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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 2017

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2017	2016	
	HK$'000	*HK$'000*	*change*
	(unaudited)	*(unaudited)*	
Revenue	**164,206**	77,529	111.8%
Gross profit	**12,226**	26,278	-53.5%
Gross profit margin	**7.45%**	33.9%	-26.5%
(Loss)/profit from operations	**(41,400)**	46,522	n/a
(Loss)/profit before taxation	**(41,400)**	46,512	n/a
(Loss)/profit for the period attributable to equity shareholders of the Company	**(43,332)**	36,946	n/a
Basic and diluted (loss)/earnings per share (HK cents)	**(10.0)**	8.5	n/a

	As at 30 June 2017	As at 31 December 2016	
	HK$'000	*HK$'000*	*change*
	(unaudited)	*(audited)*	
Total assets	**549,109**	405,760	35.3%
Cash and cash equivalents	**217,686**	186,496	16.7%
Total equity attributable to equity shareholders of the Company	**296,374**	298,523	-0.7%

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2017	2016
	Note	***$'000***	*$'000*
Revenue	*4*	**164,206**	77,529
Cost of sales		**(151,980)**	(51,251)
Gross profit		**12,226**	26,278
Other (loss)/income	*5(c)*	**(4,544)**	2,939
Distribution costs		**(5,501)**	(4,775)
Administrative expenses		**(43,581)**	(13,366)
Gain on disposal of a subsidiary		**–**	17,837
Gain on disposal of property, plant and equipment and leasehold land to related parties		**–**	17,609
(Loss)/profit from operations		**(41,400)**	46,522
Finance costs	*5(a)*	**–**	(10)
(Loss)/profit before taxation	*5*	**(41,400)**	46,512
Income tax	*6*	**(1,382)**	(7,598)
(Loss)/profit for the period		**(42,782)**	38,914
Attributable to:			
Equity shareholders of the Company		**(43,332)**	36,946
Non-controlling interests		**550**	1,968
(Loss)/profit for the period		**(42,782)**	38,914
(Loss)/earnings per share (HK cents)	*7*		
Basic		**(10.0)**	8.5
Diluted		**(10.0)**	8.5

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
(Loss)/profit for the period	**(42,782)**	38,914
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries in the mainland China	**13,197**	(9,555)
Total comprehensive income for the period	**(29,585)**	29,359
Attributable to:		
Equity shareholders of the Company	**(31,649)**	28,447
Non-controlling interests	**2,064**	912
Total comprehensive income for the period	**(29,585)**	29,359

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2017 $'000	At 31 December 2016 $'000
Non-current assets			
Property, plant and equipment		**58,426**	57,323
Intangible assets		**2,748**	3,047
Prepayments for property, plant and equipment		**271**	93
Deferred tax assets		**2,622**	2,985
		64,067	63,448
Current assets			
Inventories		**24,944**	19,417
Trade and other receivables	*8*	**242,379**	135,759
Current tax recoverable		**33**	38
Cash and cash equivalents		**217,686**	186,496
Assets held for sale		**–**	602
		485,042	342,312
Current liabilities			
Trade and other payables	*9*	**227,691**	84,955
Current tax payable		**2,007**	1,392
		229,698	86,347
Net current assets		**255,344**	255,965
Total assets less current liabilities		**319,411**	319,413

	At 30 June 2017 *$'000*	At 31 December 2016 *$'000*
Non-current liability		
Deferred tax liabilities	**1,207**	1,124
NET ASSETS	**318,204**	318,289
CAPITAL AND RESERVES		
Share capital	**4,648**	4,348
Reserves	**291,726**	294,175
Total equity attributable to equity shareholders of the Company	**296,374**	298,523
Non-controlling interests	**21,830**	19,766
TOTAL EQUITY	**318,204**	318,289

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 2017 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 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group. These amendments do not have a material impact on the Group's interim financial report.

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 divisions, which are organised by a mixture of both business lines (products and services) and geography.

The Group has presented the following three reportable segments in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

- Zippers (Mainland China):

  This segment manufactures zippers products and mainly sells to customers in mainland China. Its activities are mainly carried out in Guangdong province and Zhejiang province.

- Zippers (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.

- Real estate agency services:

  This segment represents property agency services businesses for residential properties. Its activities are mainly carried out in Mainland China.

The measure used for reporting segment profit is "adjusted profit before taxation" i.e. "revenue 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 senior executive management is provided with segment information concerning segment revenue, profit and assets. Segment liabilities are not reported to the Group's senior executive management regularly.

(a) Information about profit or loss, assets and liabilities

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

For the six months ended 30 June 2017

	Zippers – Mainland China *$'000*	**Zippers – Overseas** *$'000*	**Real estate agency services** *$'000* *(see also note 15(ii))*	**Total** *$'000*
Revenue from external customers	**76,280**	**6,494**	**81,432**	**164,206**
Inter-segment revenue	**21,544**	**–**	**–**	**21,544**
Reportable segment revenue	**97,824**	**6,494**	**81,432**	**185,750**
Reportable segment profit/(loss)	**10,183**	**(301)**	**(40,891)**	**(31,009)**
Depreciation and amortisation for the period	**(5,120)**	**(93)**	**(17)**	**(5,230)**
Impairment of equipment	**(7)**	**–**	**–**	**(7)**
As at 30 June				
Reportable segment assets	**205,859**	**3,430**	**282,609**	**491,898**
Reportable segment liabilities	**37,353**	**517**	**188,340**	**226,210**

The Group had two customers that had transactions exceeding 10% of the Group's revenue for the six months ended 30 June 2017 (six months ended 30 June 2016: nil). The service revenue from these two customers amounted to HK$40,445,000 and HK$20,017,000 (six months ended 30 June 2016: nil), respectively.

For the six months ended 30 June 2016

	Zippers – Mainland China *$'000*	Zippers – Overseas *$'000*	Real estate agency services *$'000* *(see also note 15(ii))*	Total *$'000*
Revenue from external customers	71,506	6,023	–	77,529
Inter-segment revenue	4,219	352	–	4,571
Reportable segment revenue	75,725	6,375	–	82,100
Reportable segment profit/(loss)	11,860	(378)	–	11,482
Interest expense	–	(10)	–	(10)
Depreciation and amortisation for the period	(6,148)	(74)	–	(6,222)
As at 31 December				
Reportable segment assets	187,494	8,381	175,726	371,601
Reportable segment liabilities	29,192	602	53,103	82,897

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

	Six months ended 30 June	
	2017 ***$'000***	2016 *$'000*
Reportable segment (loss)/profit	**(31,009)**	11,482
Elimination of inter-segment profits	**240**	116
Reportable segment (loss)/profit derived from the Group's external customers	**(30,769)**	11,598
Gain on disposal of a subsidiary	**–**	17,837
Gain on disposal of property, plant and equipment and leasehold land to related parties	**–**	17,609
Other (loss)/income	**(4,544)**	2,939
Unallocated head office and corporate expenses	**(6,087)**	(3,471)
Consolidated (loss)/profit before taxation	**(41,400)**	46,512

4 REVENUE

The principal activities of the Group are manufacture and sale of zippers and other related products, and rendering of real estate agency services.

The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Sales of goods		
Finished zippers and sliders	**80,511**	73,882
Flat knit ribs	**–**	1,562
Others	**2,263**	2,085
	82,774	77,529
Rendering of services		
Commission income of rendering real estate agency services	**80,662**	–
Others	**770**	–
	164,206	77,529

5 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Interest on bank borrowing	**–**	10

(b) Staff costs*

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Salaries, wages and other benefits	**109,998**	24,434
Employee termination benefits	**8,739**	–
Contributions to defined contribution retirement plans	**10,344**	2,740
	129,081	27,174

(c) Other (loss)/income

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Interest income	**844**	685
Net (loss)/gain on disposal of property, plant and equipment	**(241)**	39
Others	**(5,147)**	2,215
	(4,544)	2,939

(d) Other items

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Depreciation and amortisation*		
— land lease premium	**–**	8
— property, plant and equipment	**4,844**	5,807
— intangible assets	**386**	407
Operating lease charges in respect of properties	**4,313**	2,277
Inventory write-down and losses net of reversals	**490**	(774)
Impairment loss on equipment	**7**	413
Cost of inventories*	**57,446**	51,251

* Cost of inventories includes HK$24,041,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: HK$23,608,000) 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	
	2017	2016
	$'000	*$'000*
Current tax — PRC corporate income tax	**936**	7,042
Current tax — Hong Kong Profits Tax and others	**–**	24
Deferred taxation	**446**	532
	1,382	7,598

(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 2017 and 2016.

(ii) KEE (Guangdong) Garment Accessories Limited ("KEE Guangdong") was recognised as a High and New Technology Enterprise ("HNTE") and obtained approval from local tax authority to enjoy a preferential income tax rate of 15% up to 2018 according to relevant regulations for HNTE in the PRC Corporate Income Tax Law.

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 2017, temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$98,892,000 (31 December 2016: HK$94,169,000). Deferred tax liabilities relating to a portion of these temporary differences amounting to HK$3,214,000 (31 December 2016: HK$3,061,000) 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 loss attributable to equity shareholders of the Company of HK$43,332,000 (six months ended 30 June 2016: profit of HK$36,946,000) and the weighted average number of 434,970,000 ordinary shares (six months ended 30 June 2016: 433,810,000 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2017	2016
	'000	*'000*
Issued ordinary shares at 1 January	**434,804**	426,820
Shares issued	**166**	–
Effect of share options exercised	**–**	6,990
Weighted average number of ordinary shares at 30 June	**434,970**	433,810

(b) Diluted earnings per share

For the six months ended 30 June 2017, the calculation of diluted earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$43,332,000 (calculation of diluted earnings per share based on the profit attributable to ordinary equity shareholders of the Company during the six months ended 30 June 2016: HK$36,946,000) and the weighted average number of ordinary shares of 434,970,000 (six months ended 30 June 2016: 434,331,000 shares), calculated as follows:

	Six months ended 30 June	
	2017	2016
	'000	*'000*
Weighted average number of ordinary shares at 30 June	**434,970**	433,810
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**–**	521
Weighted average number of ordinary shares (diluted) at 30 June	**434,970**	434,331

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 2017 *$'000*	At 31 December 2016 *$'000*
Within 1 month	**30,513**	18,742
1 to 2 months	**18,948**	8,696
2 to 3 months	**25,857**	5,361
Over 3 months	**65,922**	3,645
Trade debtors and bills receivables, net of allowance for doubtful debts *(Note (i))*	**141,240**	36,444
Other prepayments	**1,411**	2,276
Salary expenses paid on behalf of a related party *(Note (ii))*	**6,535**	2,920
Advertisement expenses paid on behalf of the Property Developer *(Note (iii))*	**61,248**	92,649
Receivable from shares issued under strategic placing	**30,000**	–
Deposits and other debtors	**1,945**	1,470
	242,379	135,759

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

(i) As at 30 June 2017, the trade debtors and bill receivables included receivables from related parties for rendering real estate agency services totalling HK$44,366,000 (31 December 2016: nil).

(ii) During the six months ended 30 June 2017, Tianjin Jinhui Day Gold Co., Limited ("Tianjin Jinhui") paid salary expenses of RMB3,188,000 (equivalent to HK$3,615,000) on behalf of its related party — Beijing Zhonghong Network Marketing Consultant Co., Ltd. ("Zhonghong Network"), to Zhonghong Network's staff. Zhonghong Network is a subsidiary controlled by Mr. Wang Yonghong, who is the ultimate controlling party of the Group.

(iii) The Group signed an advertisement agency agreements on behalf of Hainan Xinjia Tourism Development Company Limited ("the Property Developer") in 2016. Certain of these expenses were paid by the Group to the relevant advertisement agents on behalf of the Property Developer with the remaining outstanding receivable balance amounting to HK$15,274,000 as at 30 June 2017. The remaining outstanding advertisement expenses payable on behalf of the Property Developer amounted to HK$45,974,000, which is expected to be paid to the relevant advertisement agents and collected from the Property Developer in the second half year of 2017.

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 2017 *$'000*	At 31 December 2016 *$'000*
Within 1 month	**9,057**	8,903
1 to 3 months	**4,961**	3,364
3 to 6 months	**630**	439
Over 6 months	**3,470**	272
Trade creditors	**18,118**	12,978
Payroll and staff benefits payable	**20,709**	12,943
Accrued expenses	**4,549**	5,330
Payables for purchase of property, plant and equipment	**2,264**	2,831
Other taxes payables	**7,497**	983
Advance receipts from property buyers on behalf of the Property Developer	**122,940**	4,024
Advance receipts from property buyers on behalf of the related parties	**3,727**	–
Advertising expenses payable	**45,974**	44,605
Other payables	**1,913**	1,261
	227,691	84,955

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued to engage in manufacturing finished zippers in China. The Group has also commenced its property agency business since September 2016 and the results of which is presented as property agency service segment in the unaudited consolidated financial statements.

The Group's customers for zippers business are principally OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well-known international apparel brands. 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 and other garment accessories from the Group.

The services rendered in property agency service business include the related sales planning, organization, promotion and sales activities of the property projects in PRC for the property developers. The Group's customers for property agency service business are principally the property developers in PRC, including but not limited to Zhonghong Holding Co,. Limited ("Zhonghong"), a company which indirectly owned 70.16% of shares of the Company.

In the first half of 2017, the economy of China experienced a steady growth, highlighted by a booming prospect amid fast pace of economic rebounds, in turn supporting a medium-to-high growth rate. Besides, along with the promotion of side-supply innovation, the textile and clothing industry demonstrated an overall steady development, contributing to an increasing demand for high quality zippers. This has given a positive outlook for the zipper business.

In zipper business, the Group continued to attach great importance to clients and markets through launching new products continuously, exploring new clients and exploiting new market to respond to clients and markets promptly. Besides, the Group has also kept on promoting production automation so as to improve operation efficiency and lower costs and expenses.

The performance of the property agency service business has not been satisfactory since 2017. The scale of the property agency services was fundamentally hindered after the government of the PRC has imposed home purchase restrictions on the residential property market in various cities in the PRC which recorded significant increase in home prices. The Company has disposed of the entire equity interest in Neo Ocean Ventures Limited (the "Disposal") and its subsidiaries which are principally engaged in the property agency service business. The disposal was completed on 24 August 2017.

The profit attributable to equity shareholders of the Company reduced by 217.3% to a loss of HK$43.33 million for the six months ended 30 June 2017 from a gain of HK$36.95 million for the same period in 2016, which was mainly due to the loss incurred by the property agency business of the Group.

PROSPECTS

In the second half of 2017, China is expected to be exposed to greater downward pressure on economic growth. From a global perspective, investments in international trading experienced a slackened growth rate amid slow recovery of the global economy. Weaker collaborations on macroeconomic policies among the world's major economies led to the rise of protectionism in respect of trade and investment. As for China, in view of the slowdown in economic growth and impacts of structural adjustments, the promotion of side-supply innovation became challenging under the downward pressure on economy.

The textile and clothing industry of China thus encountered unprecedented challenges as well as development opportunities. The Group will continue to be responsive to clients and markets via optimizing resources allocation and enhancing operational efficiency to meet the needs of clients and markets for higher customer satisfaction and larger market share of quality zipper products.

Other than the above, we will continuingly improve the operation efficiency, facilities and techniques, as to provide better product and service quality, lower costs and further build up the customers' satisfaction.

The property industry in China is not optimistic too. New purchase restrictions continue to be launched by PRC government on the residential property market. This is expected to obstruct the further growth of the industry. With reference to the Company's announcements dated 18 July 2017, 3 August 2017, 8 August 2017 and 24 August 2017, the Company has disposed of the entire equity interest in Neo Ocean Ventures Limited and its subsidiaries which are principally engaged in the property agency service business.

The Disposal gives a good opportunity for the Company to realize its loss-making investment and reallocate its resources. With reference to the Company announcements dated 17 July 2017 and 22 August 2017, the Company has subscribed for the participating shares in the Segregated Portfolio of Fullgoal SPC at a total consideration of HK$100 million. The Segregated Portfolio seeks to invest in securities the issuer of which are engaged in the cultural, travelling, leisure or property development industries and aims to benefit from the high-speed growth of such industries in the PRC and globally. The investment in the Segregated Portfolio will help enhancing the Company's economic benefits as well as social image.

The Group will continue to look for suitable investment opportunities, with a view to further expanding the Group's source of revenue, enhancing the Group's profit and maximizing the shareholders' return.

FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group's revenue and loss attributable to equity shareholders of the Company amounted to approximately HK$164.21 million and HK$43.33 million respectively, representing an increase of 111.8% and a decrease of 217.3% over the corresponding period in 2016 respectively.

A comparison of the financial results for the six months ended 30 June 2017 and the corresponding period in 2016 is set out as follows:

REVENUE

The Group's revenue for the six months ended 30 June 2017 amounted to HK$164.21 million, representing an increase of 111.8% as compared to the corresponding period in 2016.

Revenue analysis by product category:

	For the six months ended 30 June			
	2017		2016	
	HK$'000	*%*	*HK$'000*	*%*
Sales of goods				
Finished zippers and sliders	**80,511**	**49.0**	73,882	95.3
Flat knit ribs	**–**	**–**	1,562	2.0
Others	**2,263**	**1.4**	2,085	2.7
Rendering of services				
Commission income of rendering property agency services	**81,432**	**49.6**	–	–
Total	**164,206**	**100.0**	77,529	100.0

Revenue analysis by geographic location:

	For the six months ended 30 June			
	2017		2016	
	HK$'000	*%*	*HK$'000*	*%*
Mainland China	**157,712**	**96.0**	71,506	92.2
Overseas	**6,494**	**4.0**	6,023	7.8
Total	**164,206**	**100.0**	77,529	100.0

The significant increase in revenue was mainly attributable to the property agency business commenced in September 2016. The increase in revenue from zipper business was primarily due to the optimized sale strategy, active promotion of new products, larger marketing efforts and enhanced customer services.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit/(loss) analysis by product category:

	For the six months ended 30 June			
	2017		2016	
	HK$'000	***%***	*HK$'000*	*%*
Sales of goods				
Finished zippers and sliders	**24,372**	**199.3**	27,795	105.8
Flat knit ribs	**–**	**–**	(49)	(0.2)
Others	**956**	**7.8**	(1,468)	(5.6)
Rendering of services				
Commission income of rendering property agency services	**(13,102)**	**(107.1)**	–	–
Total	**12,226**	**100.0**	26,278	100.0

The decrease in the gross profit was primarily due to the fact that:

1. The price of major raw materials of the zipper business increased significantly along with the steady implementation of the side-supply innovation;

2. The scale of the property agency business was fundamentally hindered by the residential real estate policy by the government of PRC, which led to a gross loss of the property agency services.

EXPENSES AND COSTS

Distribution costs, comprising mainly of staff costs, transportation costs and advertising and promotion expenses, increased by 15.2% to HK$5.50 million for the six months ended 30 June 2017 from HK$4.78 million for the same period in 2016, which was mainly due to the increase in staff costs as a result of the growth in sales of finished zippers and sliders.

Administrative expenses, consisting primarily of salary and welfare expenses for management and administrative personnel, depreciation and amortization, professional fees, auditors' remuneration and other administrative expenses, increased by 226.1% to HK$43.58 million for the six months ended 30 June 2017 from HK$13.37 million for the same period in 2016, which was mainly due to the commencement of the property agency business since the second half of 2016.

PROFITABILITY

The profit attributable to equity shareholders of the Company decreased by 217.3% to a loss of HK$43.33 million for the six months ended 30 June 2017 from a gain of HK$36.95 million for the same period in 2016. The margin of loss attributable to equity shareholders of the Company was 26.4% for the six months ended 30 June 2017. Profit attributable to equity shareholders of the Company reduced, which was mainly due to the loss incurred by the property agency business.

CONTINUING CONNECTED TRANSACTIONS

(i) Continuing Connected Transaction in Relation to the Cooperation Agreement

On 12 July 2016, Tianjin Vitality Marketing Consultancy Company Limited ("Tianjin Vitality"), an indirect wholly-owned subsidiary of the Company, and Yumafang Property Company Limited ("Yumafang Property"), entered into the cooperation agreement (the "Cooperation Agreement"), pursuant to which Yumafang Property agreed to engage Tianjin Vitality in providing promotion, marketing and planning related services for the property development projects conducted by Yumafang Property for a term of one year commencing from the date of the Cooperation Agreement.

Yumafang Property agreed to engage Tianjin Vitality as an agent to provide the following services (the "Services") to the Yumafang Property: (i) the online and offline advertising and promotion activities, event organisation, planning, marketing, promotion planning, brand building and promotion of the Yumafang Property; and (ii) the online and offline advertising and promotion activities, event organisation, planning, marketing, promotion planning for the property development projects conducted by Yumafang Property.

The service fee charged by Tianjin Vitality will be 6.5% of the cooperation expenses incurred by Tianjin Vitality for carrying out the Services, which will not exceed RMB325,000 (equivalent to approximately HK$380,000) based on the maximum amount of the agreed expenses of RMB5,000,000 (equivalent to approximately HK$5,850,000) for carrying out the Services incurred by Tianjing Vitality.

Zhonghong, a controlling shareholder of the Company, indirectly owns the entire equity interest in Yumafang Property. Accordingly, Yumafang Property is a connected person of the Company and the entering into of the Cooperation Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Details can be referred to the announcement of the Company dated 12 July 2016.

The agreement was terminated on 11 July 2017. There was no commission income generated from rendering of property agency services in accordance with the agreement during the 6 months ended 30 June 2017.

(ii) Continuing Connected Transaction in Relation to the Framework Cooperation Agreement

On 29 July 2016, Tianjin Vitality and Zhonghong entered into the framework cooperation agreement (the "Framework Cooperation Agreement"), pursuant to which Zhonghong has agreed to engage Tianjin Vitality as the exclusive agent for the sales of the property projects developed by the Zhonghong and its subsidiaries (the "Zhonghong Group") including the related sales planning, organisation, promotion and sales activities for the period commencing from the effective date to 31 December 2017.

The Zhonghong Group shall pay to Tianjin Vitality a commission (the "Commission") ranging from 5.5% to 6.5% of the sales amounts received by the Zhonghong Group for the sales of properties. If the property projects developed by the Zhonghong Group are sold at a price exceeding the price agreed by Zhonghong Group and Tianjin Vitality, Tianjian Vitality shall be entitled to receive an excess sales equal to 20% to 40% of the excess sales amount received by the Zhonghong Group.

The maximum annual aggregate amount payable by the Zhonghong Group to Tianjin Vitality and Tianjin Jinhui under the Framework Cooperation Agreement shall not exceed RMB130,000,000 (equivalent to approximately HK$149,500,000). The Framework Cooperation Agreement has been approved by Shareholders at the extraordinary general meeting which was held on 5 January 2017.

During the period ended 30 June 2017, the Group generated the commission income of HK$41,187,000 under the Framework Cooperation Agreement.

(iii) Continuing Connected Transaction In Relation To The Operating Lease In Respect Of Certain Plant And Buildings

On 28 December 2015, Mr. Xu Xipeng and Mr. Xu Xinan, senior management and previous shareholders of the Group, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the "Guangdong Lease Renewal Agreement") to renew the lease of the Guangdong Plant for a further term of three years from 1 January 2016 to 31 December 2018 for a monthly rental of RMB310,000.

An independent valuer advised that the monthly rental of RMB310,000 is fair and reasonable with reference to the market rate. For each of three years ending 31 December 2018, the annual rental paid and payable by the Group under the Lease Renewal Agreement is RMB3,720,000.

On 16 January 2017, Classic Winner Limited ("Classic Winner"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE Zippers Corporation Limited ("KEE Zippers"), an indirect subsidiary of the Company, as lessee entered into a lease renewal agreement (the "HK Lease Renewal Agreement") pursuant to which Classic Winner has agreed to lease to KEE Zippers a property in Hong Kong at a monthly rental of HK$51,000 payable within the 16th of each month for an initial term of three years commencing on 16 January 2017 to 15 January 2020. On 17 February 2016, Mr. Xu Xipeng and Mr. Xu Xinan resigned as the chairman of the board and chief executive officer of the Company respectively. Mr. Xu Xipeng and Mr. Xu Xinan also resigned as executive directors of the Company, but have remained as the directors of KEE International BVI and KEE Zippers, the subsidiaries of the Company, since 17 February 2016. Therefore Classic Winner is a connected person at the subsidiary level of the Company as of the date of HK Lease Renewal Agreement. An independent property valuer advised that the monthly rental of HK$51,000 is fair and reasonable with reference to the market rate. For each of the three years ending 15 January 2020, the maximum annual aggregate amounts payable by the Group under the HK Lease Renewal Agreement are as follows:

	HK$
Year ending 15 January 2018	612,000
Year ending 15 January 2019	612,000
Year ending 15 January 2020	612,000

On 16 January 2017, Nanhai Jinheming Investment Company Limited ("Nanhai Jinheming"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE (Zhejiang) Garment Accessories Limited ("KEE Zhejiang"), an indirect subsidiary of the Company, as lessee entered into a lease renewal agreement (the "Zhejiang Lease Renewal Agreement") pursuant to which Nanhai Jinheming has agreed to lease to KEE Zhejiang the production base in Zhejiang Province at a monthly rental of RMB275,000 payable within the first 10 working days before the 16th day of each month for an initial term of three years commencing on 16 January 2017 to 15 January 2020, with three months' rent of RMB825,000 as deposit. On 17 February 2016, Mr. Xu Xipeng and Mr. Xu Xinan resigned as the chairman of the board and chief

executive officer of the Company respectively. Mr. Xu Xipeng and Mr. Xu Xinan also resigned as executive directors of the Company, but have remained as the directors of KEE International BVI and KEE Zippers, the subsidiaries of the Company since 17 February 2016. Therefore Nanhai Jinheming is a connected person at the subsidiary level of the Company as of the date of the Zhejiang Lease Renewal Agreement. An independent property valuer advised that the monthly rental of RMB275,000 is fair and reasonable with reference to the market rate. For each of the three years ending 15 January 2020, the maximum annual aggregate amounts payable by the Group under the Zhejiang Lease Renewal Agreement are as follows:

	RMB	*HK$*
Year ending 15 January 2018	4,125,000	4,620,000
Year ending 15 January 2019	4,125,000	4,620,000
Year ending 15 January 2020	4,125,000	4,620,000

For the six months ended 30 June 2017, the total rental charges under the Guangdong Lease Renewal Agreement, the HK Lease Renewal Agreement and the Zhejiang Lease Renewal Agreement was HK$4,286,000.

EVENT AFTER REPORTING PERIOD

(i) On 17 July 2017 and 22 August 2017, the Company entered into the subscription agreements with Fullgoal SPC, pursuant to which the Company agreed to subscribe for participating shares (representing non-voting, participating and redeemable Class G shares in the share capital of Fullgoal SPC) in the Fullgoal Strategic Growth Fund Segregated Portfolio of Fullgoal SPC at a total consideration of HK$55,000,000 and HK$45,000,000 respectively. Fullgoal SPC is a segregated portfolio company managed by Fullgoal Asset Management (HK) Limited.

(ii) On 18 July 2017, the Company conditionally agreed to sell the entire issued share capital of Neo Ocean Ventures Limited, a wholly owned subsidiary of the Group, and the parent company of all subsidiaries in real estate agency business segment within the Group, as well as the shareholder's loan from the Company, at an aggregate consideration of HK$100,000,000. The disposal was completed on 24 August 2017.

LIQUIDITY AND CAPITAL RESOURCES

The Group's funding policy aims at ensuring sufficient capital to meet the working capital requirements, increase capital efficiency and capital gains. The Group will apply the appropriate debt instrument in financing to achieve those objectives.

On 30 June 2017, the Company has allotted 30,000,000 new shares to an independent third party at a subscription price of HK$1 per share under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 19 May 2017. The net proceeds of approximately HK$29.50 million were intended to be used for financing potential investment opportunities of the Group that may arise from time to time. Up to the date of this announcement, the proceeds has been partially used to subscribe the fund of Fullgoal SPC.

The Group's net cash inflow from operating activities for the six months ended 30 June 2017 amounted to HK$30.19 million (six months ended 30 June 2016: net cash outflow of HK$16.07 million). Such increases was mainly due to the advance receipts from property buyers on behalf of the property developers during the six months ended 30 June 2017. The Group's net cash outflow from investing activities for the six months ended 30 June 2017 amounted to HK$3.8 million (six months ended 30 June 2016: net cash inflow of HK$132.13 million). Last year's net cash inflow was mainly due to the proceed from disposal of equity interests in KEE (Jingmen) Garment Accessories Limited and the disposal of leasehold land and properties located in the People's Republic of China and Hong Kong by the Group in January 2016. The Group's did not have any net cash flow from financing activities for the six months ended 30 June 2017 (six months ended 30 June 2016: net cash inflow of HK$18.60 million). The net cash inflow of last year was mainly due to the disposal of 15% equity interests in KEE International (BVI) Limited by the Company in January 2016.

As at 30 June 2017, cash and cash equivalents amounted to HK$217.69 million, representing increase of HK$31.19 million as compared with the position as at 31 December 2016. Such increase was mainly due to the advance receipts from property buyers on behalf of the property developers during the six months ended 30 June 2017.

As at 30 June 2017, cash and cash equivalents of the Group in the amount of approximately HK$180.73 million, HK$35.97 million, HK$0.86 million, HK$98,000 and HK$26,000 were denominated in RMB, HKD, USD, CHF and EUR, respectively. As at 31 December 2016, cash and cash equivalents of the Group in the amount of approximately HK$138.53 million, HK$42.42 million, HK$5.52 million, HK$5,000 and HK$17,000 were denominated in RMB, HKD, USD, EUR and CHF, respectively.

During the six months ended 30 June 2017, 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 2017 was 42.1% (31 December 2016: 21.6%). The increase mainly resulted from the increase in advance receipts from the property buyers on behalf of the property developers as at 30 June 2017. The debt to asset ratio is considered healthy and suitable for the continuous growth of the Group's business.

NET CURRENT ASSETS

As at 30 June 2017, the Group had net current assets of approximately HK$255.34 million. The key components of current assets as at 30 June 2017 included inventories of approximately HK$24.94 million, trade and other receivables of approximately HK$242.38 million, cash and cash equivalents of approximately HK$217.69 million. The key components of current liabilities included trade and other payables of approximately HK$227.69 million.

The net current assets as at 30 June 2017 remained stable as compared with the net current assets as at 31 December 2016, which was HK$255.97 million.

PLEDGED ASSETS

As at 30 June 2017, the Group did not have pledged assets.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities.

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 2017.

EMPLOYEES

As at 30 June 2017, the Group had 800 employees (30 June 2016: 639), including 765 full-time employees and 35 temporary employees, representing an increase of approximately 34.9% as compared with 30 June 2016 primarily due to the new headcount accounted from the property agency business. 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 2017 were approximately HK$129.08 million (six months ended 30 June 2016: HK$27.17 million). The increase was also due to the new headcount for property agency business in 2017.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: 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 2017, all the provisions set out in the CG Code were met by the Company except the following:

Chairman and Chief Executive Officer

As at 30 June 2017, the positions of Chairman and Chief Executive Officer were held by Mr. Wu David Hang. The Chairman provides leadership and is responsible for chairing the meetings, managing the operations of the Board, and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer is also responsible for running the Company's businesses and implementing the Group's strategic plans and business goals. This constitutes a deviation from the Code Provision A.2.1 but the Board considers that this structure where the leadership of the Board is distinct from the executive responsibilities for running the business operations will not impair the balance of power and authority between the board and the management of the business, especially given that there is a strong and independent non-executive element on the Board and a clear division of responsibilities for running the business of the Company. The arrangement under which the roles of chairman and chief executive officer are performed under the same individual is considered as beneficial at the present stage as it helps to maintain the continuity of the Company's policies and the stability of the Company's operation as well as to enhance the management of 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 and relevant employees

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors.

All Directors confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions throughout the period from 1 January 2017 to 30 June 2017.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees who, because of office or employment, are likely to be in possession of inside information in relation to the Company's securities has been requested to follow such code when dealing in the securities of the Company.

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 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient amount of public float for its shares as required under the Listing Rules throughout the Interim Period.

AUDIT COMMITTEE

The interim results of the Group for the six months ended 30 June 2017 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 2017 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
"KEE Guangdong"	KEE (Guangdong) Garment Accessories Limited, a limited company established in the PRC, a 85%-owned subsidiary of the Company
"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

"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, the share of which are quoted on the Shenzhen Stock Exchange (Stock code: 000979SZ)
"%"	per cent.

By Order of the Board
KEE Holdings Company Limited
Wu David Hang
Chairman

Hong Kong, 29 August 2017

As at the date of this announcement, the executive Directors are Mr. Wu David Hang and Ms. Feng Xiaoying; and the independent non-executive Directors are Mr. Yau Pak Yue, Mr. Lu Lim Joel and Mr. Leung Ka Tin.

Translation for identification purpose only