

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



KEE Holdings Company Limited

開易控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

FINANCIAL HIGHLIGHTS

| | For the six months ended 30 June | | change |
|---|--|--|--------|
| | 2015 HK\$'000 (unaudited) | 2014 HK\$'000 (unaudited) | |
| Revenue | 86,295 | 92,590 | -6.8% |
| Gross profit | 27,956 | 31,453 | -11.1% |
| Gross profit margin | 32.4% | 34.0% | -1.6% |
| Profit from operations | 8,521 | 9,862 | -13.6% |
| Profit before taxation | 8,308 | 9,665 | -14.0% |
| Profit for the period attributable to equity shareholders of the Company | 5,987 | 7,000 | -14.5% |
| Basic and diluted earnings per share (HK cents) | 1.4 | 1.7 | -17.6% |
| | | | |
| | As at 30 June 2015 HK\$'000 (unaudited) | As at 31 December 2014 HK\$'000 (audited) | change |
| Total assets | 408,947 | 395,154 | 3.5% |
| Deposits with banks | 3,824 | 41,158 | -90.7% |
| Cash and cash equivalents | 70,062 | 37,975 | 84.5% |
| Total equity attributable to equity shareholders of the Company | 313,883 | 307,804 | 2.0% |
| | | | |

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2015 – unaudited
(Expressed in Hong Kong dollars)

| | Note | Six months ended 30 June | |
|--------------------------------------|------|--------------------------|----------------|
| | | 2015 \$'000 | 2014 \$'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 |
| | \$'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)*

| | <i>Note</i> | At 30 June 2015 \$'000 | At 31 December 2014 \$'000 |
|--|-------------|---------------------------------------|----------------------------------|
| Non-current assets | | | |
| Fixed assets | | | |
| – Property, plant and equipment | | 208,560 | 211,874 |
| – Lease prepayments | | 32,709 | 33,052 |
| | | <hr/> 241,269 | <hr/> 244,926 |
| Intangible assets | | 7,107 | 7,666 |
| Prepayments for fixed assets | | 534 | 391 |
| Deferred tax assets | | 2,133 | 1,961 |
| | | <hr/> 251,043 | <hr/> 254,944 |
| | | <hr/> 251,043 | <hr/> 254,944 |
| Current assets | | | |
| Inventories | | 21,631 | 18,369 |
| Trade and other receivables | 8 | 62,343 | 41,535 |
| Current tax recoverable | | 44 | 1,173 |
| Deposits with banks | | 3,824 | 41,158 |
| Cash and cash equivalents | | 70,062 | 37,975 |
| | | <hr/> 157,904 | <hr/> 140,210 |
| | | <hr/> 157,904 | <hr/> 140,210 |
| Current liabilities | | | |
| Bank borrowing | | 15,000 | 17,000 |
| Trade and other payables | 9 | 53,428 | 45,290 |
| Current tax payable | | 1,678 | 33 |
| | | <hr/> 70,106 | <hr/> 62,323 |
| | | <hr/> 70,106 | <hr/> 62,323 |
| Net current assets | | <hr/> 87,798 | <hr/> 77,887 |
| | | <hr/> 87,798 | <hr/> 77,887 |
| Total assets less current liabilities | | <hr/> 338,841 | <hr/> 332,831 |
| | | <hr/> 338,841 | <hr/> 332,831 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 30 June 2015 – unaudited (continued)**(Expressed in Hong Kong dollars)*

| | At 30 June | At 31 December |
|--|-----------------------|-----------------------|
| | 2015 | 2014 |
| | \$'000 | \$'000 |
| Non-current liabilities | | |
| Deferred tax liabilities | <u>684</u> | <u>543</u> |
| NET ASSETS | <u>338,157</u> | <u>332,288</u> |
| CAPITAL AND RESERVES | | |
| Share capital | 4,266 | 4,150 |
| Reserves | <u>309,617</u> | <u>303,654</u> |
| Total equity attributable to equity shareholders of the Company | 313,883 | 307,804 |
| Non-controlling interests | <u>24,274</u> | <u>24,484</u> |
| TOTAL EQUITY | <u>338,157</u> | <u>332,288</u> |

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's consolidated interim financial report for the six months ended 30 June 2015 but are extracted from the consolidated interim financial report.

The 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 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.

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 | 2014 |
| | \$'000 | \$'000 |
| Revenue | | |
| Reportable segment revenue | 92,135 | 102,310 |
| Elimination of inter-segment revenue | (5,840) | (9,720) |
| | <hr/> | <hr/> |
| Consolidated revenue (note 4) | 86,295 | 92,590 |
| | <hr/> <hr/> | <hr/> <hr/> |
| 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) |
| | <hr/> | <hr/> |
| 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) |
| | <hr/> | <hr/> |
| Consolidated profit before taxation | 8,308 | 9,665 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | At 30 June | At 31 December |
| | 2015 | 2014 |
| | \$'000 | \$'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) |
| | <hr/> | <hr/> |
| | 396,764 | 392,908 |
| Deferred tax assets | 2,133 | 1,961 |
| Unallocated head office and corporate assets | 10,050 | 285 |
| | <hr/> | <hr/> |
| Consolidated total assets | 408,947 | 395,154 |
| | <hr/> <hr/> | <hr/> <hr/> |

4 REVENUE

The principal activities of the Group are manufacture and sale of finished 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 | 2014 |
| | \$'000 | \$'000 |
| Finished zippers and sliders | 78,418 | 83,790 |
| Flat knit ribs | 4,348 | 5,661 |
| Others | 3,529 | 3,139 |
| | <u>86,295</u> | <u>92,590</u> |

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 | 2014 |
| | \$'000 | \$'000 |
| Interest on bank borrowing | <u>213</u> | <u>197</u> |

(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 |
| | <u>29,347</u> | <u>30,563</u> |

(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 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 | 3,228 | – |
| | <hr/> | <hr/> |
| Weighted average number of ordinary shares at 30 June | 418,228 | 415,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

(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 | – |
| | <hr/> | <hr/> |
| Weighted average number of ordinary shares (diluted) at 30 June | 425,471 | 415,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 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 | At 31 December |
|---|-------------------|----------------|
| | 2015 | 2014 |
| | \$'000 | \$'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 |
| | <hr/> | <hr/> |
| Trade debtors and bills receivable, net of allowance for doubtful debts | 58,846 | 37,462 |
| | <hr/> | <hr/> |
| Prepayments | 982 | 669 |
| Deposits and other debtors | 2,515 | 3,404 |
| | <hr/> | <hr/> |
| | 62,343 | 41,535 |
| | <hr/> <hr/> | <hr/> <hr/> |

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.

9 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 | At 31 December |
|------------------------------------|-------------------|----------------|
| | 2015 | 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 |
| | <hr/> | <hr/> |
| Trade creditors | 14,570 | 7,229 |
| | <hr/> | <hr/> |
| 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 |
| | <hr/> | <hr/> |
| | 53,428 | 45,290 |
| | <hr/> <hr/> | <hr/> <hr/> |

10 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 HK 2 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.

BUSINESS REVIEW

The Group is principally engaged in manufacturing finished zippers in China. The Group's customers for zippers are principally OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well-known international apparel brands. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied in 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.

The Group also supplies sliders, components of zippers (including continuous zipper chains and stops) and molds fittings and designs and supplies premium items exclusively to apparel brand owners to meet the promotional needs for their products.

In addition, the Group also supplies flat knit ribs to customers to gradually satisfy the one-stop procurement demand for apparel components and accessories.

In the first half of 2015, due to the combined effect of the long-term decline in the potential growth rate and the lack of total demand, the Chinese economy continued to face huge pressure of economic downturn. While measures of the Chinese government in stabilizing the growths and deepening the reforms are moving forward, signs of stabilization begin to be observed in the domestic economy during such tough times. Under the influence of the overall economic situations, the demand for apparel industry has started to show signs of bottoming out. On the other hand, the service industry, as a traditional industry, is also in the phase of tough transformation and upgrading. These factors all pose continuous challenges to the demand for quality zippers.

Under the situations of domestic economic downturn and the undergoing of revolutionary transformation and reshuffling of the industry, the market performance of the Group is relatively stable, and such is due to the Group's consistent adoption of the strategy of long-term development and active response. In the first half of 2015, the Group continued to explore and invest in new areas, which include not only the development of new zipper products, but also the development of new brand customers and the continuous exploration of regional agency business.

In the aspect of internal operation, the Group also continued to achieve good results in every important aspect such as quick response to customers, production automation, and cost control.

PROSPECTS

In the second half of 2015, under the situation of preliminary bottoming out of the overall economy, the government will continue to deepen the reforms as to lead the economic transformation and consistently provide support through appropriate policies. The apparel industry is also in the stage of reforms 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 corporates having stronger core competitiveness, higher quality, greater economies of scale and higher brand awareness while corporates of a weaker competitiveness will be eliminated in this reshuffling.

In the aspect of market exploration, the Group will continue to maintain the strategy of active response and exploration, striving to increase its market share in the market segment and new product market of the field of zippers. The above measure is beneficial to the maintenance and improvement of the operation results of the Group.

In the aspect of internal operation, customized services, quick response to orders and lean production will all play an important role in the future development plan of the Group.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Group's revenue and profit attributable to equity shareholders of the Company amounted to approximately HK\$86.30 million and HK\$5.99 million respectively, representing decreases of 6.8% and 14.5% over the corresponding period in 2014 respectively.

A comparison of the financial results for the six months ended 30 June 2015 and the corresponding period in 2014 is set out as follows:

REVENUE

The Group's revenue for the six months ended 30 June 2015 amounted to HK\$86.30 million, representing a decrease of 6.8% as compared to the corresponding period in 2014.

Revenue analysis by product category:

| | For the six months ended 30 June | | | |
|------------------------------|----------------------------------|--------------|-----------------|-------|
| | 2015 | | 2014 | |
| | <i>HK\$'000</i> | % | <i>HK\$'000</i> | % |
| Finished zippers and sliders | 78,418 | 90.9 | 83,790 | 90.5 |
| Flat knit ribs | 4,348 | 5.0 | 5,661 | 6.1 |
| Others | 3,529 | 4.1 | 3,139 | 3.4 |
| Total | 86,295 | 100.0 | 92,590 | 100.0 |

Revenue analysis by geographic location:

| | For the six months ended 30 June | | | |
|----------------|----------------------------------|--------------|-----------------|-------|
| | 2015 | | 2014 | |
| | <i>HK\$'000</i> | % | <i>HK\$'000</i> | % |
| Mainland China | 78,122 | 90.5 | 78,742 | 85.0 |
| Overseas | 8,173 | 9.5 | 13,848 | 15.0 |
| Total | 86,295 | 100.0 | 92,590 | 100.0 |

For the six months ended 30 June 2015, revenue from sales of finished zippers and sliders decreased by approximately 6.4% to HK\$78.42 million (six months ended 30 June 2014: HK\$83.79 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 23.2% to HK\$4.35 million (six months ended 30 June 2014: HK\$5.66 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 12.4% to HK\$3.53 million (six months ended 30 June 2014: HK\$3.14 million), mainly due to the increasing demand for molds from overseas customers.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit analysis by product category:

| | For the six months ended 30 June | | | |
|------------------------------|----------------------------------|--------------|-----------------|--------------|
| | 2015 | | 2014 | |
| | <i>HK\$'000</i> | % | <i>HK\$'000</i> | % |
| Finished zippers and sliders | 26,207 | 93.7 | 31,479 | 100.1 |
| Flat knit ribs | 525 | 1.9 | (675) | (2.1) |
| Others | 1,224 | 4.4 | 649 | 2.0 |
| Total | <u>27,956</u> | <u>100.0</u> | <u>31,453</u> | <u>100.0</u> |

The gross profit decreased by 11.1% to HK\$27.96 million for the six months ended 30 June 2015 from HK\$31.45 million for the same period in 2014. The gross profit margin decreased to 32.4% for the six months ended 30 June 2015 from 34.0% for the same period in 2014, mainly due to the following reasons: firstly, the sales volume of sliders decreased due to global economic downturn. Secondly, the price of some finished zippers product decreased as a result of the low market demand and fierce competition.

EXPENSES AND COSTS

Distribution costs, comprising mainly of staff costs, transportation costs and advertising and promotion expenses, decreased by 12.0% to HK\$6.58 million for the six months ended 30 June 2015 from HK\$7.48 million for the same period in 2014, which was mainly as a result of adopting effective cost control measures.

Administrative expenses, consisting mainly of salary and welfare expenses for management and administrative personnel, depreciation and amortization, professional fees, auditors' remuneration and other administrative expenses, decreased by 3.3% to HK\$14.98 million for the six months ended 30 June 2015 from HK\$15.49 million for the same period in 2014, which was mainly due to effective cost control also.

PROFITABILITY

The profit attributable to equity shareholders of the Company decreased by 14.5% to HK\$5.99 million for the six months ended 30 June 2015 from HK\$7.00 million for the same period in 2014. The margin of profit attributable to equity shareholders of the Company was 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.

LIQUIDITY AND CASH FLOWS

The Group's net cash outflow from operating activities for the six months ended 30 June 2015 amounted to HK\$0.45 million (six months ended 30 June 2014: cash outflow of HK\$1.22 million). The Group's net cash inflow from investing activities for the six months ended 30 June 2015 amounted to HK\$36.20 million (six months ended 30 June 2014: cash outflow of HK\$38.89 million, which was mainly caused by the decrease in deposits with banks and the payment for the construction work of the Garment Accessories Industrial Park located in Jingmen, Hubei and no payment for the acquirement of the offices for this period. The Group's net cash outflow from financing activities for the six months ended 30 June 2015 amounted to HK\$3.68 million (six months ended 30 June 2014: cash inflow of HK\$8.7 million), which was mainly caused by the repayment of a short-term bank loan of HK\$17 million and the proceeds of HK\$7.06 million from exercise of share options.

As at 30 June 2015, cash and cash equivalents amounted to HK\$70.06 million, representing an increase of HK\$32.08 million as compared with the position as at 31 December 2014. Such increase was mainly due to the decrease in deposits with banks.

As at 30 June 2015, cash and cash equivalents of the Group in the amount of HK\$65,746,000, HK\$3,837,000, HK\$473,000 and HK\$6,000 were denominated in RMB, HKD, USD and EURO, respectively. As at 31 December 2014, cash and cash equivalents of the Group in the amount of HK\$37,358,000, HK\$270,000, HK\$315,000, HK\$5,000, HK\$27,000 were denominated in RMB, HKD, USD, EURO and Swiss franc, respectively.

As at 30 June 2015, the bank loan of HK\$15 million was secured by office premises owned by KEE Zippers Corporation Limited with carrying value of HK\$21,081,000, 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. During the six months ended 30 June 2015, the Group did not hedge its exposure to interest rate risks. The debt to asset ratio being the Group's total liabilities over its total assets at 30 June 2015 was 17.3% (31 December 2014: 15.9%). The debt to asset ratio is considered healthy and suitable for the continuous growth of the Group's business.

As at 30 June 2015, the Group had unused bank facilities of HK\$35.97 million.

NET CURRENT ASSETS

As at 30 June 2015, the Group had net current assets of approximately HK\$87.80 million. The key components of current assets as at 30 June 2015 included inventories of approximately HK\$21.63 million, trade and other receivables of approximately HK\$62.34 million, cash and cash equivalents of approximately HK\$70.06 million and deposits with banks of approximately HK\$3.82 million. The key components of current liabilities included trade and other payables of approximately HK\$53.43 million and bank borrowings of HK\$15 million.

The net current assets as at 30 June 2015 increased by HK\$9.91 million as compared with the net current assets as at 31 December 2014, which was HK\$77.89 million. Such increase was mainly due to the exercise of options of 11,560,000 Shares by Directors and employees.

PLEDGED ASSETS

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. Thereinto, the mortgages in respect of the lease prepayments and buildings of KEE (Zhejiang) Garment Accessories Limited were released on 20 July 2015.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities.

CANCELLATION OF UNVESTED SHARE OPTIONS

The Board announced on 29 July 2015 that with the consent of the relevant grantees, the following 13,145,000 unvested share options were tendered to the Company for cancellation on 27 July 2015:

| Grantee | Date of Grant | Number of unvested share options cancelled | Exercise price | Validity Period of the Options |
|----------------|----------------------|---|-----------------------|---|
| Employees | 27 May 2011 | 2,520,000 | HK\$1.39 | From the day after the 2015 annual results for the year ending 31 December 2015 being announced to the day the 2016 annual results for the year ending 31 December 2016 being announced |
| Employees | 7 December 2012 | 2,510,000 | HK\$0.6 | From the day after the 2015 annual results for the year ending 31 December 2015 being announced to the day the 2017 annual results for the year ending 31 December 2017 being announced |
| Employees | 7 December 2012 | 3,765,000 | HK\$0.6 | From the day after the 2016 annual results for the year ending 31 December 2016 being announced to the day the 2017 annual results for the year ending 31 December 2017 being announced |

| Grantee | Date of Grant | Number of unvested share options cancelled | Exercise price | Validity Period of the Options |
|----------------|----------------------|---|-----------------------|---|
| Employees | 22 July 2014 | 4,350,000 | HK\$0.6 | From the day after the 2015 annual results for the year ending 31 December 2015 being announced to the day the 2016 annual results for the year ending 31 December 2016 being announced |

The Board had resolved to cancel the above unvested share options with effect from 27 July 2015. For details, please refer to the announcement dated 29 July 2015 of the Company.

FOREIGN CURRENCY RISK

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. The Group did not hedge its exposure to risks arising from fluctuations in exchange rates during the six months ended 30 June 2015.

EMPLOYEES

As at 30 June 2015, the Group had 659 employees, including 633 full-time employees and 26 temporary employees (30 June 2014: 686 full-time employees), representing a decrease of approximately 3.9% as compared with 30 June 2014 primarily due to the Group's implementation of headcount control. The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the six months ended 30 June 2015 were approximately HK\$29.35 million (six months ended 30 June 2014: HK\$30.56 million).

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company is committed to maintaining and upholding guidelines and procedures for stringent corporate governance. In respect of the six months ended 30 June 2015, all the provisions set out in the CG Code were met by the Company. The Company will periodically review its corporate governance practices to ensure its continuous compliance with the CG Code.

Compliance with the Model Code by Directors

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, Mr Chow Hoi Kwang, Albert did not comply with Rules A1 and B8 of the Model Code for not having obtained clearance to deal under Rule B8 of the Model Code when he sold 100,000 Shares and 280,000 Shares on 6 May 2015 and 7 May 2015 respectively. Save the aforesaid, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the period from 1 January 2015 to 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2015.

AUDIT COMMITTEE

The interim results of the Group for the six months ended 30 June 2015 have been reviewed by the audit committee of the Board.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.kee.com.cn). The interim report for the six months ended 30 June 2015 will be despatched to shareholders of the Company and made available on the same websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

| | |
|----------------------------|---|
| “Board” | the board of Directors |
| “CG Code” | Corporate Governance Code as set out in Appendix 14 to the Listing Rules |
| “Company” | KEE Holdings Company Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” and “HK cents” | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange |
| “Main Board” | the stock market operated by the Hong Kong Stock Exchange, which excludes the Growth Enterprise Market and the options market |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules |
| “OEM” | original equipment manufacturer or manufacturing |

“PRC” or “China” the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Share(s)” share(s) of HK\$0.01 each in the share capital of the Company

By Order of the Board
KEE Holdings Company Limited
Xu Xipeng
Chairman

Hong Kong, 31 July 2015

As at the date of this announcement, the executive Directors are Mr. Xu Xipeng, Mr. Xu Xinan and Mr. Chow Hoi Kwang, Albert; the non-executive Director is Mr. Yang Shaolin; and the independent non-executive Directors are Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy.