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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

ANNUAL RESULTS

The Board is pleased to announce the consolidated financial results of the Group for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010. These results have been reviewed by the Company's audit committee, comprising solely the independent non-executive Directors, one of whom chairs the committee.

GROUP FINANCIAL HIGHLIGHTS

	Year ended 31 December		Increase/ (Decrease)
	2011	2010	%
Key financial performance			
Turnover (<i>HK\$ million</i>)	190.43	199.22	(4.4)
Gross profit (<i>HK\$ million</i>)	62.55	80.46	(22.3)
Profit from operations (<i>HK\$ million</i>)	25.20	39.39	(36.0)
Profit attributable to Shareholders (<i>HK\$ million</i>)	20.42	30.07	(32.1)
Basic and diluted earnings per Share (<i>HK\$</i>)	0.05	0.10	(50.0)

	Year ended 31 December	
	2011	2010
	%	%
Profitability ratios		
Gross profit margin	32.8	40.4
Operating profit margin	13.2	19.8
Margin of profit attributable to Shareholders	10.7	15.1
Return on equity	6.7	22.1

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

		2011	2010
	Note	HK\$'000	HK\$'000
Turnover	3	190,433	199,224
Cost of sales	9	<u>(127,888)</u>	<u>(118,765)</u>
Gross profit		62,545	80,459
Other revenue	4	7,204	1,093
Other net (loss)/income		(373)	290
Distribution costs		(12,788)	(9,570)
Administrative expenses		<u>(31,389)</u>	<u>(32,885)</u>
Profit from operations		25,199	39,387
Finance costs	5(a)	<u>(261)</u>	<u>(1,614)</u>
Profit before taxation	5	24,938	37,773
Income tax	6	<u>(4,516)</u>	<u>(7,000)</u>
Profit for the year		<u>20,422</u>	<u>30,773</u>
Attributable to:			
Equity shareholders of the Company		20,422	30,071
Non-controlling interests		<u>—</u>	<u>702</u>
Profit for the year		<u>20,422</u>	<u>30,773</u>
Basic and diluted earnings per share (HK\$)	7	<u>0.05</u>	<u>0.10</u>

Details of dividends payable to equity shareholders of the Company are set out in Note 12.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit for the year		20,422	30,773
Other comprehensive income for the year			
Exchange differences on translation of financial statements of subsidiaries		<u>12,736</u>	<u>4,597</u>
Total comprehensive income for the year		<u>33,158</u>	<u>35,370</u>
Attributable to:			
Equity shareholders of the Company		33,158	34,616
Non-controlling interests		<u>—</u>	<u>754</u>
Total comprehensive income for the year		<u>33,158</u>	<u>35,370</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Fixed assets			
– Property, plant and equipment		107,540	98,139
– Lease prepayments		4,395	4,285
		111,935	102,424
Intangible assets		7,463	4,511
Prepayments for fixed and intangible assets		21,551	489
Deferred tax assets		1,534	556
		142,483	107,980
Current assets			
Inventories	9	22,995	19,281
Trade and other receivables	10	40,793	53,349
Current tax recoverable		2,297	1,215
Cash and cash equivalents		76,928	15,584
Deposits with banks		43,549	–
		186,562	89,429
Current liabilities			
Trade and other payables	11	20,172	30,445
Bank loans		–	28,205
Current tax payable		2,004	2,920
		22,176	61,570
Net current assets		164,386	27,859
Net assets		306,869	135,839
Capital and reserves	12		
Share capital		4,150	–
Reserves		302,719	135,839
Total equity		306,869	135,839

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2011 but are extracted from those consolidated financial statements.

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. 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").

(b) Basis of preparation of the consolidated financial statements

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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of 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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

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

The developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period.
- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

The Group changed its accounting policy for the measurement of inventory cost from first-in first-out to weighted average method during the year, which is considered to better reflect the Group's inventory costs. There is no material impact on the opening balance of the Group's inventories as a result of such change. Therefore, comparative amounts have not been restated.

3 TURNOVER

The principal activities of the Group are manufacture and sale of zippers and other related products such as sliders, tapes 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:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Metal zippers	78,816	86,768
Nylon zippers	71,689	76,992
Plastic zippers	24,384	19,060
Sliders	4,867	5,580
Premium items	3,713	3,055
Others	6,964	7,769
	<u>190,433</u>	<u>199,224</u>

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

4 OTHER REVENUE

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Government grants	5,335	953
Interest income and others	1,869	140
	<u>7,204</u>	<u>1,093</u>

The Group received various government grants in form of cash subsidies from local government during the year, including subsidies of HK\$4,998,000 (2010: Nil) for the Company's successful listing on The Hong Kong Stock Exchange.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest on bank borrowings		
wholly repayable within five years	261	1,614
	<u>261</u>	<u>1,614</u>

(b) Staff costs*

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Salaries, wages and other benefits	47,058	38,378
Contributions to defined contribution retirement plans	3,268	2,630
Equity-settled share-based payment expenses	814	—
	<u>51,140</u>	<u>41,008</u>

(c) Other items

	2011 HK\$'000	2010 <i>HK\$'000</i>
Depreciation and amortisation*		
– land lease premium	100	92
– fixed assets	11,672	9,449
– intangible assets	664	381
Subtotal	12,436	9,922
Impairment losses		
– trade and other receivables	1,075	25
Operating lease charges	4,169	4,057
Net foreign exchange loss	108	163
Net loss on disposal of fixed assets	237	233
Interest income	(1,869)	(90)
Auditors' remuneration	1,163	932
Listing expenses	1,000	9,820
Research and development	3,242	857
Cost of inventories*	127,888	118,765
	=====	=====

* Cost of inventories includes HK\$44,030,000 (2010: HK\$34,889,000) relating to staff costs and 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 IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2011 HK\$'000	2010 <i>HK\$'000</i>
Current tax – PRC corporate income tax		
Provision for the year	5,297	5,914
Current tax – Hong Kong Profits Tax		
Provision for the year	169	1,324
Deferred tax		
Origination and reversal of temporary differences	(950)	(238)
	=====	=====
	4,516	7,000

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit before taxation	<u>24,938</u>	<u>37,773</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdiction concerned (note i)	6,548	12,009
Effect of non-deductible expenses	1,089	202
Effect of unused tax losses not recognised	105	157
Effect of tax concessions (note ii)	(3,258)	(5,368)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	<u>32</u>	<u>—</u>
Actual tax expense	<u>4,516</u>	<u>7,000</u>

- (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 16.5% in 2011 and 2010. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

The PRC statutory income tax rate applicable to the Company’s subsidiaries is 25% effective from 1 January 2008.

- (ii) KEE (Guangdong) Garment Accessories Limited (“KEE Guangdong”) and KEE (Zhejiang) Garment Accessories Limited (“KEE Zhejiang”), being production-oriented FIEs with operating periods of 10 years or more, were entitled to two-year exemption from income tax followed by three-year 50% reduction in income tax rate commencing from the first profit-making year from PRC income tax perspective (“2+3 tax holiday”). KEE Guangdong commenced its 2+3 tax holiday in 2006 which ended in 2010, and KEE Zhejiang commenced its 2+3 tax holiday in 2008.

KEE Guangdong was recognized as an enterprise of new and high technology and obtained the approval in June 2011 from local tax authority to enjoy a preferential income tax rate of 15% for the two financial years ending 31 December 2012 according to relevant regulations for enterprise of new and high technology in the PRC.

- (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 2011, temporary differences related to the undistributed profits of the Group’s PRC subsidiaries amounted to HK\$61,719,000 (2010: HK\$39,619,000), of which deferred tax liabilities were not 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 profits will not be distributed in the foreseeable future.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$20,422,000 (2010: HK\$30,071,000) and the weighted average of 410,562,000 ordinary shares (2010: 300,000,000) in issue during the year.

The effects of potential ordinary shares during the year are anti-dilutive and, therefore, diluted earnings per share are the same as the basic earnings per share.

8 SEGMENT REPORTING

The Group manages its businesses by geographical areas. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Southern China and overseas: this segment manufactures zipper products and mainly sells to customers in Southern China and overseas market. Currently its activities are mainly carried out in Guangdong province and Hong Kong.
- Eastern China: this segment manufactures zipper products and mainly sells to customers in Eastern China. Currently its activities are mainly carried out in Zhejiang province.
- Central China: this segment manufactures zipper products and mainly sells to customers in Central China. Currently its activities are mainly carried out in Hubei province.

(a) Segment results and segment assets

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

Segment assets include all assets with the exception of investments in financial assets and deferred tax assets.

The measure used for reporting segment profit is "adjusted profit before taxation" i.e. "turnover less cost of sales, distribution costs, administrative expenses and finance costs". Items not specifically attributed to individual segment such as gain or loss from investments in listed equity securities 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.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for 2011 and 2010 respectively is set out below:

Year ended 31 December 2011

	Southern China and overseas HK\$'000	Eastern China HK\$'000	Central China HK\$'000	Total HK\$'000
Revenue from external customers	119,939	70,494	–	190,433
Inter-segment revenue	18,532	11,907	–	30,439
Reportable segment revenue	138,471	82,401	–	220,872
Reportable segment profit	13,094	11,350	(351)	24,093
Interest expense	1	(262)	–	(261)
Depreciation and amortisation for the year	(7,705)	(4,731)	–	(12,436)
Reportable segment assets at year end	203,326	114,313	12,240	329,879

Year ended 31 December 2010

	Southern China and overseas HK\$'000	Eastern China HK\$'000	Central China HK\$'000	Total HK\$'000
Revenue from external customers	127,052	72,172	–	199,224
Inter-segment revenue	22,946	319	–	23,265
Reportable segment revenue	149,998	72,491	–	222,489
Reportable segment profit	30,354	17,269	–	47,623
Interest expense	(668)	(946)	–	(1,614)
Depreciation and amortisation for the year	(6,267)	(3,655)	–	(9,922)
Reportable segment assets at year end	107,820	86,150	–	193,970

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	220,872	222,489
Elimination of inter-segment revenue	(30,439)	(23,265)
Consolidated turnover	190,433	199,224
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit		
Reportable segment profit	24,093	47,623
Elimination of unrealised profit of inter-segment purchase of inventories and fixed assets	571	(465)
Reportable segment profit derived from Group's external customers	24,664	47,158
Other revenue, net realised and unrealised gain on investments in listed equity securities and other net loss	6,830	1,383
Unallocated head office and corporate expenses	(6,556)	(10,768)
Consolidated profit before taxation	24,938	37,773
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Assets		
Reportable segment assets	329,879	193,970
Elimination of unrealised profit of inter-segment purchase of inventories	(1,884)	(711)
Elimination of unrealised profit of inter-segment purchase of fixed assets	(1,156)	(2,901)
	326,839	190,358
Deferred tax assets	1,534	556
Unallocated head office and corporate assets	672	6,495
Consolidated assets	329,045	197,409

9 INVENTORIES

	2011 HK\$'000	2010 HK\$'000
Raw materials	4,249	5,859
Work in progress	15,740	12,020
Finished goods	3,006	1,402
	<u>22,995</u>	<u>19,281</u>

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

	2011 HK\$'000	2010 HK\$'000
Carrying amount of inventories sold	126,401	118,562
Write down of inventories	1,487	203
	<u>127,888</u>	<u>118,765</u>

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

10 TRADE AND OTHER RECEIVABLES

	2011 HK\$'000	2010 HK\$'000
Trade debtors	36,764	43,409
Less: allowance for doubtful debts	(715)	(106)
	<u>36,049</u>	<u>43,303</u>
Prepaid listing expenses	—	6,495
Other prepayments	2,668	1,854
Deposits and other debtors	2,269	1,697
Less: allowance for doubtful debts of other debtors	(193)	—
	<u>40,793</u>	<u>53,349</u>

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the statement of financial position date:

	2011 HK\$'000	2010 <i>HK\$'000</i>
Current	21,869	17,783
Less than 3 months past due	12,313	25,126
More than 3 months but less than 12 months past due	1,867	394
Amount past due	14,180	25,520
	36,049	43,303

Trade debtors are due within 30-90 days from the date of billing.

11 TRADE AND OTHER PAYABLES

	2011 HK\$'000	2010 <i>HK\$'000</i>
Trade creditors	7,444	5,452
Payroll and staff benefits payable	6,133	9,578
Accrued expenses	3,492	2,091
Payables for fixed assets	1,318	3,718
Payables for listing expenses	–	8,258
Other taxes payable	1,644	744
Other payables	141	604
	20,172	30,445

Included in trade and other payables are trade creditors with the following ageing analysis as of the statement of financial position date:

	2011 HK\$'000	2010 <i>HK\$'000</i>
Due within 1 month or on demand	6,855	4,911
Due after 1 month but within 3 months	589	541
	7,444	5,452

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2011		2010	
	No. of shares '000	Share capital HK\$'000	No. of shares '000	Share capital HK\$'000
Authorised,				
Ordinary shares of HK\$0.01 each	2,000,000	20,000	—	—
Ordinary shares, issued and fully paid:				
1 January 2011 (HK\$0.01 each)	—	—	—	—
Shares issued by share offer	415,000	4,150	—	—
At 31 December 2011	<u>415,000</u>	<u>4,150</u>	<u>—</u>	<u>—</u>

The shares of the Company were listed on the Main Board of The Hong Kong Stock Exchange on 12 January 2011, with a total number of 400,000,000 shares, among which 100,000,000 shares (25% of the total number of shares of the Company) were issued to the public. The gross proceeds received from the offering were approximately HK\$133,000,000. The Company subsequently over-allotted and issued 15,000,000 shares to the public on 28 January 2011 and gross proceeds received were approximately HK\$19,950,000.

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. All ordinary shares rank equally with regard to the Group's residual assets.

(b) Share premium

The excess of the issued price of HK\$152,950,000 (HK\$1.33 per share) net of any issuance expenses of HK\$10,704,000 over the par value of the shares issued has been credited to the share premium account of the Company.

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.

(c) Dividends

Dividends approved and paid to equity shareholders of the Company during the year are as follows:

	2011 HK\$'000	2010 HK\$'000
Interim dividend declared and paid of HK1.25 cents per ordinary share (2010: nil)	<u>5,188</u>	<u>—</u>

Dividends payable to equity shareholders of the Company attributable to the year are as follow:

	2011 HK\$'000	2010 HK\$'000
Final dividend proposed after 31 December 2011 of HK1.25 cents per ordinary share (2010: nil)	5,188	—

The final dividend proposed after 31 December 2011 has not been recognised as a liability as at the date of the financial position.

13 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 27 May 2011, the Company granted 24,880,000 share options under its share option scheme to one executive director and eighty three eligible employees of the Group (including four key management personnel) for subscribing shares of the Company at an exercise price of HK\$1.39 per share. The exercise of these share options would entitle the director to subscribe for an aggregate of 2,120,000 shares of the Company while the eligible employees for an aggregate of 22,760,000 shares. Each option granted under the share option scheme has a vesting period of one to five years, commencing from the day of announcement of the 2011 annual results. The options are exercisable until 2017.

(a) The terms and conditions of the grants are as follows:

Date granted	Vesting date	Expiry date	Number of share options granted			Contractual life
			Director	Employees	Total	
27-May-11	Tranche 1: the day the 2011 annual results being announced	the day the 2016 annual results being announced	318,000	3,414,000	3,732,000	6 years
27-May-11	Tranche 2: the day the 2012 annual results being announced	the day the 2016 annual results being announced	318,000	3,414,000	3,732,000	6 years
27-May-11	Tranche 3: the day the 2013 annual results being announced	the day the 2016 annual results being announced	424,000	4,552,000	4,976,000	6 years
27-May-11	Tranche 4: the day the 2014 annual results being announced	the day the 2016 annual results being announced	424,000	4,552,000	4,976,000	6 years
27-May-11	Tranche 5: the day the 2015 annual results being announced	the day the 2016 annual results being announced	636,000	6,828,000	7,464,000	6 years
			2,120,000	22,760,000	24,880,000	

(b) The number and weighted average exercise prices of share options are as follows:

	Exercise price HK\$	Number of options '000
Outstanding at the beginning of the year	—	—
Exercised during the year	—	—
Granted during the year	1.39	24,880
Forfeited during the year	1.39	(6,520)
Outstanding and exercisable at the end of the year	<u>1.39</u>	<u>18,360</u>

The options outstanding at 31 December 2011 had an exercise price of HK\$1.39 and a weighted average remaining contractual life of 5.6 years.

(c) Fair value of share options and assumptions:

The fair value of services received in return for the share options is measured by reference to the fair value of share options granted. The estimated fair value of the share options is measured based on a binomial lattice model. The contractual life of the share options is used as an input into this model.

Fair value (weighted average) per share option at measurement date	HK\$0.46
Exercise price per option	HK\$1.39
Expected volatility rate	50% per annum
Expected dividend yield	2% per annum
In-service early exercise behaviour	Option holder will exercise his/her options when the share price is at least 250% of the exercise price.
Risk-free rate of interest	
Tranche 1:	1.00% per annum
Tranche 2:	1.22% per annum
Tranche 3:	1.40% per annum
Tranche 4:	1.54% per annum
Tranche 5:	1.65% per annum
Performance hurdle	90% of option holders will satisfy performance conditions.

The expected volatility is based on the Company's own volatility since its listing and comparable companies' volatility in recent years.

Taking into account the probability of early exercise behaviour stated above, the expected term of the grant was determined to be around 5 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.

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

GROUP FINANCIAL HIGHLIGHTS

	Year ended 31 December		Increase/ (Decrease)
	2011	2010	%
Key financial performance			
Turnover (<i>HK\$ million</i>)	190.43	199.22	(4.4)
Gross profit (<i>HK\$ million</i>)	62.55	80.46	(22.3)
Profit from operations (<i>HK\$ million</i>)	25.20	39.39	(36.0)
Profit attributable to Shareholders (<i>HK\$ million</i>)	20.42	30.07	(32.1)
Basic and diluted earnings per Share (<i>HK\$</i>)	0.05	0.10	(50.0)

	Year ended 31 December	
	2011	2010
	%	%
Profitability ratios		
Gross profit margin	32.8	40.4
Operating profit margin	13.2	19.8
Margin of profit attributable to Shareholders	10.7	15.1
Return on equity	6.7	22.1

	As at 31 December	
	2011	2010
	%	%
Gearing ratio (<i>Note</i>)	—	20.8

Note: Gearing ratio is calculated as total borrowings divided by total equity as shown in the consolidated statement of financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is a producer of finished zippers in China. The Group's customers for zippers are 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 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.

For the year 2011, the Group recorded a slight decrease in the sales of finished zipper products in the PRC and overseas markets. The turnover of the Group decreased by approximately 4.4% from HK\$199.22 million to HK\$190.43 million on a year-on-year basis, primarily due to weakened sales from the Group's certain branded customers and the deterioration of the global economic environment. Notwithstanding the unfavourable business environment, we still successfully commenced cooperation with 20 new apparel brand owners, comprising nine local brands and 11 international brands. As at the end of 2011, the Group had 80 apparel brand owners as its customers, out of which 32 are brands from mainland China and 48 are international brands. The Group will zealously serve and maintain a close working relationship with apparel brand owners and believe it has the capability to increase its sales to them going forward through its ability to provide value adding solutions which include (i) sharing ideas on how to better utilise zippers with different distinctive designs, colours and functionalities and to enhance the appearance and unique characters of apparel; (ii) coping with the rapidly changing trends and tastes of the apparel retail market by producing zippers with tailor-made designs and specific functionalities within a short period of production lead time; and (iii) offering to design and providing different kinds of premium items to apparel brand owners in order to complement their marketing activities.

The gross profit margin of the Group decreased from 40.4% in year 2010 to 32.8% in year 2011 due to (i) the increase in prices of major raw materials (such as copper and zinc alloy) over the year 2011; (ii) increase in labor costs; (iii) increase in sales tax and surcharges due to the cancellation of some tax concession policies applicable to wholly-owned foreign enterprises in China; and (iv) increase in costs for environmental protection measures. For the same reasons, the profit attributable to Shareholders decreased by approximately 32.1% from HK\$30.07 million in 2010 to HK\$20.42 million in 2011. The Group imposed the following measures to overcome the effect of such increases in costs through (i) increased production efficiency by means of further automation in the production process; (ii) better cost control on the outsourced electroplating process; (iii) the introduction of measures to reduce scrapping; and (iv) adjustment of the number of staff in accordance with the demands for labour in peak and trough seasons respectively.

Prospects

Along with the continuous economic growth in China, consumer purchasing power will gradually increase, thus leading to increasing demands for products that make use of zippers such as apparel, bags, upholstery furnishings, camping equipment and sports equipment, and increasing expectations on quality for zippers.

Built on the Group's existing brand portfolio, the Directors intend to diversify the brand portfolio with both local and international labels with a view to increasing the Group's market share for quality zippers for both local and international apparel. To this end, the Group is actively reviewing plans for setting up a branch office in Europe and increasing experienced marketing and design personnel in each of the Group's major geographic regions in China. The Group has a sales and marketing team consisting of one assistant marketing director, one senior sales manager, seven sales managers and 46 sales assistants, who are assigned to serve all customers in three geographical regions: (i) southern China; (ii) eastern China; and (iii) overseas.

In accordance with the typical industry cycle, the China zipper industry would experience a period of consolidation in the near future. While those enterprises with less competitiveness will be eliminated by market forces, enterprises with stronger core competencies, higher qualities, larger economic scale and higher brand recognition would grow, leading to a higher market concentration. This would raise the barrier of entry for the industry. The Directors aim to further strengthen the Group's position in the quality zipper market and the Group will continue to strive to achieve growth of business and ensure that the Group remains competitive through (i) targeted marketing to apparel brand owners to increase brand awareness in the market, including plans to set up a branch office in Europe and better training for sales personnel; (ii) expansion and diversification of finished zipper offerings in terms of design materials, workmanship, functions and usages such as finished zippers for footwear products, camping equipments, bags and upholstery furnishings; (iii) strengthening product design, research and development capabilities by increasing the number of designers and technical personnel with appropriate qualifications and sending them to overseas visits, conferences and seminars in order to enhance their international exposure to the apparel industry; (iv) improving production facilities to increase automation and shorten production time; and (v) making more extensive and better use of the SAP and other automation systems which enables the Company's subsidiaries and functional departments to better communicate with one another, better control purchases and inventory levels, and better monitor deliveries.

Turnover

The Group's turnover for the year 2011 amounted to HK\$190.43 million, representing a decrease of 4.4% as compared to the year 2010 primarily as a result of (i) the euro debt crisis which led to the global economic downturn; (ii) weakened consumer demand for apparel products due to tightened macroeconomic policies in China; (iii) increased competition from international brands that entered the China market on a massive scale during the year; and (iv) weakened sales from the Group's certain branded customers.

Turnover analysis by product category:

	Year ended 31 December			
	2011		2010	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Finished zippers				
– Metal zippers	78.82	41.4	86.77	43.6
– Nylon zippers	71.69	37.6	76.99	38.6
– Plastic zippers	24.38	12.8	19.06	9.6
	174.89	91.8	182.82	91.8
Sliders	4.87	2.6	5.58	2.8
Premium items	3.71	1.9	3.06	1.5
Others	6.96	3.7	7.76	3.9
Total turnover	190.43	100.0	199.22	100.0

Turnover analysis by geographic location:

	Year ended 31 December			
	2011		2010	
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>
Southern China	101.14	53.1	106.13	53.3
Eastern China	70.49	37.0	72.17	36.2
Overseas	18.80	9.9	20.92	10.5
Total turnover	190.43	100.0	199.22	100.0

Finished zippers

Revenue from sales of finished zippers decreased by approximately HK\$7.93 million or 4.3% to HK\$174.89 million for the year 2011 (2010: HK\$182.82 million) primarily due to a decrease in sales volume. Such decrease was a result of: (i) the euro debt crisis which led to the global economic downturn; (ii) weakened consumer demand for apparel products due to tightened macroeconomic policies in China; (iii) increased competition from international brands that entered the China market on a massive scale during the year; and (iv) weakened sales from the Group's certain branded customers, which affected sales orders placed with the Group.

Sliders

Sales of sliders decreased by approximately 12.7% to HK\$4.87 million for the year 2011 (2010: HK\$5.58 million) due to a decrease in sales orders for sliders from a European zipper producer who manufactures zippers for well known fashion brands.

Premium items

Sales of premium items (such as glasses, backpacks and watches) increased by approximately 21.2% to HK\$3.71 million for the year 2011 (2010: HK\$3.06 million) due to stronger demand for premium items by our branded customers for their marketing purposes.

Others

Others represent items such as scrap materials, zipper components and moulds. Sales of other items decreased by approximately 10.3% to HK\$6.96 million for the year 2011 (2010: HK\$7.76 million) due to a decrease in sales of moulds.

Cost of sales and gross profit

In 2011, the overall cost of sales for the Group amounted to approximately HK\$127.89 million (2010: HK\$118.77 million) which represented an increase of approximately 7.7%. The overall gross profit of the Group decreased by approximately 22.3% from HK\$80.46 million in 2010 to HK\$62.55 million in 2011. The overall gross profit margin in 2011 was 32.8% (2010: 40.4%), which was attributable to (i) increased prices of major raw materials (such as copper and zinc alloy); (ii) increase in labour costs; (iii) increase in sales tax and surcharges due to the cancellation of some tax concession policies applicable to wholly-owned foreign enterprises in China; and (iv) increase in costs for environmental protection measures.

Gross profit analysis by product category:

	Year ended 31 December			
	2011		2010	
	<i>HK\$ million</i>	%	<i>HK\$ million</i>	%
Finished zippers	59.75	95.5	76.20	94.7
Sliders	1.49	2.4	1.64	2.0
Premium items	0.91	1.5	0.49	0.6
Others	0.40	0.6	2.13	2.7
Total gross profit	62.55	100.0	80.46	100.0

Finished zippers

Gross profit for finished zippers decreased by approximately 21.6% from HK\$76.20 million in 2010 to HK\$59.75 million in 2011. Gross profit margin decreased from approximately 41.7% to 34.2%, which was attributable to (i) increase in raw materials' prices (such as copper and zinc alloy); (ii) increase in labour costs; and (iii) increase in costs for environmental protection measures.

Sliders

Gross profit for sliders decreased by approximately 9.1% from HK\$1.64 million in 2010 to HK\$1.49 million in 2011. Gross profit margin, on the other hand, increased from approximately 29.4% to 30.6%, which was primarily due to the introduction of measures to reduce scrapping.

Premium items

Gross profit for premium items increased by approximately 85.7% from HK\$0.49 million in 2010 to HK\$0.91 million in 2011. Gross profit margin increased from approximately 16.0% to 24.5%, which was primarily attributable to stronger demand for premium items by our branded customers for their marketing purposes.

Others

Gross profit for other items decreased by approximately 81.2% from HK\$2.13 million in 2010 to HK\$0.40 million in 2011. Gross profit margin decreased from approximately 27.4% to 5.7%, which was because the portion of sales of scrap materials to third parties as a percentage over total sales of the "others" category increased, and the gross margin for such sales is significantly lower among the products within the "others" category.

Distribution costs

Distribution costs mainly represent (i) staff costs relating to sales and marketing personnel; (ii) transportation costs for delivery of the Group's products to customers; and (iii) advertising and promotion expenses. In 2011, the Group's distribution costs amounted to approximately HK\$12.79 million (2010: HK\$9.57 million), accounting for approximately 6.7% of the Group's turnover (2010: 4.8%). The increase in distribution costs was mainly due to (i) increase in salaries of sales staff; (ii) increase in commission expenses in order to expand the Group's market share; and (iii) the expenses incurred for the Group's participations in overseas sales exhibitions.

Administrative expenses

Administrative expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel; (ii) depreciation and amortisation; (iii) auditors' remuneration; (iv) other administrative expenses including professional fees; and (v) research and development expenses. In 2011, the Group's administrative expenses amounted to approximately HK\$31.39 million (2010: HK\$32.89 million), which accounted for approximately 16.5% of the Group's turnover (2010: 16.5%). The decrease in administrative expenses was mainly due to the one-off expenses incurred in 2010 as a result of the listing of the Shares in January 2011, and the decrease in professional fees and other expenses.

Finance costs

Finance costs represent interest expenses on the Group's bank borrowings, which were all settled during the year.

Income tax

Income tax mainly represents the tax expenses incurred in relation to the operations of the Group in the PRC and Hong Kong.

Profitability

In 2011, the Group's profit attributable to Shareholders amounted to HK\$20.42 million (2010: HK\$30.07 million), representing a decrease of 32.1% as compared to 2010. The decrease was due to (i) the increase in prices of major raw materials (such as copper and zinc alloy) over the year 2011; (ii) increase in labor costs; (iii) increase in sales tax and surcharges due to the cancellation of some tax concession policies applicable to wholly-owned foreign enterprises in China; and (iv) increase in costs for environmental protection measures. Margin of profit attributable to Shareholders for the year was 10.7% (2010: 15.1%), representing a decrease of 4.4 percentage points as compared to 2010.

During the year, the Group's return on equity was 6.7% (2010: 22.1%), representing a decrease of 15.4 percentage points as compared to 2010. The Group's relatively lower return on equity recorded was a result of a decrease in the Group's profit attributable to Shareholders due to reasons mentioned above and an increase in the Group's equity as a result of the listing of the Shares in January 2011.

Inventories

Inventories are one of the principal components of the Group's current assets. The value of inventories accounted for approximately 21.6% and 12.3% of the Group's total current assets as at 31 December 2010 and 2011 respectively.

Inventories increased by approximately 19.3% from HK\$19.28 million as at 31 December 2010 to HK\$23.00 million as at 31 December 2011 due to the increase in zipper components manufactured to be further used in future production.

The increase in average inventory turnover days from 54 days in 2010 to 63 days in 2011 was primarily due to the increase in zipper components manufactured to be further used in future production.

The write-down on inventories for the year 2011 was HK\$1.49 million (2010: HK\$203,000) because of a decrease in the estimated net realisable value of certain slow-moving inventories.

Trade debtors

The Group's policy in respect of allowance for doubtful debts for 2011 was the same as that in 2010. As at 31 December 2011, the allowance for doubtful debts was HK\$715,000 (31 December 2010: HK\$106,000), accounting for 1.9% of the Group's total trade debtors (2010: 0.2%).

The Group's trade debtors (net) decreased by around 16.7% from approximately HK\$43.30 million as at 31 December 2010 to HK\$36.05 million as at 31 December 2011 mainly due to the decrease in sales.

The increase in average trade debtors turnover days from 62 days in 2010 to 77 days in 2011 was primarily due to the weakened demand in the apparel industry, which affected businesses of our customers and in turn led to delayed payments by customers.

Trade creditors

The Group's trade creditors primarily relate to purchases of raw materials from suppliers, with credit terms of 7 to 45 days from trade creditors.

The Group's trade creditors increased by around 36.5% from approximately HK\$5.45 million as at 31 December 2010 to HK\$7.44 million as at 31 December 2011. The average trade creditors turnover days increased from 36 days in 2010 to 38 days in 2011.

Other payables

Other payables mainly represent (i) payroll and staff benefits payable; (ii) accrued expenses for utilities; (iii) audit and professional fees; (iv) commission charges; (v) payables for taxes other than income tax; and (vi) transportation costs. The balance of other payables decreased by approximately 49.1% to HK\$12.73 million as at 31 December 2011 (2010: HK\$24.99 million) because the expenses incurred as a result of the listing of the Shares had been settled in 2011.

Amount due to related parties

There was no amount due to related parties as at 31 December 2011.

Liquidity and capital resources

The following table is a summary of cash flow data for the two years ended 31 December 2011:

	Year ended 31 December	
	2011	2010
	<i>HK\$ million</i>	<i>HK\$ million</i>
Net cash generated from operating activities	32.43	24.11
Net cash used in investing activities	(85.56)	(6.97)
Net cash generated/(used) in financing activities	111.78	(25.66)
Net increase/(decrease) in cash and cash equivalents	58.65	(8.52)
Cash and cash equivalents at 1 January	15.58	23.49
Effect of foreign exchange rate changes	2.70	0.61
Cash and cash equivalents at 31 December	76.93	15.58

The Group's net cash inflow from operating activities for the year 2011 amounted to HK\$32.43 million (2010: HK\$24.11 million). As at 31 December 2011, cash and cash equivalents amounted to HK\$76.93 million, representing a net increase of HK\$61.35 million as compared with the position as at 31 December 2010. The increase was mainly due to the proceeds received from the issuance of Shares in the Company's initial public offering in January 2011.

As at 31 December 2011, the Group had no short-term bank loans, compared to approximately HK\$28.21 million as at 31 December 2010.

As at 31 December 2011, the Group had unutilised bank facilities amounting to HK\$103.61 million. During the year 2011, the Group did not hedge its exposure to interest rate risks. The gearing ratio, which was calculated by dividing total bank borrowings by total equity, decreased from approximately 20.8% as at 31 December 2010 to 0% as at 31 December 2011.

Net current assets

As at 31 December 2011, the Group had net current assets of approximately HK\$164.39 million. The key components of current assets as at 31 December 2011 included inventories of approximately HK\$23.00 million, trade and other receivables of approximately HK\$40.79 million, deposits with banks of approximately HK\$43.55 million and cash and cash equivalents of approximately HK\$76.93 million. The key components of current liabilities included trade and other payables of approximately HK\$20.17 million.

The net current assets increased from HK\$27.86 million as at 31 December 2010 to HK\$164.39 million as at 31 December 2011 primarily due to (i) the increase in cash and cash equivalents of approximately HK\$61.35 million as a result of the Company's initial public offering in January 2011; (ii) the increase

in deposits with banks of approximately HK\$43.55 million; and (iii) the decrease in bank loans of approximately HK\$28.21 million.

Pledge of assets

As at 31 December 2011, buildings with net book value of HK\$30.59 million (31 December 2010: HK\$30.61 million) and lease prepayments with net book value of HK\$4.40 million (31 December 2010: HK\$4.28 million) of the Group were pledged to secure certain unutilised bank facilities of the Group.

Contingent liabilities

As at 31 December 2011, the Group did not have any material contingent liabilities.

Capital commitments

Capital commitments mainly represent the Group's commitments in relation to the acquisition of the land use right on a piece of land in Jingmen, Hubei, PRC. The capital commitments as at 31 December 2010 and 2011 not provided for in the financial statements were HK\$2.01 million and HK\$11.62 million respectively.

Foreign currency risk

Individual companies within the Group have 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 year 2011.

Employees

As at 31 December 2011, the Group had 739 full-time employees (31 December 2010: 923 full-time employees). 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 year 2011 were approximately HK\$51.14 million (2010: HK\$41.01 million).

Use of net proceeds received from the initial public offering

In January 2011, net proceeds received from the initial public offering, including the exercise of the over-allotment option and after deducting related expenses, were approximately HK\$130 million. Such net proceeds were deposited at the Group's bank account and have thus far been used in the manner consistent with that mentioned in the section headed "Future plans and proposed use of proceeds" of the Prospectus.

ACQUISITION OF LAND USE RIGHT IN PRC

On 22 December 2011, KEE (Jingmen) Garment Accessories Limited (開易(荊門)服裝配件有限公司), a wholly-owned subsidiary of KEE Guangdong, successfully bid for the acquisition of the land use right of a piece of land in Jingmen Economic Development Zone, Jingmen, Hubei, PRC. The production plant to be constructed on this land will provide accessories for apparel to our customers. The plant is expected to start production in year 2013.

CORPORATE GOVERNANCE

Good corporate governance is conducive to enhancing the Group's overall performance and accountability is essential in modern corporate administration. The Board, which includes three independent non-executive Directors out of a total of seven Directors, is responsible for setting strategic, management and financial objectives, continuously observing the principles of good corporate governance and devoting considerable effort to identifying and formalising best practices to ensure that the interests of Shareholders, including those of minority Shareholders, are protected.

The Company has adopted the code provisions contained in the Corporate Governance Code. The Company has complied with the Corporate Governance Code since the listing of the Shares on 12 January 2011.

MODEL CODE

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 of the Company, 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 since the listing of the Shares on 12 January 2011.

AUDIT COMMITTEE

An audit committee has been established with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system, and to assist the Board in providing an independent view of the effectiveness of financial reporting process. The members of the audit committee are Mr. Lin Bin, Mr. Kong Hing Ki and Mr. Tam Yuk Sang, Sammy. Mr. Lin Bin is the chairman of the audit committee. For the year ended 31 December 2011, the audit committee has held five meetings to discuss the auditing, internal controls and financial reporting matters of the Company. It has also reviewed the annual results of the Group for the year ended 31 December 2011.

REMUNERATION COMMITTEE

A remuneration committee has been established with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the remuneration committee are to review and determine the terms and structure of the remuneration packages, bonuses and other compensation payable to the Directors and senior management. The members of the remuneration committee are Mr. Xu Xipeng, Mr. Lin Bin and Mr. Tam Yuk Sang, Sammy. Mr. Xu Xipeng is the chairman of the remuneration committee for the period up to 15 March 2012. Pursuant to the amendments to the Listing Rules which will be effective on 1 April 2012, Mr. Xu Xipeng ceased to be the chairman of the remuneration committee but remains as a member of the remuneration committee; and Mr. Tam Yuk Sang, Sammy, an independent non-executive Director, has been appointed as the chairman of the remuneration committee with effect from 16 March 2012.

NOMINATION COMMITTEE

A nomination committee has been established with written terms of reference in compliance with the Corporate Governance Code. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and in senior management. The nomination committee comprises Mr. Xu Xinan, Mr. Lin Bin and Mr. Kong Hing Ki. Mr. Xu Xinan is the chairman of the nomination committee for the period up to 15 March 2012. Pursuant to the amendments to the Corporate Governance Code, which will be effective on 1 April 2012, Mr. Xu Xinan ceased to be the chairman of the nomination committee but remains as a member of the nomination committee; and Mr. Kong Hing Ki, an independent non-executive Director, has been appointed as the chairman of the nomination committee with effect from 16 March 2012.

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 during the period from 12 January 2011, being the date of listing of the Shares, to 31 December 2011.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the issued Shares as required under the Listing Rules since the listing of the Shares on 12 January 2011.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK1.25 cents per Share (2010: nil) in respect of the year 2011 to the Shareholders.

Upon approval at the annual general meeting on 25 May 2012, the proposed final dividend will be paid on or about Monday, 18 June 2012 to Shareholders whose names appear on the register of members of the Company on Friday, 1 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23 May 2012 to Friday, 25 May 2012 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 22 May 2012.

The register of members of the Company will be closed on Thursday, 31 May 2012 and Friday, 1 June 2012 during which period no transfer of Shares will be registered. In order to qualify for the entitlement to the proposed final dividend as stated in this announcement, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the above address not later than 4:30 p.m. on Wednesday, 30 May 2012.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on Friday, 25 May 2012. Notice of the annual general meeting will be issued and disseminated to Shareholders in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.kee.com.cn). The annual report for the year ended 31 December 2011 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and 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
“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

“Corporate Governance Code”	Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules
“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”	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 on 21 March 2005 and an indirect wholly-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”	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
“Prospectus”	the Company’s prospectus dated 31 December 2010

“RMB”	Renminbi, the lawful currency of the PRC
“SAP system”	an enterprise resources planning system development by SAP AG of Germany and its affiliated companies
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

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

Hong Kong, 16 March 2012

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