by Nicco are to ensure smooth continuation of the operations of the KEE BVI Group.

7. Financial effects of the Disposals

7.1. Earnings

With regards to the KEE BVI Disposal, as KEE BVI will become an 85% owned subsidiary of the Company, the financial results of the KEE BVI Group will continue to be consolidated into the Company's consolidated financial statements. According to Hong Kong Financial Reporting Standards, no gain or loss will be recognised to the consolidated statement of profit or loss and other comprehensive income if a company has not lost control over a subsidiary after disposal of its partial interest in the subsidiary.

As stated in the Letter from the Board, with regards to the PRC Assets Disposal, it is estimated by the Company that the Group will record a gain of approximately HK$23,758,163 (including the disposal gain of the PRC Properties of HK$15,638,969 and the disposal gain of KEE Jingmen Sale Capital of HK$8,119,194), which is arrived at after taking into consideration the difference between (i) the considerations for the KEE Jingmen Sale Capital and the PRC Properties; and (ii) the net carrying amounts of the KEE Jingmen Sale Capital and the PRC Properties upon PRC Assets Disposal Completion. As KEE Jingmen will no longer be a subsidiary of the Company upon PRC Assets Disposal Completion, the results of KEE Jingmen (which was non-revenue generating and loss-making during the two years ended 31 December 2013 and 2014) will no longer be consolidated into the Company's consolidated financial statements.

Also stated in the Letter from the Board, with regards to the HK Property Disposal, it is estimated by the Company that the Group will record a gain of approximately HK$3,718,725 as a result of the HK Property Disposal, which is arrived at after taking into consideration the difference between (i) the consideration for the HK Property; and (ii) the net carrying amount of the HK Property Disposal Completion as at the HK Property Disposal Completion.

7.2. Net asset value and gearing

According to the interim report of the Company for the six months ended 30 June 2015, the Group recorded total equity attributable to the Shareholders and total net assets of approximately HK$313.9 million and HK$338.2 million, respectively. As at

30 June 2015, the total assets of the Group amounted to approximately HK$408.9 million and the total liabilities of the Group amounted to approximately HK$70.8 million. The Group's debt to equity ratio was approximately 22.6%.

As stated above, as the KEE BVI Disposal will not result in any change in control by the Company over KEE BVI, the KEE BVI Disposal will have no impact on the Group's consolidated statement of profit or loss and other comprehensive income of the Group. The Group's total assets will be increased by approximately HK$24,627,172, which represents the net proceeds to be received from the KEE BVI Disposal. There will be no impact on the Group's liabilities.

As a result of the PRC Assets Disposal, the total assets of the Group will be decreased by approximately HK$11,638,122. Such decrease is resulted from the deconsolidation of KEE Jingmen, net of the net proceeds from the disposal of KEE Jingmen Sale Capital. The total liabilities of the Group will be decreased by approximately HK$11,122,086 which is resulted from the deconsolidation of KEE Jingmen.

As a result of the HK Property Disposal, the total assets of the Group will be increased by approximately HK$3,718,725, which represents the gain from such disposal. There will be no change to the Group's total liabilities as a result of the HK Property Disposal.

Shareholders and investors should note that the aforesaid financial effects as discussed above are subject to audit and will vary and depend on the carrying values of the aforesaid disposed assets, as well as financial position of the Group as at the date of the aforesaid completion dates.

7.3. Conclusion

Based on the above, we consider that the Group is expected to record a gain from the Disposals, and the net asset position and gearing of the Group are expected to improve as a result of the Disposals.

8. Recommendation

Based on the above principal factors and reasons, in particular the following (which should be read in conjunction with the full context of this letter):

(i) the terms of the Disposals are fair and reasonable, and the entering into of the Lease Agreements will ensure minimal immediate disruption to the Group's existing operations;

(ii) the KEE BVI Disposal allows the Group to realise part of its investment in KEE BVI while allowing the Group to retain control over KEE BVI, and KEE BVI's results will continue to be consolidated into the Company's consolidated financial statements;

(iii) the future operations of the KEE BVI Group will be regulated by the Shareholders' Agreement (although the board composition term would allow Nicco to have a disproportionate 40% representation of the board of KEE BVI, we consider this disproportionate representation to be acceptable as this term is important in ensuring smooth continuity of KEE BVI's operations as Mr. Xu Xipeng and Mr. Xu Xinan could continue to stay on the board of KEE BVI as director representatives from Nicco, and the Group continues to have control over the board of KEE BVI, which allows the Group to safeguard its interests in respect of any future decision-making within the board of KEE BVI);

(iv) the KEE Jingmen Disposal allows the Group to dispose of and realise a non-revenue generating investment which may no longer be part of the Group's future growth strategies, as well as freeing up working capital which originally would have gone to the construction of the Jingmen Buildings;

(v) the terms of the Lease Agreements are beneficial to the Company as the PRC Lease Agreement is rent-free for the first year (with a deposit of RMB200,000) and the monthly rental fee for the HK Lease Agreement is at a nominal value of HK$1 (with nil deposit);

(vi) KEE Zhejiang has already been granted the right for renewal under the PRC Lease Agreement, which helps ensure minimal negative operational disruption to the Group, and under the terms of renewal, the Group will have the right to use the PRC Properties for at least another 16 years as one of its key production bases;

(vii) online marketing and e-commerce related businesses are considered to have high growth potential (as elaborated in section 2.2 above) and as such, it is intended that a major portion of the net proceeds from the Disposals will be used by the Company to diversify and expand its current income base, which in turn is expected to create value for the Shareholders in the long-term;

(viii) the Group is expected to record a gain from the Disposals, and the net asset position and gearing of the Group are expected to improve as a result of the Disposals; and

(ix) as the Special Deals consist of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreements, our assessment of the terms of the Disposal Agreements, the Lease Agreements and the Shareholders' Agreements as summarised above also apply to our assessment of the terms of the Special Deals,

we consider that (i) the terms of the Disposal Agreements, the Special Deals, the Lease Agreements (including the Annual Caps) and the Shareholders' Agreement are on normal commercial terms and fair and reasonable; and (ii) the Disposals, the Special Deals, the entering into of the Lease Agreements, and the Shareholders' Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and the Listing Rules IBC and the Code IBC to advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Special Deals and the Transactions at the EGM.

Yours faithfully,
For and on behalf of
BOSC International Company Limited

Heidi Cheng	**Aaron Ko**
Managing Director	*Vice President*
Investment Banking	*Investment Banking*

Note: Ms. Heidi Cheng of BOSC International Company Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2004, and Mr. Aaron Ko of BOSC International Company Limited has been a licensed representative of Type 6 (advising on corporate finance) regulated activities since 2010. Ms. Heidi Cheng and Mr. Aaron Ko of BOSC International Company Limited have over 20 and 5 years of experience in the corporate finance industry, respectively, and completed a number of independent financial advisory work in respect of connected transactions involving acquisitions, disposals and continuing connected transactions.

1. FINANCIAL INFORMATION

Financial summary for the six months ended 30 June 2015 and three years ended 31 December 2014

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2015 as extracted in the annual reports of the Company for each of the years ended 31 December 2012, 2013 and 2014 and the interim report of the Company for the six months ended 30 June 2015 respectively:

	For the six months ended 30 June 2015	For the year ended 31 December 2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
Turnover	**86,295**	**165,359**	**160,841**	**157,373**
Profit before taxation	**8,308**	**6,136**	**4,977**	**3,687**
Income tax	(2,540)	(2,742)	(2,064)	(2,859)
Profit for the period	**5,768**	**3,394**	**2,913**	**828**
Attributable to:				
Equity shareholders of the Company	5,987	3,661	3,061	1,055
Non-controlling interests	(219)	(267)	(148)	(227)
Other comprehensive income for period				
Items that may be reclassified subsequently to profit or loss:				
– Exchange differences on translation of the financial statements of subsidiaries	157	(1,108)	10,001	59
Total comprehensive income for period	**5,925**	**2,286**	**12,914**	**887**
Attributable to:				
Equity shareholders of the Company	6,135	2,637	12,503	1,020
Non-controlling interests	(210)	(351)	411	(133)
Basic and diluted earnings per Share (HK$)	0.014	0.009	0.007	0.003
Dividend per share (HK$)	–	0.02	0.02	0.02

The auditor of the Company did not issue any qualified opinion on the financial statements of the Group for each of the years ended 31 December 2012, 2013 and 2014.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following is the full text of the audited financial statements of the Group for the year ended 31 December 2014 as extracted from the annual report of the Company for the year ended 31 December 2014:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Turnover	2	165,359	160,841
Cost of sales		(115,510)	(111,927)
Gross profit		49,849	48,914
Other revenue	3	2,495	2,804
Other net losses		(163)	(1,278)
Distribution costs		(15,936)	(16,921)
Administrative expenses		(29,692)	(28,542)
Profit from operations		6,553	4,977
Finance costs	4(a)	(417)	–
Profit before taxation	4	6,136	4,977
Income tax	5	(2,742)	(2,064)
Profit for the year		3,394	2,913
Attributable to:			
Equity shareholders of the Company	8	3,661	3,061
Non-controlling interests		(267)	(148)
Profit for the year		3,394	2,913
Basic and diluted earnings per share (HK cents)	9	0.9	0.7

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	2014	2013
	$'000	*$'000*
Profit for the year	3,394	2,913
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of the financial statements of subsidiaries	(1,108)	10,001
Total comprehensive income for the year	2,286	12,914
Attributable to:		
Equity shareholders of the Company	2,637	12,503
Non-controlling interests	(351)	411
Total comprehensive income for the year	2,286	12,914

Consolidated Statement of Financial Position
At 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Fixed assets	11		
– Property, plant and equipment		211,874	189,179
– Lease prepayments		33,052	33,878
		244,926	223,057
Intangible assets	12	7,666	6,018
Prepayments for fixed assets	14	391	6,319
Deferred tax assets	17(c)	1,961	2,105
		254,944	237,499
Current assets			
Inventories	15	18,369	17,101
Trade and other receivables	16	41,535	40,036
Current tax recoverable	17(a)	1,173	204
Deposits with banks	18	41,158	14,213
Cash and cash equivalents	18	37,975	81,666
		140,210	153,220
Current liabilities			
Bank borrowing	19	17,000	–
Trade and other payables	20	45,290	53,996
Current tax payable	17(a)	33	78
		62,323	54,074
Net current assets		77,887	99,146
Total assets less current liabilities		332,831	336,645

	Note	2014 $'000	2013 $'000
Non-current liabilities			
Deferred tax liabilities	*17(c)*	543	398
Net assets		332,288	336,247
Capital and reserves	*23*		
Share capital		4,150	4,150
Reserves		303,654	307,262
Total equity attributable to equity shareholders of the company		307,804	311,412
Non-controlling interests		24,484	24,835
Total equity		332,288	336,247

Statement of Financial Position
At 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Non-current assets			
Interest in a subsidiary	13	156,868	147,571
Current assets			
Other receivables	16	201	430
Cash and cash equivalents	18	84	26
		285	456
Current liability			
Other payables	20	254	221
Net current assets		31	235
Net assets		156,899	147,806
Capital and reserves	23		
Share capital		4,150	4,150
Reserves		152,749	143,656
Total equity		156,899	147,806

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Statutory reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2013		4,150	138,096	17,271	16,306	28,365	99,598	303,786	11,894	315,680
Changes in equity for 2013:										
Profit for the year		–	–	–	–	–	3,061	3,061	(148)	2,913
Other comprehensive income		–	–	–	–	9,442	–	9,442	559	10,001
Total comprehensive income		–	–	–	–	9,442	3,061	12,503	411	12,914
Appropriation to statutory reserve		–	–	–	716	–	(716)	–	–	–
Dividends declared in respect of the previous year	*23(b)*	–	–	–	–	–	(8,300)	(8,300)	–	(8,300)
Equity settled share-based transactions	*23(f)*	–	–	3,423	–	–	–	3,423	–	3,423
Contribution from non-controlling equity holders		–	–	–	–	–	–	–	12,530	12,530
Share options lapsed during the year	*22(c)*	–	–	(378)	–	–	378	–	–	–
Balance at 31 December 2013		4,150	138,096	20,316	17,022	37,807	94,021	311,412	24,835	336,247

	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Statutory reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to equity shareholders of the Company								
Balance at 1 January 2014		4,150	138,096	20,316	17,022	37,807	94,021	311,412	24,835	336,247
Changes in equity for 2014:										
Profit for the year		–	–	–	–	–	3,661	3,661	(267)	3,394
Other comprehensive income		–	–	–	–	(1,024)	–	(1,024)	(84)	(1,108)
Total comprehensive income		–	–	–	–	(1,024)	3,661	2,637	(351)	2,286
Appropriation to statutory reserve		–	–	–	1,101	–	(1,101)	–	–	–
Dividends declared in respect of the previous year	*23(b)*	–	–	–	–	–	(8,300)	(8,300)	–	(8,300)
Equity settled share-based transactions	*23(f)*	–	–	2,055	–	–	–	2,055	–	2,055
Share options lapsed during the year	*22(c)*	–	–	(435)	–	–	435	–	–	–
Balance at 31 December 2014		4,150	138,096	21,936	18,123	36,783	88,716	307,804	24,484	332,288

Consolidated Cash Flow Statement
For the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Operating activities			
Profit before taxation		6,136	4,977
Adjustments for:			
Depreciation and amortisation	4(c)	16,459	15,330
Impairment losses charged on trade and other receivables	4(c)	327	37
Impairment losses charged/ (written back) on inventories	15	115	(351)
Finance costs	4(a)	417	–
Interest income	4(c)	(2,015)	(2,379)
Net loss on disposal of fixed assets	4(c)	171	1,019
Equity-settled share-based payment expenses	4(b)	2,055	3,423
Foreign exchange (gain)/loss		(151)	1,253
		23,514	23,309
Changes in working capital			
Increase in inventories		(1,390)	(209)
(Increase)/decrease in trade and other receivables		(1,272)	7,917
(Decrease)/increase in trade and other payables		(1,564)	7,908
Cash generated from operations		19,288	38,925
Income tax paid	17(a)	(3,463)	(4,140)
Net cash generated from operating activities		15,825	34,785
Investing activities			
Payment for the purchase of property, plant and equipment		(41,161)	(70,345)
Proceeds from sale of property, plant and equipment		1,617	494
Payment for the purchase of intangible assets	12	(2,608)	–
Interest received		1,462	2,555
(Increase)/decrease in deposits with banks		(26,945)	28,107
Net cash used in investing activities		(67,635)	(39,189)

	Note	2014 $'000	2013 $'000
Financing activities			
Proceed from a new bank loan	*19*	17,000	–
Dividends paid to equity shareholders of the Company	*23(b)*	(8,300)	(8,300)
Contribution from non-controlling equity holders	*13*	–	12,530
Interest paid		(414)	–
Net cash generated from financing activities		8,286	4,230
Net decrease in cash and cash equivalents		(43,524)	(174)
Cash and cash equivalents at 1 January		81,666	79,383
Effect of foreign exchange rate changes		(167)	2,457
Cash and cash equivalents at 31 December	*18*	37,975	81,666

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which for the current financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("The Hong Kong Stock Exchange"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise KEE Holdings Company Limited ("the Company") and its subsidiaries (together referred to as "the Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 28.

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

– Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

– Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

– HK (IFRIC) 21, *Levies*

These amendments and new interpretation do not have an impact on these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(l) depending on the nature of the liability.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(h)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (note 1(h)(ii)).

Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and the borrowing costs (note 1(s)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 34 years after the date of completion.

– Leasehold improvement is depreciated over the shorter of the unexpired term of lease and their estimated useful lives of 3 to 10 years.

– Machinery 10 years

– Vehicles and other equipment 4-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress ("CIP") represents property, plant and equipment under construction and pending installation, and is stated at cost less any impairment losses (note 1(h)(ii)).

Cost comprises direct costs of construction during the construction period. Capitalisation of these costs ceases and the CIP is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

(f) Intangible assets

Intangible assets that are acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(h)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible asset with finite useful life is amortised from the date it is available for use and its estimated useful life is as follows:

– Software 5-10 years

Both the period and method of amortisation are reviewed annually.

(g) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(h) Impairment of assets

(i) Impairment of current and non-current receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For current and non-current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– pre-paid interests in leasehold land classified as being held under an operating lease;

– intangible assets; and

– investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, less allowance for impairment of doubtful debts (see note 1(h)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful lives of the asset by way of reduced depreciation expense.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

For the purpose of presenting these financial statements, the Group adopted Hong Kong dollars ("HK$") as its presentation currency. The functional currencies of the Company, KEE International (BVI) Company Limited ("KEE International BVI"), and KEE Zippers Corporation Limited ("KEE Zippers") are HK$ and the functional currencies of the subsidiaries established in The People's Republic of China ("the PRC") are Renminbi ("RMB").

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into HK$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into HK$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in these financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for the financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 TURNOVER

The principal activities of the Group are manufacture and sale of zippers and other related products such as flat knit ribs, premium items and other products.

Turnover represents the sales value of goods supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	**2013**
	$'000	*$'000*
Zippers and sliders	145,924	150,024
Flat knit ribs	13,159	6,389
Premium items and others	6,276	4,428
	165,359	160,841

No individual customer had transactions exceeding 10% of the Group's turnover.

3 OTHER REVENUE

	2014	2013
	$'000	*$'000*
Government grants	480	425
Interest income	2,015	2,379
	2,495	2,804

During 2014, the Group was awarded unconditional government grants of HK$480,000 (2013: HK$425,000) as recognition of the Group's contribution to the development of the local economy.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2014	2013
	$'000	*$'000*
Interest on bank advances	417	–

(b) Staff costs*

	2014	2013
	$'000	*$'000*
Salaries, wages and other benefits	51,232	49,920
Contributions to defined contribution retirement plans	5,102	5,248
Equity-settled share-based payment expenses *(note 22)*	2,055	3,423
	58,389	58,591

(c) Other items

	2014	2013
	$'000	*$'000*
Depreciation and amortisation*		
– lease prepayments *(note 11)*	709	705
– property, plant and equipment *(note 11)*	14,803	13,779
– intangible assets *(note 12)*	947	846
	16,459	15,330
Auditors' remuneration		
– audit services	1,111	1,111
– tax services	182	64
– other services	354	352
	1,647	1,527
Impairment losses charged on trade and other receivables *(note 16(b))*	327	37
Operating lease charges: minimum lease payments		
– hire of plant and machinery*	4,886	4,647
– hire of other assets (including property rentals)	306	1,156
	5,192	5,803
Net foreign exchange loss	154	447
Net loss on disposal of fixed assets	171	1,019
Research and development expenses on new products	1,926	2,220
Cost of inventories*	115,510	111,927

* Cost of inventories includes HK$53,760,000 (2013: HK$52,379,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2014 *$'000*	2013 *$'000*
Current tax – PRC corporate income tax		
Provision for the year	2,524	3,350
Over-provision in respect of prior years	(104)	(1,278)
	2,420	2,072
Current tax – Hong Kong Profits Tax		
Provision for the year	33	795
Deferred tax		
Origination and reversal of temporary differences	289	(803)
	2,742	2,064

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 *$'000*	2013 *$'000*
Profit before taxation	6,136	4,977
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdiction concerned *(note i)*	3,087	2,683
Effect of non-deductible expenses	121	543
Effect of non-taxable income	(73)	–
Effect of tax losses not recognised	389	76
Effect of tax concessions *(note ii)*	(836)	(221)
PRC dividend withholding tax *(note iii)*	145	93
Over-provision in prior years	(104)	(1,278)
Others	13	168
Actual tax expense	2,742	2,064

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

KEE Zippers is subject to Hong Kong Profits Tax at 16.5% in 2014 and 2013.

(ii) KEE (Guangdong) Garment Accessories Limited ("KEE Guangdong") was recognised as a High and New Technology Enterprise ("HNTE") and was entitled to a preferential income tax rate of 15% up to 2015. Except for KEE Guangdong, the statutory income tax rate applicable to the Company's other subsidiaries in mainland China was 25%.

(iii) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2014, deferred tax liability recognised in this regard was HK$543,000 (2013: HK$398,000) (see note 17(b)).

6 DIRECTORS' REMUNERATION

	For the year ended 31 December 2014					
	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contribution	Sub-Total	Share-based payment *(note)*	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Chairman						
Xu Xipeng	240	592	13	845	–	845
Executive directors						
Xu Xinan	240	525	13	778	–	778
Chow Hoi Kwang	360	–	–	360	–	360
Non-executive director						
Yang Shaolin	144	–	–	144	–	144
Independent non-executive directors						
Lin Bin	168	–	–	168	–	168
Kong Hing Ki	144	–	–	144	–	144
Tam Yuk Sang, Sammy	144	–	–	144	–	144
	1,440	1,117	26	2,583	–	2,583

	For the year ended 31 December 2013					
	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contribution	Sub-Total	Share-based payment *(note)*	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Chairman						
Xu Xipeng	200	400	4	604	–	604
Executive directors						
Xu Xinan	200	337	4	541	–	541
Chow Hoi Kwang	300	–	–	300	83	383
Non-executive director						
Yang Shaolin	120	–	–	120	83	203
Independent non-executive directors						
Lin Bin	140	–	–	140	83	223
Kong Hing Ki	120	–	–	120	83	203
Tam Yuk Sang, Sammy	120	–	–	120	83	203
	1,200	737	8	1,945	415	2,360

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(n)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are set out in note 22.

There were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 7 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director has waived or agreed to waive any emoluments.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2013: two) are directors, whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other three (2013: three) individuals are as follows:

	2014	**2013**
	$'000	*$'000*
Salaries and other emoluments	1,242	2,044
Discretionary bonuses	84	155
Retirement scheme contributions	117	182
Share-based payments	400	192
	1,843	2,573

The emoluments of the three (2013: three) individuals with the highest emoluments are within the following band:

	2014 Number of individuals	**2013 Number of individuals**
Nil to HK$1,000,000	3	2
HK$1,000,000 to HK$ 1,500,000	–	1

8 LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated result attributable to equity shareholders of the Company includes a loss of HK$4,662,000 (2013: loss of HK$5,827,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2014	**2013**
	$'000	*$'000*
Amount of consolidated result attributable to equity shareholders dealt with in the Company's financial statements	(4,662)	(5,827)
Dividend from a subsidiary attributable to the profits of previous financial years, approved and paid during the year	20,000	12,800
Company's profit for the year *(note 23(a))*	15,338	6,973

Details of dividends paid to equity shareholders of the Company are set out in note 23(b).

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$3,661,000 (2013: HK$3,061,000) and the weighted average of 415,000,000 ordinary shares (2013: 415,000,000) in issue during the year.

(b) Diluted earnings per share

The effect of the Company's share options was anti-dilutive for the years ended 31 December 2013 and 2014. Therefore, diluted earnings per share are the same as the basic earnings per share.

10 SEGMENT REPORTING

The Group manages its businesses by geographical areas. On 23 August 2014, the Group reorganised the structure of reportable segments by merging segments of "Southern China", "Eastern China" and "Central China" to one reportable segment of "Mainland China" as they have similar economic characteristics and are similar in respect of the nature of products, the nature of production processes, the type of customers, the methods used to distribute the products, and the nature of the regulatory environment. The comparative amounts in segment reporting have been adjusted accordingly.

Accordingly, the Group has presented the following two reportable segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

- Mainland China: this segment manufactures zippers products and mainly sells to customers in mainland China. Currently its activities are mainly carried out in Guangdong, Zhejiang and Hubei provinces.

- Overseas: this segment purchases zipper products from segment of Mainland China and sells to overseas customers. Its activities are mainly carried out in Hong Kong.

(a) Segment results and segment assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and deferred tax assets.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit before taxation" i.e. "turnover less cost of sales, distribution costs and administrative expenses". Items not specifically attributed to individual segment are excluded from the calculation of segment profit. The Group's CODM is provided with segment information concerning segment revenue, profit and assets. Segment liabilities are not reported to the Group's CODM regularly.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 respectively is set out below:

	Year ended 31 December 2014		
	Mainland China	Overseas	Total
	$'000	*$'000*	*$'000*
Revenue from external customers	142,531	22,828	165,359
Inter-segment revenue	15,967	80	16,047
Reportable segment revenue	158,498	22,908	181,406
Reportable segment profit/(loss)	9,534	(578)	8,956
Interest income from bank deposits	1,968	47	2,015
Interest expense	–	(417)	(417)
Depreciation and amortisation for the year	(15,998)	(461)	(16,459)
Reportable segment assets at year end	350,729	44,083	394,812
Additions to non-current segment assets during the year	20,953	21,989	42,942

	Year ended 31 December 2013		
	Mainland China	Overseas	Total
	$'000	*$'000*	*$'000*
Revenue from external customers	126,610	34,231	160,841
Inter-segment revenue	23,106	130	23,236
Reportable segment revenue	149,716	34,361	184,077
Reportable segment profit	5,926	3,062	8,988
Interest income from bank deposits	1,243	1,136	2,379
Depreciation and amortisation for the year	(15,316)	(14)	(15,330)
Reportable segment assets at year end	378,742	11,602	390,344
Additions to non-current segment assets during the year	77,653	5,497	83,150

(b) Reconciliations of reportable segment revenues, profit or loss and assets

	2014	2013
	$'000	*$'000*
Revenue		
Reportable segment revenue	181,406	184,077
Elimination of inter-segment revenue	(16,047)	(23,236)
Consolidated turnover *(note 2)*	165,359	160,841

	2014	2013
	$'000	*$'000*
Profit		
Reportable segment profit	8,956	8,988
Elimination of unrealised profit of inter-segment purchase of inventories, other assets and fixed assets	198	458
Reportable segment profit derived from the Group's external customers	9,154	9,446
Other revenue and other net loss	2,332	1,526
Unallocated head office and corporate expenses	(5,350)	(5,995)
Consolidated profit before taxation	6,136	4,977

	2014	2013
	$'000	*$'000*
Assets		
Reportable segment assets	394,812	390,344
Elimination of unrealised profit of inter-segment purchase of inventories and other assets	(1,182)	(1,319)
Elimination of unrealised profit of inter-segment purchase of fixed assets	(722)	(867)
	392,908	388,158
Deferred tax assets	1,961	2,105
Unallocated head office and corporate assets	285	456
Consolidated total assets	395,154	390,719

(c) Geographic information

The geographical location of customers is based on the location at which the goods were delivered. The revenue of the Group mainly derived from sales to customers in Mainland China except for sales of HK$22,828,000 (2013: HK$34,231,000) to overseas customers for the year ended 31 December 2014 (note 10(a)).

The geographical location of the Group's fixed assets, intangible assets and prepayment for fixed assets (the "Specified Non-current Assets") is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets. As at 31 December 2014, the Group's non-current assets were located in Mainland China and Hong Kong with carrying amount of HK$231,427,000 (2013: HK$229,866,000) and HK$21,556,000 (2013: HK$5,528,000) respectively.

11 FIXED ASSETS

The Group

	Buildings	Machinery	Vehicles and other equipment	Leasehold improvement	Construction in progress	Sub-total	Lease prepayments	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cost:								
At 1 January 2013	36,528	95,217	11,260	12,008	21,135	176,148	34,420	210,568
Exchange adjustments	1,141	3,146	341	387	1,813	6,828	1,079	7,907
Additions	–	2,547	970	365	72,953	76,835	–	76,835
Disposals	–	(822)	(587)	–	(747)	(2,156)	–	(2,156)
Transfer from CIP	–	6,016	–	345	(6,361)	–	–	–
At 31 December 2013 and 1 January 2014	37,669	106,104	11,984	13,105	88,793	257,655	35,499	293,154
Exchange adjustments	(127)	(322)	(32)	(44)	(307)	(832)	(120)	(952)
Additions	79	1,130	1,856	14	36,864	39,943	–	39,943
Disposals	–	(1,330)	(253)	(88)	(1,215)	(2,886)	–	(2,886)
Transfer from CIP	21,846	10,371	–	–	(32,217)	–	–	–
At 31 December 2014	59,467	115,953	13,555	12,987	91,918	293,880	35,379	329,259

	Buildings	Machinery	Vehicles and other equipment	Leasehold improvement	Construction in progress	Sub-total	Lease prepayments	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Accumulated depreciation:								
At 1 January 2013	7,679	32,185	7,544	6,089	–	53,497	877	54,374
Exchange adjustments	269	1,120	231	223	–	1,843	39	1,882
Charge for the year	1,729	8,800	1,148	2,102	–	13,779	705	14,484
Written back on disposals	–	(200)	(443)	–	–	(643)	–	(643)
At 31 December 2013 and 1 January 2014	9,677	41,905	8,480	8,414	–	68,476	1,621	70,097
Exchange adjustments	(26)	(103)	(23)	(23)	–	(175)	(3)	(178)
Charge for the year	2,148	10,059	1,046	1,550	–	14,803	709	15,512
Written back on disposals	–	(854)	(244)	–	–	(1,098)	–	(1,098)
At 31 December 2014	11,799	51,007	9,259	9,941	–	82,006	2,327	84,333
Carrying amount:								
At 31 December 2014	47,668	64,946	4,296	3,046	91,918	211,874	33,052	244,926
At 31 December 2013	27,992	64,199	3,504	4,691	88,793	189,179	33,878	223,057

(a) The lease prepayments are for land use rights held on a medium-term lease of 50 years in the PRC.

(b) Certain lease prepayments and buildings with an aggregate carrying value of HK$30,555,000 (2013: HK$32,408,000) were pledged as securities for un-utilised bank facilities of the Group amounting to RMB26,000,000 (equivalent to HK$32,957,000) as at 31 December 2014 (2013: RMB26,000,000, equivalent to HK$33,069,000).

(c) The Group acquired land use rights for the new production plant set up in Hubei Province of the PRC with cash consideration of HK$29,395,000 pursuant to the Investment Project Agreement ("the Agreement") entered into between one of the Group's subsidiary, KEE Guangdong, and Jingmen local government in 2012. Upon the full payment of the above land use right consideration, the Group will be entitled to a government grant amounting of RMB13,651,000 (equivalent to HK$17,363,000), subject to the fulfilment of the agreed conditions as set out in the Agreement. When the Group fulfils these conditions in the future, the related grant will be recognised in accordance with the Group's accounting policy set out in note 1(p)(ii).

(d) The office building in Hong Kong with the net book value as at 31 December 2014 amounting to HK$ 21,409,000 (2013: nil) is under medium-term lease.

12 INTANGIBLE ASSETS

	The Group Software *$'000*
Cost:	
At 1 January 2013	8,589
Exchange adjustments	269
At 31 December 2013 and 1 January 2014	8,858
Exchange adjustments	(18)
Addition	2,608
At 31 December 2014	11,448
Accumulated amortisation:	
At 1 January 2013	1,921
Exchange adjustments	73
Amortisation for the year	846
At 31 December 2013 and 1 January 2014	2,840
Exchange adjustments	(5)
Amortisation for the year	947
At 31 December 2014	3,782
Carrying amount:	
At 31 December 2014	7,666
At 31 December 2013	6,018

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss.

13 INTEREST IN A SUBSIDIARY

	The Company 2014	2013
	$'000	*$'000*
Unlisted shares, at cost	–	–
Amount due from KEE Zippers	156,868	147,571
	156,868	147,571

Details of subsidiaries of the Company at 31 December 2014 are set out below:

Name of company	Place of incorporation/ establishment and business	Issued and fully paid up capital	Attributable equity interest Direct	Indirect	Principal activities
KEE International BVI	The British Virgin Islands ("BVI")	2 ordinary shares of USD1 each	100%	–	Investment holding
KEE Zippers	Hong Kong	1,000,000 shares	–	100%	Trading of zipper products
KEE Guangdong*	The PRC	HK$137,500,000	–	100%	Manufacture and sale of zipper products
KEE Zhejiang*	The PRC	USD8,760,000	–	100%	Manufacture and sale of zipper products
Foshan UNA Cultural Gifts Co., Limited**	The PRC	RMB3,000,000	–	100%	Design and sale of garment accessories
KEE (Jingmen) Garment Accessories Limited ("KEE Jingmen")**	The PRC	RMB100,000,000	–	80% *(note i)*	Manufacture and sale of zipper products

* These are wholly foreign-owned enterprises in the PRC.

** These are companies with limited liability in the PRC.

Note (i) The paid-up capital of KEE Jingmen was increased from RMB10,000,000 to RMB50,000,000 after additional capital injection of RMB30,000,000 and RMB10,000,000 (equivalent to HK$12,237,000) by KEE Guangdong and an external party respectively in September 2012. In May 2013, the paid-up capital of KEE Jingmen was increased to RMB100,000,000 after additional capital injection of RMB40,000,000 and RMB10,000,000 (equivalent to HK$12,530,000) by KEE Guangdong and an external party respectively.

The above amount due from KEE Zippers is unsecured, interest free and has no fixed terms of repayment. The Company has no intention to request repayment from KEE Zippers within twelve months after 31 December 2014. No provisions for bad or doubtful debts have been made in respect of the above amount.

The following table listed out the information relating to KEE Jingmen, the only subsidiary of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2014	**2013**
	$'000	*$'000*
NCI percentage	20%	20%
Current assets	30,463	38,193
Non-current assets	115,038	105,899
Current liabilities	(23,083)	(19,916)
Net assets	122,418	124,176
Carrying amount of NCI	24,484	24,835
Loss for the year	(1,333)	(739)
Total comprehensive income	(1,758)	2,088
Loss allocated to NCI	(267)	(148)
Cash flows from operating activities	(8,099)	(13,035)
Cash flows from investing activities	(11,892)	(39,740)
Cash flows from financing activities	(532)	66,187

14 PREPAYMENTS FOR FIXED ASSETS

The balances as at 31 December 2014 mainly represented the prepayments for purchase of plant construction materials under KEE Jingmen.

The balances as at 31 December 2013 mainly represented the prepayments for purchase of office premise in Hong Kong.

15 INVENTORIES

	The Group	
	2014	**2013**
	$'000	*$'000*
Raw materials	5,633	4,560
Work in progress	11,209	10,354
Finished goods	1,527	2,187
	18,369	17,101

An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	The Group	
	2014	**2013**
	$'000	*$'000*
Carrying amount of inventories sold	115,395	112,278
Write down of inventories	1,182	400
Reversal of write-down of inventories	(1,067)	(751)
	115,510	111,927

The write-down of inventories was related to decrease in the estimated net realisable value of certain slow-moving inventories.

The reversal of write-down of inventories made in prior years was due to an increase in the net realisable value of certain finished goods with reference to the latest selling price.

16 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Trade debtors and bills receivable	37,622	36,894	–	–
Less: allowance for doubtful debts *(note 16(b))*	(160)	(136)	–	–
	37,462	36,758	–	–
Other prepayments	669	1,482	–	204
Deposits and other debtors	3,404	1,796	201	226
	41,535	40,036	201	430

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) based on the invoice date and net of allowance for doubtful debts, is as follows:

	The Group	
	2014	**2013**
	$'000	*$'000*
Within 1 month	11,619	8,824
1 to 2 months	9,985	10,253
2 to 3 months	6,342	6,202
Over 3 months	9,516	11,479
	37,462	36,758

Trade debtors and bills receivable are in general due within 30-90 days from the date of billing. Further details on the Group's credit policy are set out in note 24(a).

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 1(h)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2014	**2013**
	$'000	*$'000*
At 1 January	136	164
Exchange adjustments	–	4
Impairment loss recognised	327	37
Uncollectible amounts written off	(303)	(69)
At 31 December	160	136

At 31 December 2014, the Group's trade debtors and bills receivable of HK$160,000 (2013: HK$136,000) respectively were individually determined to be impaired. The individually impaired receivables are mainly related to customers that were in financial difficulties and management assessed that the receivables are not probable to be recovered. Consequently, specific allowances for doubtful debts were recognised in full. The Group does not hold any collateral over these balances.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2014	**2013**
	$'000	*$'000*
Neither past due nor impaired	20,805	17,571
Less than 3 months past due	13,569	15,246
More than 3 months but less than 12 months past due	3,065	3,909
More than 12 months past due	23	32
Amount past due	16,657	19,187
	37,462	36,758

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current tax (recoverable)/payable in the consolidated statement of financial position represents:

	The Group	
	2014	**2013**
	$'000	*$'000*
At 1 January	(126)	1,140
Exchange adjustments	(4)	7
Provision for PRC corporate income tax *(note 5(a))*	2,524	3,350
Over-provision in respect of prior years for PRC corporate income tax *(note 5(a))*	(104)	(1,278)
Provision for Hong Kong Profits Tax *(note 5(a))*	33	795
Income tax paid	(3,463)	(4,140)
At 31 December	(1,140)	(126)

Represented by:

	The Group	
	2014	**2013**
	$'000	*$'000*
Current tax payable	33	78
Current tax recoverable	(1,173)	(204)
	(1,140)	(126)

(b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation	Unrealised profit arising from intra-group transactions elimination	Provisions	PRC dividend withholding tax *(note 5(b)(iii))*	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Deferred tax arising from:					
At 1 January 2013	384	661	970	(1,111)	904
Credited/(charged) to consolidated statement of profit or loss	160	(115)	45	713*	803
At 31 December 2013 and 1 January 2014	544	546	1,015	(398)	1,707
Charged to consolidated statement of profit or loss	(218)	(93)	167	(145)	(289)
At 31 December 2014	326	453	1,182	(543)	1,418

* These amounts include the provision of withholding tax on profits of the PRC subsidiaries amounting to HK$93,000 for the year ended 31 December 2013, and the reversal of deferred tax liabilities on withholding tax upon distribution of dividends amounting to HK$806,000 during the year ended 31 December 2013. Upon the distribution of dividends from PRC subsidiaries, the Group is required to pay income tax.

(c) Reconciliation to the consolidated statement of financial position:

	The Group 2014	2013
	$'000	*$'000*
Deferred tax asset recognised in the consolidated statement of financial position	1,961	2,105
Deferred tax liability recognised in the consolidated statement of financial position	(543)	(398)
	1,418	1,707

(d) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(n), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$4,271,000 (2013: HK$2,715,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire in 5 years under current tax legislation.

(e) Deferred tax liabilities not recognised

At 31 December 2014, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$60,963,000 (2013: HK$52,681,000). Deferred tax liabilities relating to a portion of these temporary differences amounting to HK$1,981,000 (2013: HK$1,712,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

18 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Deposits with banks	69,046	53,649	–	–
Cash at bank and in hand	10,087	42,230	84	26
	79,133	95,879	84	26
Less: Bank deposits with maturity beyond three months	(41,158)	(14,213)	–	–
Cash and cash equivalents	37,975	81,666	84	26

As at 31 December 2014, cash and cash equivalents in the amount of HK$18,336,000 (2013: HK$80,272,000) are denominated in RMB and are deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

As at 31 December 2014, deposits with banks amounting to RMB15,000,000 (equivalent to HK$19,014,000) (2013: nil) have been pledged as security for bank borrowing (note 19). The pledged bank deposits will be released upon the settlement of relevant bank borrowing.

19 BANK BORROWING

	The Group	
	2014	**2013**
	$'000	*$'000*
Secured bank loan	17,000	–

The bank loan was secured by pledged bank deposits of the Group in the amount of RMB15,000,000 (equivalent to HK$19,014,000). As at 31 December 2014, the secured bank loan bore a floating interest rate of Hong Kong interbank offered rate with a premium of 2.25% per annum and will be repaid within one year.

20 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	2014	2013
	$'000	*$'000*	*$'000*	*$'000*
Trade creditors	7,229	6,881	–	–
Payroll and staff benefits payable	9,133	8,975	12	–
Accrued expenses	4,376	3,555	242	221
Payables for purchase of fixed assets	10,272	17,417	–	–
Other taxes payable	226	1,157	–	–
Advance from a third party	8,873	8,903	–	–
Deposits received	4,437	6,360	–	–
Other payables	744	748	–	–
	45,290	53,996	254	221

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Advance from a third party represents that interest-free advance of RMB7,000,000 (equivalent to HK$8,873,000) received from a state-owned enterprise responsible for investment projects on behalf of Jingmen local government during 2012.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	The Group	
	2014	2013
	$'000	*$'000*
Within 1 month	6,968	5,740
Over 1 month but within 3 months	260	1,109
Over 3 months but within 6 months	1	32
	7,229	6,881

21 EMPLOYEES RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014).

Employees in the Group's PRC subsidiaries are members of the state-managed retirement scheme. The PRC subsidiaries are required to contribute to the scheme at rate of 10%-14% of the eligible employees' basic salary. The local government authority is responsible for the entire pension obligations payable to the retired employees.

The Group has no other material obligation for payment of retirement benefits beyond the annual contributions as described above.

22 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to the shareholders' resolutions passed on 14 December 2010, the Company adopted a share options scheme ("the Scheme") whereby the directors of the Company are authorised to grant options to selected eligible persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) Share options granted under the Scheme during the year ended 31 December 2014

On 22 July 2014, the Company granted 11,600,000 share options under the Scheme to twenty employees of the Group (including four key management personnel) for subscribing shares of the Company.

Fair value of share options and assumptions

The fair value of services received in return for the share options granted is measured by reference to the fair value of share options granted. Set out below are the estimate of such fair value and the related assumptions based on a binomial lattice model.

	2014
Fair value (weighted average) per share option at measurement date (HK$)	0.171
Share price (HK$)	0.60
Exercise price per option (HK$)	0.60
Expected volatility rate	55% per annum
Expected dividend yield	4% per annum
In-service early exercise behaviour:	Option holder will exercise his/her options when the share price is at least 265% of the exercise price.
Expected Option life (expressed as average life used in the modelling under binomial lattice model)	2.4 years

Fair value of share options and assumptions:

	2014
Risk-free rate of interest per annum:	Batch 12: 0.49% Batch 13: 0.62%

The contractual life of the share options is used as an input into the model. Expectations of early exercise are also incorporated into the model. The expected volatility is based on the Company's own volatility since its listing and comparable companies' volatility in recent years.

The risk-free rate of interest with expected term shown above was taken to be the linearly interpolated yields of the Hong Kong Exchange Fund Notes as at the grant date.

Changes in the subjective input assumptions could materially affect the fair value estimate.

Except for the conditions mentioned above, there were no other market conditions and service conditions associated with the share options.

(b) The terms and conditions of the share options granted under the Scheme as at 31 December 2014 are as follows:

Date of grant	Batch	Number of options granted	Vesting conditions	Exercise price *HK$*	Contractual life of options
Options granted to directors:					
27 May 2011	Batch 1	318,000	The day the 2011 annual results being announced	1.39	6 years
27 May 2011	Batch 2	318,000	The day the 2012 annual results being announced	1.39	6 years
27 May 2011	Batch 3	424,000	The day the 2013 annual results being announced	1.39	6 years
27 May 2011	Batch 4	424,000	The day the 2014 annual results being announced	1.39	6 years
27 May 2011	Batch 5	636,000	The day the 2015 annual results being announced	1.39	6 years
7 December 2012	Batch 6	1,900,000	The day the 2012 annual results being announced	0.6	6 years
Options granted to employees:					
27 May 2011	Batch 1	3,414,000	The day the 2011 annual results being announced	1.39	6 years
27 May 2011	Batch 2	3,414,000	The day the 2012 annual results being announced	1.39	6 years
27 May 2011	Batch 3	4,552,000	The day the 2013 annual results being announced	1.39	6 years
27 May 2011	Batch 4	4,552,000	The day the 2014 annual results being announced	1.39	6 years
27 May 2011	Batch 5	6,828,000	The day the 2015 annual results being announced	1.39	6 years
7 December 2012	Batch 7	3,405,000	The day the 2012 annual results being announced	0.6	6 years
7 December 2012	Batch 8	3,405,000	The day the 2013 annual results being announced	0.6	6 years

Date of grant	Batch	Number of options granted	Vesting conditions	Exercise price *HK$*	Contractual life of options
7 December 2012	Batch 9	4,540,000	The day the 2014 annual results being announced	0.6	6 years
7 December 2012	Batch 10	4,540,000	The day the 2015 annual results being announced	0.6	6 years
7 December 2012	Batch 11	6,810,000	The day the 2016 annual results being announced	0.6	6 years
22 July 2014	Batch 12	5,800,000	The day the 2014 annual results being announced	0.6	3 years
22 July 2014	Batch 13	5,800,000	The day the 2015 annual results being announced	0.6	3 years
Total		61,080,000			

(c) Details of the movements of the share options granted are as follows:

	2014		2013	
	Weighted average exercise price *HK$*	Number of options *'000*	Weighted average exercise price *HK$*	Number of options *'000*
Outstanding at the beginning of the year	0.88	32,230	0.88	37,920
Granted during the year	0.60	11,600	-	-
Lapsed during the year	1.39	(1,840)	1.39	(1,960)
	0.60	(4,700)	0.60	(3,730)
Outstanding at the end of the year	0.80	37,290	0.88	32,230
Exercisable at the end of the year	0.95	10,765	0.94	7,831

The share options outstanding as at 31 December 2014 had an exercise price of HK$1.39 or HK$0.60 and the weighted average remaining contractual life of 2.7 years (2013: 4.0 years).

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *$'000*	Share premium *$'000*	Capital reserve *$'000*	Retained profits *$'000*	Total *$'000*
Balance at 1 January 2013	4,150	138,096	1,629	1,835	145,710
Total comprehensive income for the year	–	–	–	6,973	6,973
Dividends declared and paid	–	–	–	(8,300)	(8,300)
Equity settled share-based transactions	–	–	3,423	–	3,423
Share options lapsed during the year	–	–	(378)	378	–
Balance at 31 December 2013 and 1 January 2014	4,150	138,096	4,674	886	147,806
Total comprehensive income for the year	–	–	–	15,338	15,338
Dividends declared and paid	–	–	–	(8,300)	(8,300)
Equity settled share-based transactions	–	–	2,055	–	2,055
Share options lapsed during the year	–	–	(435)	435	–
Balance at 31 December 2014	4,150	138,096	6,294	8,359	156,899

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the year

	2014 *$'000*	2013 *$'000*
Final dividend proposed after the end of the reporting period of HK2 cents per ordinary share (2013: HK2 cents)	8,300	8,300

The final dividend proposed after 31 December 2014 has not been recognised as a liability as at the end of reporting period.

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

	2014 *$'000*	2013 *$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK2 cents per share (2013: HK2 cents)	8,300	8,300

(c) Share capital

(i) Authorised and issued share capital

	2014 and 2013	
	No. of shares	**Share capital**
	'000	*$'000*
Authorised,		
Ordinary shares of HK$0.01 each	2,000,000	20,000
Ordinary shares, issued and fully paid:		
At 1 January and 31 December	415,000	4,150

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Group's residual assets.

(ii) Shares issued under share option scheme

No options were exercised during the years ended 31 December 2014 and 2013. Further details of these options are set out in note 22 to financial statements.

(d) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

According to the Company's Memorandum and Articles of Association, dividends may be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose with the sanction of an ordinary resolution.

(e) Statutory reserve

Statutory reserve was established in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC. Transfers to the reserve were approved by the respective board of directors.

KEE Guangdong and KEE Zhejiang, which are wholly foreign owned enterprises incorporated in the PRC, are required to transfer at least 10% of its net profit (after offsetting prior year's losses), as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital under the PRC Company Law and the articles of association of these entities. The transfer to this reserve must be made before distribution of dividends to the equity shareholders.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into paid-up capital provided that the balance after such conversion is not less than 25% of the registered capital.

(f) Capital reserve

Capital reserve comprises the following:

– reserves arising prior to and during the reorganisation of the Group during the year ended 31 December 2010;

– the portion of the grant date fair value of unexercised share options granted to the directors and employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 1(m)(ii); and

– changes in equity attributable to the shareholders of the Company arising from contribution from non-controlling interests for acquisition of interests in a PRC subsidiary.

(g) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than HK$. The reserve is dealt with in accordance with the accounting policy set out in note 1(q).

(h) Distributability of reserves

At 31 December 2014, the aggregate amount of reserves available for distribution to the equity shareholders of the Company was HK$152,749,000 (2013: HK$143,656,000). After the end of the reporting period the directors proposed a final dividend of HK2 cents (2013: HK2 cents) per ordinary share, amounting to HK$8,300,000 (2013: HK$8,300,000) (note 23(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(i) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and obligation under finance lease, if any), less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2014, the Group's strategy, which was unchanged from 2013 was to maintain the adjusted net debt-to-capital ratio below 20%. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2014 was 16% (2013: 14%). In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholder, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-90 days from the date of billing. Debtors with balances that are past due are usually requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore certain concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 25% (2013: 23%) of the total trade receivables were due from the Group's five largest customers.

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

(b) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowing carried at variable rates, which exposes the Group to cash flow interest rate risk. The effective interest rate of the bank borrowing of the Group as at 31 December 2014 was 2.61% (2013: Nil).

Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/ increased the Group's profit after tax for the year and retained profits by approximately HK$71,000 (2013: Nil). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Group's profit after tax for the year and retained profits that would arise assuming that there is an annualised impact on interest income and expense by a change in interest rates. The analysis has been performed on the same basis for 2013.

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investments of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

All non-interest bearing financial liabilities of the Group are carried at amount not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

The contractual undiscounted cash flow and carrying amount of the short-term bank borrowing as at 31 December 2014 are set out as follows:

	The Group	
	2014	**2013**
	HK$'000	*HK$'000*
Contractual undiscounted cash flow	17,036	–
Carrying amount	17,000	–

(d) Currency risk

The Group is exposed to currency risk primarily through sales and bank deposits and which give rise to receivables and cash balances that are denominated in United States Dollars ("USD") under KEE Zippers and KEE Guangdong.

As HKD are pegged to USD, the Group considers the risk of movements in exchange rates between USD and HKD to be insignificant.

The Group had RMB denominated bank deposits amounting to HK$19,021,000 (2013: HK$ 2,000) that was held by KEE Zippers for which HK$ is its functional currency.

Sensitivity analysis

At 31 December 2014, it is estimated that a general appreciation/depreciation of 0.5% points in HK$, with all other variables held constant, would have decreased/increased the Group's net profit for the year and retained profits by approximately HK$794,000 (2013: HK$ 83).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank deposits which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Fair values

The carrying amounts of the Group's and the Company's financial are not materially different from their fair values as at 31 December 2014 and 2013.

25 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2014 and 2013 not provided for in the financial statements were as follows:

	The Group	
	2014	**2013**
	$'000	*$'000*
Contracted for	17,728	49,355

(b) At the end of the reporting period, the total future minimum leases payments under non-cancellable operating leases are payable as follows:

	The Group	
	2014	**2013**
	$'000	*$'000*
Within 1 year	4,694	5,119
After 1 year but within 5 years	13,638	4,506
	18,332	9,625

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	The Group	
	2014	**2013**
	$'000	*$'000*
Short-term employee benefits	4,518	4,237
Retirement scheme contribution	124	31
Share-based payments	657	1,084
	5,299	5,352

Total remuneration is included in "staff costs" (note 4(b)).

(b) Lease arrangement

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transaction.

On 20 December 2010, the Group entered into an operating lease in respect of certain plant and buildings with Mr. Xu Xipeng and Mr. Xu Xinan, the ultimate controlling parties and directors of the Company. During the year ended 31 December 2014, the rentals paid by the Group under this lease agreement amounted to HK$4,546,000 (2013: HK$4,506,000).

The above related party transaction constituted continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Continuing connected transaction" of the Report of the Directors.

27 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2014, the directors consider the immediate controlling party of the Group to be Nicco Worldwide Inc., while the ultimate controlling parties of the Group to be Mr. Xu Xipeng and Mr. Xu Xinan. Nicco Worldwide Inc. is incorporated in BVI. This entity does not produce financial statements available for public use.

28 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The significant accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Impairment

(i) Non-financial long-term assets

The Group reviews the carrying amounts of the assets at each balance sheet date to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cashflow to assess the differences between the carrying amount and value in use and provide for impairment loss. Any change in the assumption adopted in the cash flow forecasts would increase or decrease in the provision of impairment loss and affect the Group's net asset value.

(ii) Receivables

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade and other receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

(b) Depreciation and amortisation

Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's experience with similar assets and taking into account upgrading and improvement work performed for anticipated technological changes, and legal or similar limits on the use of assets. The depreciation and amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

(c) Inventories

The Group determines the write-down for obsolescence of inventories. These estimates are based on the current market condition and the experience in selling goods of similar nature. It could change significantly as a result of change in market condition.

(d) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for unused tax losses and deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010-2012 Cycle	1 July 2014
Annual improvements to HKFRSs 2011-2013 Cycle	1 July 2014
Annual improvements to HKFRSs 2012-2014 Cycle	1 January 2016
Amendments to HKAS 16 and HKAS 38 *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2017
HKFRS 9, *Financial instruments (2014)*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the applicable disclosure requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015). The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The following is the full text of the unaudited financial statements of the Group for the six months ended 30 June 2015 as extracted from the interim report of the Company for the six months ended 30 June 2015:

Consolidated Statement of Profit or Loss
For the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2015	**2014**
	Note	*$'000*	*$'000*
Revenue	*4*	86,295	92,590
Cost of sales		(58,339)	(61,137)
Gross profit		27,956	31,453
Other income		2,130	1,376
Distribution costs		(6,583)	(7,480)
Administrative expenses		(14,982)	(15,487)
Profit from operations		8,521	9,862
Finance costs	*5(a)*	(213)	(197)
Profit before taxation	*5*	8,308	9,665
Income tax	*6*	(2,540)	(2,743)
Profit for the period		5,768	6,922
Attributable to:			
Equity shareholders of the Company		5,987	7,000
Non-controlling interests		(219)	(78)
Profit for the period		5,768	6,922
Earnings per share (HK cents)	*7*		
Basic		1.4	1.7
Diluted		1.4	1.7

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2015	**2014**
	Note	*$'000*	*$'000*
Profit for the period		5,768	6,922
Other comprehensive income for the period after tax:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of subsidiaries		157	(3,254)
Total comprehensive income for the period		5,925	3,668
Attributable to:			
Equity shareholders of the Company		6,135	3,982
Non-controlling interests		(210)	(314)
Total comprehensive income for the period		5,925	3,668

Consolidated Statement of Financial Position
At 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2015 $'000	At 31 December 2014 $'000
Non-current assets			
Fixed assets	8		
– Property, plant and equipment		208,560	211,874
– Lease prepayments		32,709	33,052
		241,269	244,926
Intangible assets		7,107	7,666
Prepayments for fixed assets		534	391
Deferred tax assets		2,133	1,961
		251,043	254,944
Current assets			
Inventories	9	21,631	18,369
Trade and other receivables	10	62,343	41,535
Current tax recoverable		44	1,173
Deposits with banks	11	3,824	41,158
Cash and cash equivalents	11	70,062	37,975
		157,904	140,210
Current liabilities			
Bank borrowing	12	15,000	17,000
Trade and other payables	13	53,428	45,290
Current tax payable		1,678	33
		70,106	62,323

	Note	At 30 June 2015 $'000	At 31 December 2014 $'000
Net current assets		87,798	77,887
Total assets less current liabilities		338,841	332,831
Non-current liabilities			
Deferred tax liabilities		684	543
NET ASSETS		338,157	332,288
CAPITAL AND RESERVES			
Share capital	*14(b)*	4,266	4,150
Reserves		309,617	303,654
Total equity attributable to equity shareholders of the Company		313,883	307,804
Non-controlling interests		24,274	24,484
TOTAL EQUITY		338,157	332,288

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Note	Share capital *$'000*	Share premium *$'000*	Capital reserve *$'000*	Statutory reserve *$'000*	Exchange reserve *$'000*	Retained profits *$'000*	Total *$'000*	Non-controlling interests *$'000*	Total equity *$'000*
Balance at 1 January 2014		4,150	138,096	20,316	17,022	37,807	94,021	311,412	24,835	336,247
Change in equity for the six months ended 30 June 2014:										
Profit/(loss) for the period		–	–	–	–	–	7,000	7,000	(78)	6,922
Other comprehensive income		–	–	–	–	(3,018)	–	(3,018)	(236)	(3,254)
Total comprehensive income for the period		–	–	–	–	(3,018)	7,000	3,982	(314)	3,668
Dividends approved in respect of the previous years	*14(a)*	–	–	–	–	–	(8,300)	(8,300)	–	(8,300)
Equity settled share-based payment transactions		–	–	800	–	–	–	800	–	800
Share options lapsed during the period		–	–	(301)	–	–	301	–	–	–
Balance at 30 June 2014		4,150	138,096	20,815	17,022	34,789	93,022	307,894	24,521	332,415

		Attributable to equity shareholders of the Company								
	Note	Share capital *$'000*	Share premium *$'000*	Capital reserve *$'000*	Statutory reserve *$'000*	Exchange reserve *$'000*	Retained profits *$'000*	Total *$'000*	Non-controlling interests *$'000*	Total equity *$'000*
Balance at 1 January 2015		4,150	138,096	21,936	18,123	36,783	88,716	307,804	24,484	332,288
Change in equity for the six months ended 30 June 2015:										
Profit/(loss) for the period		–	–	–	–	–	5,987	5,987	(219)	5,768
Other comprehensive income		–	–	–	–	148	–	148	9	157
Total comprehensive income for the period		–	–	–	–	148	5,987	6,135	(210)	5,925
Dividends approved in respect of the previous years	*14(a)*	–	–	–	–	–	(8,522)	(8,522)	–	(8,522)
Equity settled share-based payment transactions		–	–	1,410	–	–	–	1,410	–	1,410
Share options lapsed during the period		–	–	(70)	–	–	70	–	–	–
Shares issued under share options scheme	*14(b)& 14(c)*	116	9,157	(2,217)	–	–	–	7,056	–	7,056
Balance at 30 June 2015		4,266	147,253	21,059	18,123	36,931	86,251	313,883	24,274	338,157

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2015	**2014**
	Note	*$'000*	*$'000*
Operating activities			
Cash used in operations		(653)	(936)
Tax refund/(paid)		206	(282)
Net cash used in operating activities		(447)	(1,218)
Investing activities			
Payment for the purchase of property, plant and equipment		(3,491)	(35,936)
Decrease/(increase) in deposits with banks		37,334	(17,672)
Other net cash flows arising from investing activities		2,359	1,728
Net cash generated from/(used in) investing activities		36,202	(51,880)
Financing activities			
Dividends paid to equity shareholders of the Company		(8,522)	(8,300)
Proceeds from bank borrowing		15,000	17,000
Repayment for bank borrowing		(17,000)	–
Proceeds from exercise of employee share options		7,056	–
Interest paid		(216)	–
Net cash (used in)/generated from financing activities		(3,682)	8,700
Net increase/(decrease) in cash and cash equivalents		32,073	(44,398)
Cash and cash equivalents at 1 January		37,975	81,666
Effect of foreign exchange rate changes		14	(547)
Cash and cash equivalents at 30 June	*11*	70,062	36,721

Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of KEE Holdings Company Limited (the "Company") and its subsidiaries (the "Group") since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 60 and 61.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 SEGMENT REPORTING

The Group manages its businesses by geographical areas. The Group has presented the following two reportable segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

- Mainland China: this segment manufactures zippers products and mainly sells to customers in mainland China. Currently its activities are mainly carried out in Guangdong, Zhejiang and Hubei provinces.
- Overseas: this segment purchases zipper products from segment of Mainland China and sells to overseas customers. Its activities are mainly carried out in Hong Kong.

(a) Segment results and segment assets

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

Reportable segment results
Six months ended 30 June 2015

	Mainland China *$'000*	**Overseas** *$'000*	**Total** *$'000*
Revenue from external customers	78,122	8,173	86,295
Inter-segment revenue	5,710	130	5,840
Reportable segment revenue	83,832	8,303	92,135
Reportable segment profit/(loss)	9,348	(752)	8,596
Interest expense	–	(213)	(213)
Depreciation and amortisation for the period	(8,207)	(347)	(8,554)

Six months ended 30 June 2014

	Mainland China *$'000*	**Overseas** *$'000*	**Total** *$'000*
Revenue from external customers	78,742	13,848	92,590
Inter-segment revenue	9,698	22	9,720
Reportable segment revenue	88,440	13,870	102,310
Reportable segment profit	11,074	166	11,240
Interest expense	–	(197)	(197)
Depreciation and amortisation for the period	(7,983)	(117)	(8,100)

Reportable segment assets

	Mainland China *$'000*	Overseas *$'000*	Total *$'000*
As at 30 June 2015	374,823	23,722	398,545
As at 31 December 2014	350,729	44,083	394,812

(b) Reconciliations of reportable segment revenues, profit or loss and assets

	Six months ended 30 June **2015** *$'000*	 **2014** *$'000*
Revenue		
Reportable segment revenue	92,135	102,310
Elimination of inter-segment revenue	(5,840)	(9,720)
Consolidated revenue *(note 4)*	86,295	92,590
Profit		
Reportable segment profit	8,596	11,240
Elimination of unrealised profit of inter-segment purchase of inventories, other assets and fixed assets	123	(2)
Reportable segment profit derived from the Group's external customers	8,719	11,238
Other income	2,130	1,376
Unallocated head office and corporate expenses	(2,541)	(2,949)
Consolidated profit before taxation	8,308	9,665

	At 30 June 2015 $'000	At 31 December 2014 $'000
Assets		
Reportable segment assets	398,545	394,812
Elimination of unrealised profit of inter-segment purchase of inventories and other assets	(1,130)	(1,182)
Elimination of unrealised profit of inter-segment purchase of fixed assets	(651)	(722)
	396,764	392,908
Deferred tax assets	2,133	1,961
Unallocated head office and corporate assets	10,050	285
Consolidated total assets	408,947	395,154

4 REVENUE

The principal activities of the Group are manufacture and sale of zippers and other related products such as sliders, flat knit ribs and other products. Revenue from the sale of its major products to customers is as follows:

	Six months ended 30 June 2015 $'000	2014 $'000
Finished zippers and sliders	78,418	83,790
Flat knit ribs	4,348	5,661
Others	3,529	3,139
	86,295	92,590

No individual customer had transactions that exceeded 10% of the Group's revenue.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June 2015 $'000	2014 $'000
Interest on bank borrowing	213	197

(b) Staff costs*

	Six months ended 30 June	
	2015	**2014**
	$'000	*$'000*
Salaries, wages and other benefits	25,663	27,123
Contributions to defined contribution retirement plans	2,274	2,640
Equity-settled share based payment expenses	1,410	800
	29,347	30,563

(c) Other items

	Six months ended 30 June	
	2015	**2014**
	$'000	*$'000*
Depreciation and amortisation*		
– lease prepayments	355	355
– property, plant and equipment	7,639	7,315
– intangible assets	560	430
Operating lease charges in respect of properties	2,380	2,570
Interest income	(1,037)	(1,106)
Net impairment loss written back on inventories	(167)	(290)
Cost of inventories*	58,339	61,137

* Cost of inventories includes HK$25,227,000 for the six months ended 30 June 2015 (six months ended 30 June 2014:HK$25,152,000) relating to staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX

	Six months ended 30 June	
	2015	**2014**
	$'000	*$'000*
Current tax		
PRC corporate income tax	2,455	2,629
Hong Kong Profits Tax	115	99
Deferred tax		
Origination and reversal of temporary difference	(30)	15
	2,540	2,743

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

KEE Zippers Corporation Limited ("KEE Zippers") is subject to Hong Kong Profits Tax at the rate of 16.5% in 2015 and 2014.

(ii) KEE (Guangdong) Garment Accessories Limited ("KEE Guangdong") was recognised as a High and New Technology Enterprise ("HNTE") and was entitled to a preferential income tax rate of 15% up to 2015. Except for KEE Guangdong, the statutory income tax rate applicable to the Company's other subsidiaries in mainland China was 25%.

(iii) At 30 June 2015, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$69,070,000 (2014:HK$60,963,000). Deferred tax liabilities relating to a portion of these temporary differences amounting to HK$2,245,000 (2014:HK$1,981,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$5,987,000 (six months ended 30 June 2014:HK$7,000,000) and the weighted average number of 418,228,000 ordinary shares (six months ended 30 June 2014:415,000,000 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2015	**2014**
	'000	*'000*
Issued ordinary shares at 1 January	415,000	415,000
Effect of share options exercised *(note14(c))*	3,228	–
Weighted average number of ordinary shares at 30 June	418,228	415,000

(b) Diluted earnings per share

For the six months ended 30 June 2015, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$5,987,000 (six months ended 30 June 2014:HK$7,000,000) and the weighted average number of ordinary shares of 425,471,000 shares (six months ended 30 June 2014:415,000,000 shares), calculated as follows:

	Six months ended 30 June	
	2015	**2014**
	'000	*'000*
Weighted average number of ordinary shares at 30 June	418,228	415,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	7,243	–
Weighted average number of ordinary shares (diluted) at 30 June	425,471	415,000

The effect of the Company's share options was anti-dilutive for the six months ended 30 June 2014. Therefore, diluted earnings per share are the same as the basic earnings per share.

8 FIXED ASSETS

During the six months ended 30 June 2015, the Group acquired items of properties, plant and machinery (including payments for construction in progress) with a cost of HK$4,782,000 (six months ended 30 June 2014:HK$34,019,000).

Certain lease prepayments as well as office premises and buildings with an aggregate carrying value of HK$50,734,000 (2014:HK$30,555,000) were pledged as securities for unutilised bank facilities of the Group amounting to HK$35,971,000 (2014:HK$32,957,000) as at 30 June 2015.

9 INVENTORIES

During the six months ended 30 June 2015, HK$348,000 (six months ended 30 June 2014:HK$677,000) has been recognised as a reduction in the amount of inventories recognised as an expense in profit or loss during the period, being the amount of reversal of a write-down of inventories to estimated net realisable value. This reversal arose due to an increase net realisable value of certain finished goods with reference to the latest selling price.

10 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2015 *$'000*	**At 31 December 2014** *$'000*
Within 1 month	22,582	11,619
1 to 2 months	20,691	9,985
2 to 3 months	11,999	6,342
Over 3 months	3,574	9,516
Trade debtors and bills receivable, net of allowance for doubtful debts	58,846	37,462
Prepayments	982	669
Deposits and other debtors	2,515	3,404
	62,343	41,535

All of the trade and other receivables are expected to be recovered or recognised as expense within one year. Trade debtors and bills receivable are in general due within 30 to 90 days from the date of billing.

11 CASH AND CASH EQUIVALENTS

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Deposits with banks	12,713	69,046
Cash at bank and in hand	61,173	10,087
	73,886	79,133
Less: Bank deposits with maturity beyond three months	(3,824)	(41,158)
Cash and cash equivalents	70,062	37,975

As at 31 December 2014, deposits with banks amounting to RMB15,000,000 (equivalent to HK$19,014,000) were pledged as security for bank borrowing (note 12). The pledged bank deposits were released upon the full settlement of relevant bank borrowing on 9 January 2015.

12 BANK BORROWING

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Secured bank loan	15,000	17,000

As at 30 June 2015, the bank loan was secured by office premises owned by KEE Zippers Corporation Limited with carrying value of HK$21,081,000 (note 8), which bore a floating interest rate of Hong Kong interbank offered rate with a premium of 2.5% per annum and will be repaid within one year.

As at 31 December 2014, the bank loan was secured by pledged bank deposits of the Group in the amount of RMB15,000,000 (equivalent to HK$19,014,000), which bore a floating interest rate of Hong Kong interbank offered rate with a premium of 2.25% per annum. The loan was repaid during the period.

13 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Within 1 month or on demand	13,557	6,968
Over 1 month but within 3 months	919	260
Over 3 months	94	1
Trade creditors	14,570	7,229
Payroll and staff benefits payable	9,548	9,133
Accrued expenses	3,522	4,376
Payables for fixed assets	11,706	10,272
Deposits received	–	4,437
Other tax payables	1,602	226
Advance from a third party	8,877	8,873
Other payables	3,603	744
	53,428	45,290

14 CAPITAL, RESERVE AND DIVIDENDS

(a) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK2 cents per ordinary share (six months ended 30 June 2014:HK 2 cents)	8,522	8,300

No interim dividend was declared after the end of the reporting period.

(b) Share capital

Authorised and issued share capital

	At 30 June 2015		At 31 December 2014	
	No. of shares *('000)*	*$'000*	**No. of shares** *('000)*	*$'000*
Authorised:				
Ordinary shares of HK$0.01 each	2,000,000	20,000	2,000,000	20,000
Ordinary shares, issued and fully paid:				
At 1 January	415,000	4,150	415,000	4,150
Shares issued under share option scheme	11,560	116	–	–
At 30 June/31 December	426,560	4,266	415,000	4,150

(c) Shares issued under share options scheme

During the six months ended 30 June 2015, options were exercised to subscribe for 11,560,000 ordinary shares in the Company at a consideration of HK$7,056,000 of which HK$116,000 was credited to share capital and the balance of HK$6,940,000 was credited to the share premium account. The amount of HK$2,217,000 has been transferred from the capital reserve to the share premium account.

15 COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

(a) Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2015 *$'000*	**At 31 December 2014** *$'000*
Contracted for	9,942	17,728

(b) Total future minimum leases payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015 *$'000*	**At 31 December 2014** *$'000*
Within 1 year	4,616	4,694
After 1 year but within 5 years	15,939	13,638
	20,555	18,332

16 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The rental charges in respect of certain leasehold properties payable to Mr. Xu Xipeng and Mr. Xu Xinan, the ultimate controlling parties and directors of the Company, amounted to HK$2,277,000 for the six months ended 30 June 2015 (six months ended 30 June 2014:HK$2,275,000).

(b) Key management personnel remuneration

Remuneration for key management personnel (including directors of the Group) is as follows:

	Six months ended 30 June	
	2015	**2014**
	$'000	*$'000*
Short-term employee benefits	2,586	2,231
Retirement scheme contribution	131	45
Share-based payments	295	166
	3,012	2,442

17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 29 July 2015, the Board announced that with the consent of the relevant grantees, among the 15,846,000 share options which were in issue but unvested as of 30 June 2015, 13,145,000 unvested share options were cancelled with effect from 27 July 2015. No compensation was paid to and no other agreement was made with the relevant grantees in respect of the cancellation of the above unvested share options.

18 COMPARATIVE FIGURES

The requirements of Part 9, "Accounts and Audit", of the Hong Kong Companies Ordinance (Cap.622) came into operation at the start of the Company's current financial year. These changes include replacing terminology like turnover that is no longer used in the Hong Kong Companies Ordinance with terminology like revenue used in Hong Kong Financial Reporting Standards. In addition, the Group presented gross income other than turnover as "other revenue" and gains or losses as "other net income". To streamline the presentation, these two types of income are combined and presented as one line item under the caption "other income".

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

R14.67(4)

The Group's existing business

Along with China's economic development into the new era, the government will continue to deepen the reforms to lead the economic transformation and consistently provide support through appropriate policies. The apparel industry is also in the stage of reform and transformation and the implementation phase of destocking strategy has primarily completed. Under such circumstances, it is expected that the domestic demand for apparel industry will gradually recover, which might lead to an increase in the demand for quality zippers. However, on the other hand, such demand will flow to the corporations having stronger core competitiveness, higher quality, greater economies of scale and higher brand awareness while corporations of a weaker competitiveness will be eliminated in this reshuffling.

The Group will continue to maintain the strategy of active response and continuous exploration, refine product category, improve product quality, meet customer needs and strive to increase its market share in the field of zippers. In addition, customized services, quick response to orders, stringent production and cost control will all play an important role in the future development plan of the existing business of the Group.

The Group's proposed new business after the Share Transfer Completion

Following the Share Transfer Completion, apart from the existing zipper manufacture and sale business, the Group may diversify its existing business into the e-commerce and online finance industries which is expected to have good potential and may provide good future development opportunities for the Group.

Please refer to the sub-section headed "Expansion plan of Group" in the letter from the Board included in this circular for the Group's proposed new business after the Share Transfer Completion.

5. INDEBTEDNESS

App 1B (28)(1),(2)

At the close of business on 31 October 2015, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this circular, the Group had an outstanding bank borrowing of approximately HK$15,000,000, which was secured by the mortgages over HK property of the Group with the carrying value of HK$20,863,000.

Save as disclosed above or as otherwise mentioned herein, and apart from intra-group liabilities, at the close of business on 31 October 2015, the Group did not have any other outstanding borrowings, or any mortgages, charges, debentures, loan capital, bank overdrafts or loans, liabilities under acceptance (other than normal trade bills) or other similar indebtedness, hire purchase or finance lease obligations or any guarantees or other material contingent liabilities.

6. WORKING CAPITAL

App 1B (30)

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities and the proceeds from the Disposals, the Group will have sufficient working capital for the Group's requirements for at least twelve months from the date of this circular.

7. MATERIAL CHANGE

R14.67(4)
App 1B(32)

Save for (i) the decreases in the Group's revenue and profitability including gross profit and profit for the period as disclosed in the interim report of the Group for the six months ended 30 June 2015; and (ii) a total of approximately HK$4 million documentation fees estimated to be borne by the Group in connection with the transactions disclosed in the Joint Announcement, the Directors confirm that as at the Latest Practicable Date, there had been no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2014, being the date to which the last published audited consolidated financial statements of the Company were made up.

A. Letters from KPMG

The following is the text of letters received from KPMG, Certified Public Accountants, Hong Kong, for inclusion in this circular reporting on certain financial information pursuant to Rule 10.3(b) of the Takeovers Code:

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

21 December 2015

The Directors
KEE Holdings Company Limited
Office B, 16/F, YHC Tower
No.1 Sheung Yuet Road
Kowloon
Hong Kong

Dear Sirs,

KEE Holdings Company Limited ("the Company")

Profit Estimate for the years ended 31 December 2013 and 2014 of KEE International (BVI) Limited and its subsidiaries (collectively, the "KEE BVI Group")

We refer to the following profit estimate of the consolidated net profit before taxation and the consolidated net profit after taxation attributable to equity shareholders of the KEE BVI Group for each of the years ended 31 December 2013 and 2014 (the "Profit Estimate") set forth in the section headed "Financial information on the KEE BVI Group" set out in the Letter from the Board in the circular of the Company dated 21 December 2015 (the "Circular"):

"Set out below is a summary of the key financial data of KEE BVI Group based on the unaudited consolidated financial statements of KEE BVI Group prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") for the years ended 31 December 2013 and 2014:

	For the year ended 31 December	
	2014	*2013*
	HK$'000	*HK$'000*
Net profit before taxation	*10,799*	*10,805*
Net profit after taxation attributable to equity shareholders	*8,323*	*8,889"*

Responsibilities

The Profit Estimate of KEE BVI Group has been prepared by the directors of the Company, for the sole purpose of compliance with Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission. The Profit Estimate of KEE BVI Group has been prepared based on the unaudited consolidated management accounts of KEE BVI Group for each of the years ended 31 December 2013 and 2014.

The Company's directors are solely responsible for the Profit Estimate. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company and its subsidiaries (collectively referred to as "the Group"). Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled based on the unaudited consolidated management accounts of the KEE BVI Group for each of the years ended 31 December 2013 and 2014 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company in preparing the condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2015.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

21 December 2015

The Directors
KEE Holdings Company Limited
Office B, 16/F, YHC Tower
No.1 Sheung Yuet Road
Kowloon
Hong Kong

Dear Sirs,

KEE Holdings Company Limited ("the Company")

Unaudited consolidated net assets value of KEE International (BVI) Limited and its subsidiaries (collectively, the "KEE BVI Group") and unaudited net assets value of KEE (Jingmen) Garment Accessories Limited ("KEE Jingmen") as at 30 June 2015

We refer to the following unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group as at 30 June 2015 and the adjusted unaudited consolidated net assets value attributable to 15% of the equity interest in KEE BVI Group as at 30 June 2015 (collectively referred to as the "NAV of KEE BVI Group") set forth in the section headed "Financial information on the KEE BVI Group" and the unaudited net assets value of KEE Jingmen as at 30 June 2015 and the adjusted unaudited net assets value of KEE Jingmen as at 30 June 2015 attributable to 80% of the equity interest (collectively referred to as the "NAV of KEE Jingmen") set forth in the section headed "Information on KEE Jingmen" set out in the Letter from the Board in the circular of the Company dated 21 December 2015 ("the Circular"):

"Set out below is a reconciliation between the unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group as at 30 June 2015 and the adjusted unaudited consolidated net assets value of attributable to the 15% equity interest in KEE BVI Group as at 30 June 2015:

	HK$
Unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group at 30 June 2015	*160,041,657*
ADD:	
Disposal gain of KEE Jingmen Sale Capital	*8,119,194*
Disposal gain of PRC Properties	*15,638,969*
Disposal gain of HK Property	*3,718,725*
Issuance of new shares after 30 June 2015	*764*
LESS:	
Declaration and distribution of dividends to the Company pursuant to the Reorganisation	*(23,338,165)*
*Adjusted unaudited consolidated net assets value attributable to equity shareholders of KEE BVI Group at 30 June 2015 (the "**Adjusted KEE BVI Group NAV**")*	*164,181,144*
15% of the Adjusted KEE BVI Group NAV	*24,627,172"*

"Set out below is a reconciliation between the unaudited net assets value of KEE Jingmen as at 30 June 2015 and the adjusted unaudited net assets value attributable to 80% of the equity interest in KEE Jingmen as at 30 June 2015:

	HK$
Unaudited net assets value of KEE Jingmen at 30 June 2015	*121,370,983*
ADD:	
Fair value uplift of the properties held by KEE Jingmen as at 30 June 2015 with reference to the Valuation Reports as set out in Appendix III	*10,148,992*
*Adjusted unaudited net assets value of KEE Jingmen at 30 June 2015 (the "**Adjusted KEE Jingmen NAV**")*	*131,519,975*
80% of the Adjusted KEE Jingmen NAV	*105,215,980"*

The NAV of KEE BVI Group and the NAV of KEE Jingmen are regarded as profit estimates under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission (the "Takeovers Code").

Responsibilities

The basis of preparation of the NAV of KEE BVI Group and the NAV of KEE Jingmen is set out under the sections headed "Consideration for the KEE BVI Disposal" and "Consideration for the PRC Assets Disposal" in the Circular respectively.

The Company's directors are solely responsible for the NAV of KEE BVI Group and the NAV of KEE Jingmen. It is our responsibility to report, as required by Rule 10.3(b) of the Takeovers Code, on the accounting policies and calculations of the NAV of KEE BVI Group and the NAV of KEE Jingmen based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the NAV of KEE BVI Group on the basis of preparation as described under the section headed "Consideration for the KEE BVI Disposal" in the Circular and the NAV of KEE Jingmen on the basis of preparation as described under the section headed "Consideration for the PRC Assets Disposal" in the Circular and as to whether the NAV of KEE BVI Group and the NAV of KEE Jingmen are presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the NAV of KEE BVI Group and the NAV of KEE Jingmen have been properly compiled in accordance with the basis of preparation as described in the Circular under the section headed "Consideration for the KEE BVI Disposal" and "Consideration for the PRC Assets Disposal" respectively and are presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company in preparing the condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2015.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

B. Letter from Shenwan Hongyuan

Set out below is the text of the letter from Shenwan Hongyuan, the financial adviser to the Company, for inclusion in this circular reporting on certain financial information pursuant to Rule 10.3(b) of the Takeovers Code:

Shenwan Hongyuan Capital (H.K.) Limited
Level 19
28 Hennessy Road
Hong Kong

21 December 2015

The Directors
KEE Holdings Company Limited

Dear Sirs,

Reporting on certain financial information pursuant to Rule 10.3(b) of the Takeovers Code

We refer to the circular of KEE Holdings Company Limited dated 21 December 2015 (the "**Circular**"), of which this letter forms part, regarding, *inter alia*, the KEE BVI Disposal and the disposal of the KEE Jingmen Sale Capital by the Group. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

Set out below is certain financial information set out in the letter from the Board included in the Circular which constitutes a profit forecast under Rule 10 of the Takeovers Code ("**Rule 10 Forecast Information**") and requires to be reported on pursuant to Rule 10.3(b) of the Takeovers Code:

(i) the unaudited net profit before taxation of KEE BVI Group for each of the two years ended 31 December 2013 and 2014 of approximately HK$10,805,000 and HK$10,799,000 respectively set out on page 22 of the Circular, which have been prepared based on the unaudited consolidated management accounts of KEE BVI Group;

(ii) the unaudited net profit after taxation attributable to equity shareholders of KEE BVI Group for each of the two years ended 31 December 2013 and 2014 of approximately HK$8,889,000 and HK$8,323,000 respectively set out on page 22 of the Circular, which have been prepared based on the unaudited consolidated management accounts of KEE BVI Group;

(iii) the unaudited consolidated net asset value attributable to equity shareholders of KEE BVI Group as at 30 June 2015 of HK$160,041,657 set out on page 22 of the Circular, which has been prepared based on the unaudited consolidated management accounts of KEE BVI Group;

(iv) 15% of the adjusted unaudited consolidated net asset value attributable to equity shareholders of KEE BVI Group as at 30 June 2015 of HK$24,627,172 set out on pages 15 and 22 of the Circular, which has been prepared on the basis set out therein assuming that the PRC Assets Disposal, the HK Property Disposal and the Reorganisation had been completed on 30 June 2015;

(v) the unaudited net asset value of KEE Jingmen as at 30 June 2015 of HK$121,370,983 set out on page 27 of the Circular, which has been prepared based on the unaudited management accounts of KEE Jingmen; and

(vi) 80% of the adjusted unaudited net asset value of KEE Jingmen as at 30 June 2015 of HK$105,215,980 set out on pages 24 and 27 of the Circular, which has been prepared on the basis set out therein.

We have discussed with the Directors the bases upon which the Rule 10 Forecast Information was prepared. We have also considered the letters from KPMG dated 21 December 2015, the text of each of such letters is set out in the section headed “A. Letters from KPMG” in Appendix II to the Circular, whereby KPMG has opined that so far as the accounting policies and calculations are concerned:

(a) the Rule 10 Forecast Information referred to in (i) and (ii) above has been properly compiled based on the unaudited consolidated management accounts of KEE BVI Group for each the two years ended 31 December 2013 and 2014;

(b) the Rule 10 Forecast Information referred to in (iii) and (iv) above has been properly complied in accordance with the basis of preparation as described in the paragraph headed “Consideration for the KEE BVI Disposal” in the letter from the Board included in the Circular;

(c) the Rule 10 Forecast Information referred to in (v) and (vi) above has been properly complied in accordance with the basis of preparation as described in the paragraph headed “Consideration for the PRC Assets Disposal” in the letter from the Board included in the Circular; and

(d) all of the Rule 10 Forecast Information is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Company in preparing the condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2015.

Based on the above, we are satisfied that the Rule 10 Forecast Information, for which the Directors are solely responsible, has been prepared by the Directors with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Circular with the inclusion therein of this letter.

Yours faithfully,
for and on behalf of
Shenwan Hongyuan Capital (H.K.) Limited
Willis Ting
Managing Director
Head of Corporate Finance

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in the Joint Announcement received from Greater China Appraisal Limited, an independent valuer, in connection with their valuation as at 30 June 2015 of the real property interests held by the Group and a letter of confirmation from Greater China Appraisal Limited in connection with their valuation as at 31 August 2015 of the real property interests held by the Group.

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

9 November 2015

The Board of Directors
KEE Holdings Company Limited
Office B on 16th Floor, YHC Tower
No. 1 Sheung Yuet Road
Kowloon
Hong Kong

Dear Sir,

Re: Valuation of various real properties located in Hong Kong and the People's Republic of China (the "PRC")

In accordance with the instructions from KEE Holdings Company Limited (the "Company") for us to value certain real property interests which are held by the Company or its subsidiaries (these companies referred to as the "Group"), details of which are provided in the enclosed valuation certificates, in Hong Kong and the PRC, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such real property interests as at 30 June 2015 (referred to as the "valuation date").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of the real properties and the limiting conditions.

I. BASIS OF VALUATION

The valuation is our opinion of the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

II. VALUATION METHODOLOGY

For the valuation of the real property in Group I, the comparison method is used where comparison based on prices realised or market prices of comparable real properties is made. Comparable real properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each real property. Adjustments in the prices of the comparable real properties are then made to account for the identified differences between such real properties and the real properties in the relevant factors.

For the valuation of the real property in Group II, where due to the nature of buildings and structures of the real property interest, there are no readily identifiable market comparable sales readily available. Such real property interest has therefore been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacing the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. The reported market value only applies to the whole of the complex or developments as a unique interest, and no piecemeal transaction of the complex or development is assumed. The depreciated replacement cost of the real property interest is subject to adequate potential profitability of the concerned business.

In valuing the real property in Group III, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of market value, we have made reference to comparable sale transactions as available in the relevant market and taken into account the development costs relevant to the stage of construction as at the valuation date.

III. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the real property interests on the open market in their existing states without the benefit of any deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangement which would serve to increase the value of the real property interests.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report.

No environment impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licences, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

Other specific assumptions of the real properties, if any, have been stated out in the footnotes of the valuation certificates.

IV. TITLESHIP INVESTIGATION

We have caused searches made at the Land Registry in Hong Kong in respect of the real property interest in Group I that is located in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copy handed to us.

For the real property interests in Groups II and III which are located in the PRC, we have been provided with copies of legal documents regarding the real properties. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liability attached to the real properties.

In the course of our valuation of the real properties located in the PRC, we have relied upon the legal opinion given by the Company's PRC legal advisors – Guangdong Baiyue Law Firm（廣東百越律師事務所）in relation to the legal title to the real properties. All legal documents disclosed in this report, if any, are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the real properties set out in this report.

According to the Company's PRC legal advisors, the owners of the real properties in the PRC has the rights to occupy, use, transfer, lease, mortgage or by other means dispose of the real properties and these real properties are not subject to any mortgage, judicial, seizure or other rights restrictions.

V. LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the real properties. However, no structural survey has been made and we are therefore unable to report as to whether the real properties are free from rot, infestation or any other structural defects. Also, no tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the areas in respect of the real properties but have assumed that the areas shown on the relevant documents provided to us are correct. Based on our experience of valuation of similar real properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for any real property development. Our valuation is made on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided and have accepted advice given to us by the Group on such matters as planning approvals, statutory notices, easements, tenure, occupation, development scheme, construction costs, site and floor areas and in the identification of the real properties. We have had no reason to doubt the truth and accuracy of the information provided by the Group. We were also advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the real properties valued nor for any expenses or taxation which may be incurred in effecting a sale.

Since certain real properties are located in a relatively under-developed market, the PRC, those assumptions are often based on imperfect market evidence. A range of values may be attributable to the real properties depending upon the assumptions made. While we have exercised our professional judgment in arriving at the value, report readers are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

VI. OPINION OF VALUE

Our opinion of the market value of the real property interests is set out in the attached summary of values and valuation certificates.

VII. REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, and Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs published by Securities and Futures Commission.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and Share Buy-backs and as advised by the Company, the potential tax liabilities which may arise from the sale of the real properties include:

The office B on 16th Floor of YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong ("HK property")

- Stamp duty at a rate of maximum 8.5 % of the consideration of the real property; and

- Profit tax at a rate of 16.5% on the profit amount.

A parcel of land and various buildings and structures constructed thereon located at No. 116 Jinjia Main Road, Weitang Town, Weizhong Village, Jiashan County, Zhejiang Province ("Zhejiang property") and two parcels of land and various buildings being constructed thereon located at east of Longjing Main Road, north of Fuyao Er Road, Jingmen ("Jingmen property") in the PRC

- Business tax at a rate of 5% of the consideration of the real property;

- Land appreciation tax for the real property at progressive tax rates of 30% on the appreciation;

- Stamp duty at a rate of 0.05% of the consideration of the real property;

- Income tax at a rate ranging from 15% to 25% on profit before tax; and

- City maintenance and construction tax and Local Education surcharge at a rate of 10% of the business tax.

For the HK property and Zhejiang property, as the Company has entered into agreements for disposal of the real properties, therefore, the likelihood of the relevant tax liability being crystalised is high. For the Jingmen property, the Company has entered into agreement for the disposal of the shares of holding company of the Jingmen property instead of the disposal of the Jingmen property directly, so the likelihood of any potential tax liability applicable to the disposal of the Jingmen property directly being crystalised is remote. The disposal of the HK property and Zhejiang property, and the disposal of the shares of holding company of Jingmen property constitute special deals under Note 4 to Rule 25 of the Code on Takeovers and Mergers and Share Buy-backs.

In valuing the real property interests, we have complied with the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Site inspection of the real properties was conducted in July 2015 by Ms. Phoebe Fung (BSc) and Mr. Zhang Bao (cost engineer). The completed real properties were maintained in a reasonable condition commensurate with its ages and uses and equipped with normal building services.

For the real property interests in Hong Kong and the PRC, the monetary amounts herein are stated in Hong Kong Dollars (HK$) and Chinese Renminbi (RMB) respectively.

We enclose herewith the summary of values and the valuation certificates.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
Greater China Appraisal Limited
Mr. Gary Man
Registered Professional Surveyor (G.P.)
FHKIoD, FRICS, MHKIS, MCIREA
Director

Note: Mr. Gary Man is a Chartered Surveyor who has more than 27 years of valuation experience in countries such as The PRC, Hong Kong, Singapore, Vietnam, Philippines and the Asia Pacific region.

SUMMARY OF VALUES

GROUP I – REAL PROPERTY INTEREST HELD FOR OWNER OCCUPATION IN HONG KONG

No.	Real Property	Market Value in existing state as at 30 June 2015
1.	Office B on 16th floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong	HK$24,800,000
	Sub-total:	**HK$24,800,000**

GROUP II – REAL PROPERTY INTERESTS HELD FOR OWNER OCCUPATION IN THE PRC

No.	Real Property	Market Value in existing state as at 30 June 2015
2.	A parcel of land and various buildings and structures constructed thereon located at No. 116 Jinjia Main Road, Weitang Town, Weizhong Village, Jiashan County, Zhejiang Province, the PRC	RMB37,000,000
	Sub-total:	**RMB37,000,000**

GROUP III – REAL PROPERTY INTEREST HELD UNDER DEVELOPMENT IN THE PRC

No.	Real Property		Market Value in existing state as at 30 June 2015
3.	Two parcels of land and various buildings being constructed thereon located at east of Longjing Main Road, north of Fuyao Er Road, Jingmen City, Hubei Province, the PRC		RMB100,700,000
		Sub-total:	**RMB100,700,000**
		Total:	**HK$24,800,000** **RMB137,700,000**

VALUATION CERTIFICATE

GROUP I – REAL PROPERTY INTEREST HELD FOR OWNER OCCUPATION IN HONG KONG

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2015
1.	Office B on 16th floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong 223/40000th shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5881 (the "Lot")	The real property comprises an office unit on the 16th floor within a 36-storey office building with car-parking facilities. The building, which was completed in 2013, consists of retail spaces on the ground floor and the 5th floor. The saleable area of the real property is approximately 139.63 square metres (1,503.00 square feet). The Lot is held under Conditions of Sale No. UB11567 for a term of 99 years from 1 July 1898 which has been statutorily extended to 30 June 2047. The government rent payable for the Lot is equal to 3% of its rateable value.	Upon inspection, the real property is currently occupied for office purpose.	HK$24,800,000 (Hong Kong Dollars Twenty Four Million and Eight Hundred Thousand)

Notes:

(i) The registered owner of the real property is KEE Zippers Corporation Limited, an indirect wholly-owned subsidiary of the Company, via memorial no. 14021201800011 dated 30 January 2014 at a consideration of HK$19,967,220.

(ii) The real property is subject to a mortgage in favour of CTBC Bank Co., Ltd. via memorial no. 15012700290083 dated 6 January 2015.

GROUP II – REAL PROPERTY INTERESTS HELD FOR OWNER OCCUPATION IN THE PRC

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2015
2.	A parcel of land and various buildings and structures constructed thereon located at No.116 Jinjia Main Road, Weitang Town, Weizhong Village, Jiashan County, Zhejiang Province, the PRC	The real property comprises a parcel of land with a site area of approximately 32,241.3 square metres and 7 buildings and various structures constructed thereon. The buildings were completed in between 2008 and 2009. The total gross floor area of the buildings is approximately 23,183 square metres. Detail breakdown is shown below:	Upon inspection, the real property is currently occupied by the Group for industrial and ancillary purposes.	RMB37,000,000 (Renminbi Thirty Seven Million)

Usage	No. of Block	No. of Storey	Gross Floor Area *(square metres)*
Office	1	3	3,478.07
Workshop	5	1-2	13,889.51
Dormitory	1	4	5,815.85
Total:			**23,183.43**

The structures comprise guard room, machine room, internal road, greenery, etc.

The real property were granted for land use rights for a term expiring on 20 June 2056 for industrial use.

Notes:

(i) According to a State-owned Land Use Rights Certificate, known as Shan Guo Yong (2010) Di 00207710 Hao, issued by the People's Government of Jiashan County and dated 15 December 2010, the land use rights of the real property with a site area of approximately 32,241.3 square metres is held by KEE (Zhejiang) Garment Accessories Limited ("KEE (Zhejiang)"), an indirect wholly-owned subsidiary of the Company, for a term expiring on 20 June 2056 for industrial use.

(ii) According to 7 sets of Building Ownership Certificates, known as Jia Shan Xian Fang Quan Zheng Shan Zi Di S0030654 to S0030660 Hao, the building ownerships of the buildings with a total gross floor area of approximately 23,183.43 square metres is held by KEE (Zhejiang).

(iii) We have been provided with a legal opinion regarding the real property interests issued by the Company's PRC legal advisors which are summarised below:

(a) KEE (Zhejiang) has obtained the land use rights of the land parcel as mentioned in Note (i), and is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the land parcel;

(b) KEE (Zhejiang) has obtained the building ownership of the buildings as mentioned in Note (ii), and is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the buildings; and

(c) the land use rights of the land parcel as mentioned in Note (i) and the building ownerships mentioned in Note (ii) are not subject to any mortgage, judicial seizure or other rights restrictions.

GROUP III – REAL PROPERTY INTEREST HELD UNDER DEVELOPMENT IN THE PRC

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2015
3.	Two parcels of land and various buildings being constructed thereon located at east of Longjing Main Road, north of Fuyao Er Road, Jingmen City, Hubei Province, the PRC	The real property comprises two parcels of land with a total site area of approximately 149,680.32 square metres and various buildings being constructed thereon. According to the information provided, the total planned gross floor area of the buildings will be approximately 38,426 square metres upon completion. Detail breakdown is shown below: **Usage** — **Gross Floor Area** *(square metres)* Workshop — 26,354.30 Composite and ancillary buildings — 4,246.20 Dormitory — 7,825.95 **Total:** — **38,426.45** The buildings are scheduled to be completed in 2015. The estimated construction cost for the buildings is approximately RMB 66,000,000, of which approximately RMB 64,600,000 had been incurred up to the valuation date. The real property was granted for land use rights for terms expiring on 15 April 2062 and 5 August 2062 from 2 sets of state-owned Land Use Rights Certificate for industrial use.	Upon inspection, the superstructure of the real property has been completed.	RMB100,700,000 (Renminbi One Hundred Million and Seven Hundred Thousand)

Notes:

(i) According to a State-owned Land Use Rights Grant Contract, entered into between the State-owned Land and Resources Bureau of Jingmen and KEE (Jingmen) Garment Accessories Limited ("KEE Jingmen"), a 80%-owned subsidiary of the Group, dated 13 January 2012, the land use rights of a parcel of land with a site area of approximately 71,246.34 square metres were constructed to be granted to KEE Jingmen for a term of 50 year for industrial use at a consideration of RMB16,250,000.

(ii) According to a State-owned Land Use Rights Grant Contract, entered into between the State-owned Land and Resources Bureau of Jingmen and KEE Jingmen dated 6 August 2012, the land use rights of a parcel of land with a site area of approximately 78,434 square metres were contracted to be granted to KEE Jingmen for a term of 50 year for industrial use at a consideration of RMB13,600,000.

(iii) According to two sets of State-owned Land Use Rights Certificates, known as Jing Guo Yong (2012) Di 20120845 Hao and Jing Guo Yong (2012) Di 20121742 Hao, issued by the Peoples' Government of Jingmen and dated 16 April 2012 and 27 June 2012 respectively, the land use rights of the real property with a total site area of approximately 149,680.32 square metres were granted to KEE Jingmen for terms expiring on 15 April 2062 and 5 August 2062 respectively for industrial use.

(iv) According to a Construction Land Use Planning Permit, known as Jing Men Shi Di Zi Di 2012022 Hao issued by the Urban-Rural Planning Bureau of Jingmen, permission has been given for the planning of construction of the real property.

(v) According to 2 sets of Construction Work Planning Permits, Nos.2012GF048 and Nos.2012GF083, issued by the Urban-Rural Planning Bureau of Jingmen, the construction of the real property with a total gross floor area of approximately 72,140.67 square metres has been approved.

(vi) According to a Construction Work Commencement Permit, Nos.2012014, issued by the Construction and Environmental Protection Bureau of Jingmen Economic Development Zone, permission has been given for commencement of construction of a real property with a total gross floor area of approximately 38,426.45 square metres.

(vii) According to a Construction Work Commencement Permit, Nos.2012015, issued by the Construction and Environmental Protection Bureau of Jingmen High and New Technology Industry Park, permission has been given for commencement of construction of a real property with a total gross floor area of approximately 1,188 square metres.

(viii) The capital value of the real property, as if completed according to the development proposals as described above as at the valuation date, would be RMB101,300,000.

(ix) We have been provided with a legal opinion regarding the real property interests issued by the Company's PRC legal advisors which are summarised below:

(a) KEE Jingmen has obtained the land use rights of the land parcels as mentioned in Note (iii), and is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the land parcels;

(b) the land use rights of land parcels as mentioned in Note (iii) are not subject to any mortgage, judicial seizure or other rights restrictions; and

(c) KEE Jingmen is in application for completion of the construction work, and relevant Building Ownership Certificates will be officially granted without legal impediment. Once KEE Jingmen has obtained the Building Ownership Certificates of the buildings, KEE Jingmen is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the buildings.

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

9 November 2015

The Board of Directors
KEE Holdings Company Limited
Office B on 16th Floor, YHC Tower
No.1 Sheung Yuet Road
Kowloon
Hong Kong

Dear Sirs,

Company : KEE Holdings Company Limited (the "Company")

Transaction : Joint Announcement
(1) Acquisition Of Shares In KEE Holdings Company Limited By Glory Emperor Trading Limited; (2) Major And Connected Transactions, Continuing Connected Transactions And Special Deals; (3) Possible Mandatory Unconditional Cash Offers By China International Capital Corporation Hong Kong Securities Limited On Behalf Of Glory Emperor Trading Limited For All Of The Issued Shares In (Other Than Those Already Owned Or Agreed To Be Acquired By Glory Emperor Trading Limited And Parties Acting In Concert With It) And To Cancel All The Outstanding Share Options Of KEE Holdings Company Limited; (4) Appointment Of Independent Financial Adviser And (5) Resumption Of Trading

Our valuation report dated 9 November 2015 with valuation date as at 30 June 2015 has been included in the Appendix to the joint announcement in respect of the captioned transaction.

For the period between 30 June 2015 and 31 August 2015, we have considered all the relevant update information provided from the Company and the market trend. As such, we hereby confirm that the value of the real property interests as at 31 August 2015 would not be materially different from the valuation date as at 30 June 2015.

Yours faithfully
For and on behalf of
Greater China Appraisal Limited
Gary Man
Director

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Greater China Appraisal Limited, an independent valuer, in connection with their valuation as at 30 September 2015 of the real property interests held by the Group.

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

Room 2703
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

21 December 2015

The Board of Directors
KEE Holdings Company Limited
Office B on 16th Floor, YHC Tower
No. 1 Sheung Yuet Road
Kowloon
Hong Kong

Dear Sir,

Re: Valuation of various real properties located in Hong Kong and the People's Republic of China (the "PRC")

In accordance with the instructions from KEE Holdings Company Limited (the "Company") for us to value certain real property interests which are held by the Company or its subsidiaries (these companies referred to as the "Group"), details of which are provided in the enclosed valuation certificates, in Hong Kong and the PRC, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such real property interests as at 30 September 2015 (referred to as the "valuation date").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of the real properties and the limiting conditions.

I. BASIS OF VALUATION

The valuation is our opinion of the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

II. VALUATION METHODOLOGY

For the valuation of the real property in Group I, the comparison method is used where comparison based on prices realised or market prices of comparable real properties is made. Comparable real properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each real property. Adjustments in the prices of the comparable real properties are then made to account for the identified differences between such real properties and the real properties in the relevant factors.

For the valuation of the real property in Group II, where due to the nature of buildings and structures of the real property interest, there are no readily identifiable market comparable sales readily available. Such real property interest has therefore been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacing the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. The reported market value only applies to the whole of the complex or developments as a unique interest, and no piecemeal transaction of the complex or development is assumed. The depreciated replacement cost of the real property interest is subject to adequate potential profitability of the concerned business.

In valuing the real property in Group III, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of market value, we have made reference to comparable sale transactions as available in the relevant market and taken into account the development costs relevant to the stage of construction as at the valuation date.

III. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the real property interests on the open market in their existing states without the benefit of any deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangement which would serve to increase the value of the real property interests.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report.

No environment impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licences, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

Other specific assumptions of the real properties, if any, have been stated out in the footnotes of the valuation certificates.

IV. TITLESHIP INVESTIGATION

We have caused searches made at the Land Registry in Hong Kong in respect of the real property interest in Group I that is located in Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copy handed to us.

For the real property interests in Groups II and III which are located in the PRC, we have been provided with copies of legal documents regarding the real properties. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liability attached to the real properties.

In the course of our valuation of the real properties located in the PRC, we have relied upon the legal opinion given by the Company's PRC legal advisors – Guangdong Baiyue Law Firm（廣東百越律師事務所）in relation to the legal title to the real properties. All legal documents disclosed in this report, if any, are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the real properties set out in this report.

According to the Company's PRC legal advisors, the owners of the real properties in the PRC has the rights to occupy, use, transfer, lease, mortgage or by other means dispose of the real properties and these real properties are not subject to any mortgage, judicial, seizure or other rights restrictions.

V. LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the real properties. However, no structural survey has been made and we are therefore unable to report as to whether the real properties are free from rot, infestation or any other structural defects. Also, no tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the areas in respect of the real properties but have assumed that the areas shown on the relevant documents provided to us are correct. Based on our experience of valuation of similar real properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for any real property development. Our valuation is made on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided and have accepted advice given to us by the Group on such matters as planning approvals, statutory notices, easements, tenure, occupation, development scheme, construction costs, site and floor areas and in the identification of the real properties. We have had no reason to doubt the truth and accuracy of the information provided by the Group. We were also advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the real properties valued nor for any expenses or taxation which may be incurred in effecting a sale.

Since certain real properties are located in a relatively under-developed market, the PRC, those assumptions are often based on imperfect market evidence. A range of values may be attributable to the real properties depending upon the assumptions made. While we have exercised our professional judgment in arriving at the value, report readers are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

VI. OPINION OF VALUE

Our opinion of the market value of the real property interests is set out in the attached summary of values and valuation certificates.

VII. REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, and Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs published by Securities and Futures Commission.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and Share Buy-backs and as advised by the Company, the potential tax liabilities which may arise from the sale of the real properties include:

The office B on 16th Floor of YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong ("HK property")

- Stamp duty at a rate of maximum 8.5 % of the consideration of the real property; and
- Profit tax at a rate of 16.5% on the profit amount.

A parcel of land and various buildings and structures constructed thereon located at No.116 Jinjia Main Road, Weitang Town, Weizhong Village, Jiashan County, Zhejiang Province ("Zhejiang property") and two parcels of land and various buildings being constructed thereon located at east of Longjing Main Road, north of Fuyao Er Road, Jingmen ("Jingmen property") in the PRC

- Business tax at a rate of 5% of the consideration of the real property;
- Land appreciation tax for the real property at progressive tax rates of 30% on the appreciation;
- Stamp duty at a rate of 0.05% of the consideration of the real property;
- Income tax at a rate ranging from 15% to 25% on profit before tax; and
- City maintenance and construction tax and Local Education surcharge at a rate of 10% of the business tax.

For the HK property and Zhejiang property, as the Company has entered into agreements for disposal of the real properties, therefore, the likelihood of the relevant tax liability being crystalised is high. For the Jingmen property, the Company has entered into agreement for the disposal of the shares of the holding company of the Jingmen property instead of disposal of the Jingmen property directly, so the likelihood of any potential tax liability applicable to the disposal of the Jingmen property directly being crystalised is remote. The disposal of the HK property and Zhejiang property, and the disposal of the shares of holding company of Jingmen property constitute special deals under Note 4 to Rule 25 of the Code on Takeovers and Mergers and Share Buy-backs.

In valuing the real property interests, we have complied with the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Site inspections of the real properties were conducted in between 6 to 9 July 2015 by Ms. Phoebe Fung (BSc) and Mr. Zhang Bao (cost engineer). The completed real properties were maintained in a reasonable condition commensurate with its ages and uses and equipped with normal building services.

For the real property interests in Hong Kong and the PRC, the monetary amounts herein are stated in Hong Kong Dollars (HK$) and Chinese Renminbi (RMB) respectively.

We enclose herewith the summary of values and the valuation certificates.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED
Mr. Gary Man
Registered Professional Surveyor (G.P.)
FHKIoD, FRICS, MHKIS, MCIREA
Director

Note: Mr. Gary Man is a Chartered Surveyor who has more than 27 years of valuation experience in countries such as The PRC, Hong Kong, Singapore, Vietnam, Philippines and the Asia Pacific region.

SUMMARY OF VALUES

GROUP I – REAL PROPERTY INTEREST HELD FOR OWNER OCCUPATION IN HONG KONG

No.	Real Property	Market Value in existing state as at 30 September 2015
1.	Office B on 16th floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong	HK$25,600,000
	Sub-total:	**HK$25,600,000**

GROUP II – REAL PROPERTY INTERESTS HELD FOR OWNER OCCUPATION IN THE PRC

No.	Real Property	Market Value in existing state as at 30 September 2015
2.	A parcel of land and various buildings and structures constructed thereon located at No. 116 Jinjia Main Road, Weitang Town, Weizhong Village, Jiashan County, Zhejiang Province, the PRC	RMB36,900,000
	Sub-total:	**RMB36,900,000**

GROUP III – REAL PROPERTY INTEREST HELD UNDER DEVELOPMENT IN THE PRC

No.	Real Property	Market Value in existing state as at 30 September 2015
3.	Two parcels of land and various buildings being constructed thereon located at east of Longjing Main Road, north of Fuyao Er Road, Jingmen City, Hubei Province, the PRC	RMB101,200,000
	Sub-total:	**RMB101,200,000**
	Total:	**HK$25,600,000** **RMB138,100,000**

VALUATION CERTIFICATE

GROUP I – REAL PROPERTY INTEREST HELD FOR OWNER OCCUPATION IN HONG KONG

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 September 2015
1.	Office B on 16th floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong 223/40000th shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5881 (the "Lot")	The real property comprises an office unit on the 16th floor within a 36-storey office building with car-parking facilities. The building, which was completed in 2013, consists of retail spaces on the ground floor and the 5th floor. The saleable area of the real property is approximately 139.63 square metres (1,503.00 square feet). The Lot is held under Conditions of Sale No. UB11567 for a term of 99 years from 1 July 1898 which has been statutorily extended to 30 June 2047. The government rent payable for the Lot is equal to 3% of its rateable value.	Upon inspection, the real property is currently occupied for office purpose.	HK$25,600,000 (Hong Kong Dollars Twenty Five Million and Six Hundred Thousand)

Notes:

(i) The registered owner of the real property is KEE Zippers Corporation Limited, an indirect wholly-owned subsidiary of the Company, via memorial no. 14021201800011 dated 30 January 2014 at a consideration of HK$19,967,220.

(ii) The real property is subject to a mortgage in favour of CTBC Bank Co., Ltd. via memorial no. 15012700290083 dated 6 January 2015.

(iii) The real property is subject to an Agreement for Sale and Purchase in favour of Classic Winner Limited, a connected person of the Company, via memorial no. 15090201560017 dated 19 August 2015 at a consideration of HK$24,800,000.

GROUP II – REAL PROPERTY INTERESTS HELD FOR OWNER OCCUPATION IN THE PRC

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 September 2015
2.	A parcel of land and various buildings and structures constructed thereon located at No.116 Jinjia Main Road, Weitang Town, Weizhong Village, Jiashan County, Zhejiang Province, the PRC	The real property comprises a parcel of land with a site area of approximately 32,241.3 square metres and 7 buildings and various structures constructed thereon. The buildings were completed in between 2008 and 2009. The total gross floor area of the buildings is approximately 23,183 square metres. Detail breakdown is shown below:	Upon inspection, the real property is currently occupied by the Group for industrial and ancillary purposes.	RMB36,900,000 (Renminbi Thirty Six Million and Nine Hundred Thousand)

Usage	No. of Block	No. of Storey	Gross Floor Area *(square metres)*
Office	1	3	3,478.07
Workshop	5	1-2	13,889.51
Dormitory	1	4	5,815.85
Total:			**23,183.43**

The structures comprise guard room, machine room, internal road, greenery, etc.

The real property was granted for land use rights for a term expiring on 20 June 2056 for industrial use.

Notes:

(i) According to a State-owned Land Use Rights Certificate, known as Shan Guo Yong (2010) Di 00207710 Hao, issued by the People's Government of Jiashan County and dated 15 December 2010, the land use rights of the real property with a site area of approximately 32,241.3 square metres is held by KEE (Zhejiang) Garment Accessories Limited ("Kee (Zhejiang)"), an indirect wholly-owned subsidiary of the Company, for a term expiring on 20 June 2056 for industrial use.

(ii) According to 7 sets of Building Ownership Certificates, known as Jia Shan Xian Fang Quan Zheng Shan Zi Di S0030654 to S0030660 Hao, the building ownerships of the buildings with a total gross floor area of approximately 23,183.43 square metres is held by Kee (Zhejiang).

(iii) According to a master disposal agreement, entered into between Kee (Zhejiang) as a vendor, and 佛山市南海今和明投資有限公司 (translated as "Foshan City Nanhai Jinheming Investment Company Limited") ("Nanhai Jinheming"), a connected person of the Company, as a purchaser, dated 19 August 2015, the real property has been agreed to transfer to the purchaser at a consideration of RMB37,000,000.

(iv) We have been provided with a legal opinion regarding the real property interests issued by the Company's PRC legal advisors which are summarised below:

(a) Kee (Zhejiang) has obtained the land use rights of the land parcel as mentioned in Note (i), and is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the land parcel;

(b) Kee (Zhejiang) has obtained the building ownership of the buildings as mentioned in Note (ii), and is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the buildings; and

(c) the land use rights of the land parcel as mentioned in Note (i) and the building ownerships mentioned in Note (ii) are not subject to any mortgage, judicial seizure or other rights restrictions.

GROUP III – REAL PROPERTY INTEREST HELD UNDER DEVELOPMENT IN THE PRC

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 September 2015
3.	Two parcels of land and various buildings being constructed thereon located at east of Longjing Main Road, north of Fuyao Er Road, Jingmen City, Hubei Province, the PRC	The real property comprises two parcels of land with a total site area of approximately 149,680.32 square metres and various buildings being constructed thereon. According to the information provided, the total planned gross floor area of the buildings will be approximately 38,426 square metres upon completion. Detail breakdown is shown below: **Usage** / **Gross Floor Area** *(square metres)* Workshop 26,354.30 Composite and ancillary buildings 4,246.20 Dormitory 7,825.95 **Total: 38,426.45** The buildings are scheduled to be completed in 2015. The estimated construction cost for the buildings is approximately RMB 66,000,000, of which approximately RMB 64,600,000 had been incurred up to the valuation date. The estimated additional cost to complete the construction of the buildings as at the valuation date is approximately RMB1,400,000. The real property was granted for land use rights for terms expiring on 15 April 2062 and 5 August 2062 from 2 sets of State-owned Land Use Rights Certificate for industrial use.	Upon inspection, the superstructure of the real property has been completed.	RMB101,200,000 (Renminbi One Hundred One Million and Two Hundred Thousand)

Notes:

(i) According to a State-owned Land Use Rights Grant Contract, entered into between the State-owned Land and Resources Bureau of Jingmen and KEE (Jingmen) Garment Accessories Limited ("KEE Jingmen"), a 80%-owned subsidiary of the Group, dated 13 January 2012, the land use rights of a parcel of land with a site area of approximately 71,246.34 square metres were constructed to be granted to KEE Jingmen for a term of 50 years for industrial use at a consideration of RMB16,250,000.

(ii) According to a State-owned Land Use Rights Grant Contract, entered into between the State-owned Land and Resources Bureau of Jingmen and KEE Jingmen dated 6 August 2012, the land use rights of a parcel of land with a site area of approximately 78,434 square metres were contracted to be granted to KEE Jingmen for a term of 50 years for industrial use at a consideration of RMB13,600,000.

(iii) According to two sets of State-owned Land Use Rights Certificates, known as Jing Guo Yong (2012) Di 20120845 Hao and Jing Guo Yong (2012) Di 20121742 Hao, issued by the Peoples' Government of Jingmen and dated 16 April 2012 and 27 June 2012 respectively, the land use rights of the real property with a total site area of approximately 149,680.32 square metres were granted to KEE Jingmen for terms expiring on 15 April 2062 and 5 August 2062 respectively for industrial use.

(iv) According to a Construction Land Use Planning Permit, known as Jing Men Shi Di Zi Di 2012022 Hao issued by the Urban-Rural Planning Bureau of Jingmen, permission has been given for the planning of construction of the real property.

(v) According to 2 sets of Construction Work Planning Permits, Nos. 2012GF048 and 2012GF083, issued by the Urban-Rural Planning Bureau of Jingmen, the construction of the real property with a total gross floor area of approximately 72,140.67 square metres has been approved.

(vi) According to a Construction Work Commencement Permit, No. 2012014, issued by the Construction and Environmental Protection Bureau of Jingmen Economic Development Zone, permission has been given for commencement of construction of a real property with a total gross floor area of approximately 38,426.45 square metres.

(vii) According to a Construction Work Commencement Permit, Nos.2012015, issued by the Construction and Environmental Protection Bureau of Jingmen High and New Technology Industry Park, permission has been given for commencement of construction of a real property with a total gross floor area of approximately 1,188 square metres.

(viii) The capital value of the real property, as if completed according to the development proposals as described above as at the valuation date, would be RMB101,800,000.

(ix) According to a master disposal agreement, entered into between KEE Jingmen as a vendor, and Nanhai Jinheming as a purchaser, dated 19 August 2015, KEE Jingmen has agreed to transfer to sell, and Nanhai Jinheming has agreed to purchase 80% of equity interest in KEE Jingmen at a consideration of RMB87,417,730.

(x) As advised by the Company, the superstructure of the real property has been completed in about May 2015. The construction works of the real property were under the final stage involving patching, repairing and cleaning works in the months from July to September, therefore, only insignificant amount of cost was incurred since 30 June 2015.

(xi) The market value of the real property as at 30 September 2015 was increased when comparing with that of 30 June 2015 which was mainly due to the increase in the land price.

(xii) We have been provided with a legal opinion regarding the real property interests issued by the Company's PRC legal advisors which are summarised below:

(a) KEE Jingmen has obtained the land use rights of the land parcels as mentioned in Note (iii), and is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the land parcels;

(b) the land use rights of land parcels as mentioned in Note (iii) are not subject to any mortgage, judicial seizure or other rights restrictions; and

(c) KEE Jingmen is in application for completion of the construction work, and relevant Building Ownership Certificates will be officially granted without legal impediment. Once KEE Jingmen has obtained the Building Ownership Certificates of the buildings, KEE Jingmen is legally entitled to occupy, use, transfer, lease, mortgage or by other means dispose of the buildings.

RECONCILIATION STATEMENT

The property interests held by the Group have been value by Greater China Appraisal Limited, an independent professional valuer. The text of the letter in relation to the valuation report, summary of valuation and valuation certificates in connection with the valuation of the aforesaid property interests as at 30 September 2015 are set out in Appendix III to this circular.

The statement below shows the reconciliation of the above property interests from 31 December 2014, being the date to which the latest published audited financial statements were made up, to 30 September 2015.

	PRC Properties *RMB in Million*	**Jingmen Land and Jingmen Buildings** *RMB in Million*	**HK Property** *HKD in Million*
Net book value as at 31 December 2014	23.81	87.61	21.41
Movement from 31 December 2014 to 30 June 2015			
Additions	–	0.27	–
Adjustments	–	(0.50)	–
Depreciation	(0.69)	(0.24)	(0.33)
Net book value as at 30 June 2015	23.12	87.14	21.08
Valuation surplus	13.88	13.56	3.72
Valuation as at 30 June 2015 as per Appendix III	37.00	100.70	24.80
Movement from 30 June 2015 to 30 September 2015			
Additions	–	0.03	–
Adjustments	–	–	–
Depreciation	(0.35)	(0.77)	(0.16)
Net book value as at 30 September 2015	22.77	86.40	20.92
Valuation surplus	14.13	14.80	4.68
Valuation as at 30 September 2015 as per Appendix III	36.90	101.20	25.60

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

Information and confirmation relating to the Offeror, its associates and parties acting in concert with them set out in this circular have been duly extracted from the Joint Announcement or provided by the respective parties. The Directors jointly and severally accept responsibility for the correctness and fairness of reproduction or presentation of such information.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Directors and chief executives had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) or which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code:

(i) Long positions in the Shares and the underlying shares

Name of Directors	Nature of Interest	Number of Shares	Approximate percentage or attributable percentage of shareholding
Mr. Xu Xipeng	Interest in controlled corporation	310,490,000 *(Note 1)*	72.745%
Mr. Xu Xinan	Interest in controlled corporation	310,490,000 *(Note 1)*	72.745%
Mr. Lin Bin	Beneficial Owner	380,000 *(Note 2)*	0.089%
Mr. Kong Hing Ki	Beneficial Owner	380,000 *(Note 2)*	0.089%
Mr. Tam Yuk Sang, Sammy	Beneficial Owner	380,000 *(Note 2)*	0.089%

Notes:

1. These Shares are held by Nicco Worldwide Inc., which is beneficially owned as to 49.75% by Mr. Xu Xipeng and as to 49.75% by Mr. Xu Xinan. Therefore, Mr. Xu Xipeng and Mr. Xu Xinan are deemed to be interested in the 310,490,000 Shares held by Nicco Worldwide Inc. under Part XV of the SFO.

2. All interests in underlying Shares of the Company are interests in share options of the Company granted under the share option scheme of the Company, all of which may be exercised during the period from the day after the 2012 annual results being announced to the day the 2017 annual results being announced.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of Shareholder	**Nature of Interest**	**Number of Shares** *(Note 15)*	**Approximate percentage or attributable percentage of shareholding**
Nicco *(Note 3)*	Beneficial Owner	310,490,000 (L) *(Note 1)*	72.745%
Ms. Ke Saixia	Interest of spouse	310,490,000 (L) *(Note 1)*	72.745%
Ms. Lu Jiehong	Interest of spouse	310,490,000 (L) *(Note 2)*	72.745%
Offeror	Beneficial Owner	310,490,000 (L)	72.745%
Li Zhen Hong Kong Trading Co., Limited ("**Li Zhen**") *(Note 4)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
上海永文投資有限公司 *(Note 5)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
北京中弘弘毅投資有限公司 *(Note 6)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
Zhonghong *(Note 7)*	Interest in controlled Corporation	310,490,000 (L)	72.745%

Name of Shareholder	Nature of Interest	Number of Shares *(Note 15)*	Approximate percentage or attributable percentage of shareholding
Zhonghong Zhuoye *(Note 8)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
Mr. Wang Yong Hong *(Note 9)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
China Orient Asset Management Corporation ("**COAMC**") *(Note 10)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
Keen Concept Enterprise Corp. ("**Keen Concept**") *(Note 11)*	Security Interest	310,490,000 (L)	72.745%
China Orient Asset Management (International) Holding Limited ("**COAMI**") *(Note 12)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
Wise Leader Assets Ltd. ("**Wise Leader**") *(Note 13)*	Interest in controlled Corporation	310,490,000 (L)	72.745%
Dong Yin Development (Holdings) Limited ("**Dong Yin**") *(Note 14)*	Interest in controlled Corporation	310,490,000 (L)	72.745%

Note:

1. The 310,490,000 Shares are held by Nicco Worldwide Inc., which is beneficially owned as to 49.75% by Mr. Xu Xipeng. Therefore, Ms. Ke Saixia, being Mr. Xu Xipeng's spouse, is deemed to be interested in the 310,490,000 Shares held by Nicco Worldwide Inc. under Part XV of the SFO.

2. The 310,490,000 Shares are held by Nicco Worldwide Inc., which is beneficially owned as to 49.75% by Mr. Xu Xinan. Therefore, Ms. Lu Jiehong, being Mr. Xu Xinan's spouse, is deemed to be interested in the 310,490,000 Shares held by Nicco Worldwide Inc. under Part XV of the SFO.

3. As at the Latest Practicable Date, Mr. Xu Xipeng and Mr. Xu Xinan, both executive Directors, are the directors of Nicco Worldwide Inc.

4. Li Zhen wholly owns the Offeror. Therefore, Li Zhen is deemed or taken to be interested in all the Shares in which the Offeror is interested.

5. 上海永文投資有限公司 wholly owns Li Zhen. Therefore, 上海永文投資有限公司 is deemed or taken to be interested in all the Shares in which Li Zhen is interested.

6. 北京中弘弘毅投資有限公司 wholly owns 上海永文投資有限公司. Therefore, 北京中弘弘毅投資有限公司 is deemed or taken to be interested in all the Shares in which 上海永文投資有限公司 is interested.

7. Zhonghong wholly owns 北京中弘弘毅投資有限公司. Therefore, Zhonghong is deemed or taken to be interested in all the Shares in which 北京中弘弘毅投資有限公司 is interested.

8. Zhonghong Zhuoye holds approximately 34.51% interest in Zhonghong. Therefore, Zhonghong Zhuoye is deemed or taken to be interested in all the Shares in which Zhonghong is interested.

9. Mr. Wang Yong Hong wholly owns Zhonghong Zhuoye. Therefore, Mr. Wang Yong Hong is deemed or taken to be interested in all the Shares in which Zhonghong Zhuoye is interested.

10. COAMC holds 100% interest in Dong Yin. Therefore, COAMC is deemed or taken to be interested in all the Shares of the Company held by Keen Concept as security interest.

11. On 14 August 2015, the Offeror charged all the Shares to be acquired by the Offeror in accordance with the Sale and Purchase Agreement comprising 310,490,000 Shares representing approximately 72.745% as at the Latest Practicable Date (prior to exercise of any outstanding options) of the existing issued share capital of the Company, in favour of Keen Concept pursuant to the share charge in connection with an investment agreement dated 14 August 2015 as amended by a deed of amendment agreement dated 5 November 2015. Therefore, Keen Concept has a security interest in 310,490,000 Shares of the Company.

12. COAMI holds 100% interest in Keen Concept. Therefore, COAMI is deemed or taken to be interested in all the Shares of the Company held by Keen Concept as security interest.

13. Wise Leader holds approximately 50% interest in COAMI. Therefore, Wise Leader is deemed or taken to be interested in all the Shares of the Company held by Keen Concept as security interest.

14. Dong Yin holds approximately 50% interest in COAMI and 100% interest in Wise Leader respectively. Therefore, Dong Yin is deemed or taken to be interested in all the Shares of the Company held by Keen Concept as security interest.

15. The letters "L" and "S" denote a long position and a short position respectively in the Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholder or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date and save as disclosed in this circular, no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

Save as disclosed in this circular, none of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of the MOU Announcement and up to the Latest Practicable Date which are or may be material:

(a) the letter of agreement dated 18 December 2015 and entered into between KEE Zippers and Classic Winner, pursuant to which KEE Zippers and Classic Winner agreed that the rent to be payable by KEE Zippers throughout the extended term of the HK Lease Agreement shall be determined according to the prevailing open market rent under the valuation report to be prepared by an independent professional valuer to be engaged by KEE Zippers or its holding company;

(b) the Disposal Agreements (as supplemented by the extension letters dated 27 November 2015);

(c) the structured deposit agreement dated 4 March 2015 entered into between KEE Guangdong as the subscriber and Industrial Bank Co., Limited as the bank in relation to the subscription of principal-preservation and floating income structured deposit product of RMB12,000,000 at a subscription amount of RMB12,000,000 (equivalent to approximately HK$15,000,000);

(d) the master agreement dated 18 July 2014 entered into between 上海翎峰貿易有限公司 (Shanghai Lingfeng Trading Company Limited#) ("**Lingfeng Trading**") and KEE Guangdong pursuant to which Lingfeng Trading and 蘇州德峰紡織品有限公司 (Suzhou Defeng Textile Company Limited#) would (i) provide the processing services in connection with flat knit rib to KEE Guangdong; (ii) sell flat knit ribs to KEE Guangdong and/or (iii) supply equipment or spare parts to KEE Guangdong on an ongoing or continuing basis for three years ending 31 December 2016 based on the fair market value; and

(e) the agreement for sale and purchase dated 22 November 2013 entered into between KEE Zippers as the purchaser and Billion Wave Development Limited as the vendor in relation to the acquisition of Unit B on 16th Floor, No.1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong by the purchaser for a cash consideration of HK$19,967,220.

8. EXPERTS AND CONSENT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Shenwan Hongyuan Capital (H.K.) Limited ("**Shenwan Hongyuan**")	A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
BOSC International Company Limited ("**BOSC International**")	Licenced Corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Greater China Appraisal Limited ("**Greater China**")	Independent Professional Valuer
KPMG	Certified Public Accountants
Hills & Co.（君道律師事務所）	PRC qualified lawyers
Guangdong Baiyue Law Firm（廣東百越律師事務所）("**Guangdong Baiyue**")	PRC qualified lawyers

Each of Shenwan Hongyuan, BOSC International, Greater China, KPMG, Hills & Co. and Guangdong Baiyue has given and has not withdrawn respective written consent to the issue of this circular with the inclusion of its letter or report and/or reference to its name (as the case may be) in the form and context in which it respectively appears.

Each of Shenwan Hongyuan, BOSC International, Greater China, KPMG, Hills & Co. and Guangdong Baiyue did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

Each of Shenwan Hongyuan, BOSC International, Greater China, KPMG, Hills & Co. and Guangdong Baiyue did not have any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. MISCELLANEOUS

(a) The registered office of the Company is located at 3rd Floor, Queensgate House, 113 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is Unit B, 16/F., YHC Tower No. 1, Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong.

(c) The Company's Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The joint company secretaries of the Company are Mr. Xu Haizhou and Ms. Li Yan Wing, Rita. Mr. Xu Haizhou does not possess the specified qualifications as required under Rules 3.28 and 8.17 of the Listing Rules. The Stock Exchange had granted on 22 June 2012 a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules in relation to Mr. Xu Haizhou's eligibility to act as the joint company secretary for a three-year period starting from 29 June 2012, on the condition that, among other things, Mr. Xu Haizhou had been assisted by Ms. Li Yan Wing, Rita during the waiver period. Ms. Li Yan Wing, Rita is an associate of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. The Stock Exchange had issued a letter on 24 June 2015 agreeing that Mr. Xu Haizhou was qualified to act as the Company Secretary of the Company under Rule 3.28 of the Listing Rules.

(e) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Unit B, 16/F., YHC Tower Nos. 1, Sheung Yuet Road Kowloon Bay, Kowloon Hong Kong during normal business hours on any business day from the date of this circular up to and including 8 January 2016:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the two financial years ended 31 December 2014;

(c) the letter from the Code IBC, the text of which is set out on pages 48 to 49 in this circular;

(d) the letter from the Listing Rules IBC, the text of which is set out on pages 50 to 51 in this circular;

(e) the letter from BOSC International to the Code IBC, the Listing Rules IBC and the Independent Shareholders, the text of which is set out on pages 52 to 88 in this circular;

(f) the property valuation reports on the property interests held by the Group as set out in Appendix III to this circular;

(g) the letters from KPMG on the profit forecast of the KEE BVI Group and KEE Jingmen as set out in Appendix II of this circular;

(h) the letter from Shenwan Hongyuan set out in Appendix II to this circular reporting on certain financial information pursuant to Rule 10.3(b) of the Takeovers Code;

(i) the material contracts referred to under the paragraph "Material contracts" in this appendix;

(j) the written consent from the experts referred to under the paragraph headed "Experts and consent" in this appendix; and

(k) this circular.

KEE HOLDINGS COMPANY LIMITED
開易控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2011)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of KEE Holdings Company Limited (the "**Company**") will be held at Room 632-633, 6/F, Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Friday, 8 January 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions to be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) "**THAT**

(a) the disposal agreement (the "**KEE BVI Disposal Agreement**") dated 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015) and entered into between the Company and Nicco Worldwide Inc. ("**Nicco**") (a copy of which signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked "A"), pursuant to which the Company agreed to sell and Nicco agreed to purchase 15% of the issued share capital of KEE International (BVI) Limited ("**KEE BVI**") and the transactions contemplated thereunder (the "**KEE BVI Disposal**"), including as a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved, confirmed and ratified; and

(b) the board of directors of the Company (the "**Board**") be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the KEE BVI Disposal Agreement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company."

(2) "**THAT**

(a) the disposal agreement (the "**HK Property Disposal Agreement**") dated 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015) and entered into between KEE Zippers Corporation Limited ("**KEE Zippers**") and Classic Winner Limited ("**Classic Winner**") (a copy of which signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked "B"), pursuant to which KEE Zippers agreed to sell and Classic Winner agreed to purchase the Office B on the sixteenth floor of YHC Tower, No.1 Sheung Yuet Road, Kowloon, Hong Kong (the "**HK Property**") and the transactions contemplated thereunder, including as a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved, confirmed and ratified; and

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the HK Property Disposal Agreement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company."

(3) "**THAT**

(a) the disposal agreement (the "**PRC Master Disposal Agreement**") dated 19 August 2015 (as amended and supplemented by the extension letter dated 27 November 2015) and entered into between the Company and 佛山市南海今和明投資有限公司 (for transliteration purpose only, Foshan City Nanhai Jinheming Investment Company Limited) ("**Nanhai Jinheming**") (a copy of which signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked "C"), pursuant to which (i) the Company agreed to procure 開易(廣東)服裝配件有限公司 (for transliteration purpose only, KEE (Guangdong) Garment Accessories Limited) ("**KEE Guangdong**") to sell and Nanhai Jinheming agreed to purchase 80% equity interest in KEE (Jingmen) Garment Accessories Limited (開易(荊門)服裝配件有限公司); and (ii) the Company agreed to procure 開易(浙江)服裝配件有限公司 (for transliteration purpose only, KEE (Zhejiang) Garment Accessories Limited) ("**KEE Zhejiang**") to sell and Nanhai Jinheming agreed to purchase 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 (for transliteration purpose only, Weizhong Village, Weitang Town Jinshan County, Zhejiang Province, PRC) (the "**Land**") and the seven blocks of buildings and the facilities including greening, the laying of pipes, networks roads located at the Land (the "**PRC Buildings**" and together with the Land, the "**PRC Properties**") and the transactions contemplated thereunder, including as a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved, confirmed and ratified; and

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the PRC Master Disposal Agreement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company."

(4) “**THAT**

(a) the shareholders’ agreement (the “**Shareholders’ Agreement**”) to be entered into at the completion of the KEE BVI Disposal amongst the Company, Nicco and KEE BVI pursuant to the KEE BVI Disposal Agreement (a copy of which signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked “D”) and the transactions contemplated thereunder, including as a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved; and

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the Shareholders’ Agreement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company.”

(5) “**THAT**

(a) the lease agreement (the “**HK Lease Agreement**”) to be entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property (a copy of which signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked “E”) and the annual cap and transactions contemplated thereunder, including as a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved; and

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the HK Lease Agreement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company.”

(6) “**THAT**

(a) the lease agreement (the “**PRC Lease Agreement**”) to be entered into between Nanhai Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties (a copy of which signed by the Chairman of the meeting for the purpose of identification, has been produced to the meeting marked “F”) and the annual cap and transactions contemplated thereunder, including as a special deal under Rule 25 of the Hong Kong Code on Takeovers and Mergers, be and are hereby approved; and

(b) the Board be and is hereby authorised to do all such acts and things and sign all such documents and to take such steps as it considers necessary or expedient or desirable in connection with or to give effect to the PRC Lease

Agreement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company."

By Order of the Board
KEE Holdings Company Limited
Xu Xipeng
Chairman

Hong Kong, 21 December 2015

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or, if he is the holder of two or more shares, more than one person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.

4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof.