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中國恒泰
CHINA APEX

China Apex Group Limited
中國恒泰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

**EXEMPTED CONNECTED TRANSACTIONS
FOURTH HK LEASE RENEWAL AGREEMENT
AND
PRC LEASE SUPPLEMENTAL AGREEMENT**

The Board announces that, on 15 January 2024, (i) Classic Winner as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, entered into the Fourth HK Lease Renewal Agreement in relation to the renewal of the lease of the HK Property for a term of two years commencing from 16 January 2024; and (ii) Jinheming as lessor and KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee entered into the PRC Lease Supplemental Agreement in relation to the extension of the lease of the PRC Properties to 31 May 2024.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Classic Winner and Jinheming are owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are interested in 15% equity interest in KEE International BVI through Keen New and are directors of certain subsidiaries of the Company. Classic Winner and Jinheming are therefore connected persons of the Company at the subsidiary level.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement, the Group shall recognise an additional asset representing its right to use the HK Property and the PRC Properties, in the total amount of approximately HK\$4.0 million. As such, the transactions under the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement will be recognised as acquisitions of right-of-use assets which will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more the applicable percentage ratios in respect of the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are more than 1% but less than 5% and given that (i) Classic Winner and Jinheming are connected persons of the Company at the subsidiary level; (ii) the Directors have approved the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are fair and reasonable and the transactions contemplated under the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Fourth HK Lease Renewal Agreement, the PRC Lease Supplemental Agreement and the transactions contemplated respectively thereunder and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

INTRODUCTION

Reference is made to the announcements of the Company dated 9 November 2015, 16 January 2017, 15 January 2020, 14 January 2022 and the circular of the Company dated 21 December 2015 in relation to, among other matters, the Lease Agreements, the First Lease Renewal Agreements, the Second Lease Renewal Agreements and the Third Lease Renewal Agreements and the announcement of the Company dated 13 September 2023 in relation of the relocation of the production base located in Zhejiang.

Pursuant to the Third Lease Renewal Agreements, the Group has been leasing the HK Property and the PRC Properties from Classic Winner and Jinheming respectively. As the Third Lease Renewal Agreements will expire on 15 January 2024 and the Group wishes to continue to use the HK Property as office and requires additional time to relocate the production base in the PRC Properties, after arm's length negotiations, the Board announces that on 15 January 2024:

- (i) Classic Winner as lessor and KEE Zippers, an indirect 85%-owned subsidiary of the Company, as lessee entered into the Fourth HK Lease Renewal Agreement in relation to the renewal of the lease of the HK Property for a term of two years commencing from 16 January 2024; and
- (ii) Jinheming as lessor and KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee entered into the PRC Lease Supplemental Agreement in relation to the extension of the lease of the PRC Properties to 31 May 2024.

The principal terms of the Fourth HK Lease Renewal Agreements and the PRC Lease Supplemental Agreement are set out below:

FOURTH HK LEASE RENEWAL AGREEMENT

Date: 15 January 2024

Parties: (1) Classic Winner, a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor; and
(2) KEE Zippers, an indirect 85%-owned subsidiary of the Company, as lessee

Classic Winner is principally engaged in investment and property holdings.

Premises: Office B on the 16th Floor of YHC Tower, No. 1 Sheung Yuet Road, Kowloon, Hong Kong

Leased area: 1,503 sq.ft.

Permitted use: Office and non-domestic use only

Term: Two years commencing from 16 January 2024

Monthly rent: HK\$52,600 per calendar month (exclusive of Government rates, Government rent, management fee and all other outgoings) payable in advance in cash without any deduction on the 16th day of each and every calendar month.

The amount of the monthly rent was determined by arm's length negotiations between the lessor and the lessee based on the estimated market rental of the HK Property of HK\$52,600 per month (exclusive of Government rates, Government rent, management fee and other outgoings) as at 31 December 2023 as determined by an independent valuer.

Management fees, Government rates and Government rent: Management fee, Government rates and Government rent shall be payable by KEE Zippers during the term of the Fourth HK Lease Renewal Agreement

Deposit: Nil

PRC LEASE SUPPLEMENTAL AGREEMENT

- Date: 15 January 2024
- Parties:
- (1) Jinheming, a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor; and
 - (2) KEE Zhejiang, an indirect 85%-owned subsidiary of the Company, as lessee
- Jinheming is principally engaged in investment in enterprises and property holdings.
- Premises: the Land and the PRC Buildings
- Leased area:
- (1) the Land: approximately 32,241.3 sq.m.
 - (2) the PRC Buildings: approximately 23,183.43 sq.m.
- Permitted use: Industrial use only
- Term: From 16 January 2024 to 31 May 2024. KEE Zhejiang shall move out of the PRC Properties on 31 May 2024 and return the PRC Properties and the equipment and facilities (except those belonging to KEE Zhejiang) to Jinheming under intact condition (save and except for natural wear and tear)
- Monthly rent: RMB607,000 (inclusive of 5% value added tax) (equivalent to approximately HK\$667,700) per month payable in cash within the first 10 working days of each month commencing from 16 January 2024.
- The amount of the monthly rent was based on the original monthly rent of RMB625,958 per month with 3% reduction which was determined by arm's length negotiations between the lessor and the lessee based on the estimated market rental in the area.
- Deposit: RMB1,821,000 (equivalent to approximately HK\$2,003,100), representing three months' rent during the extended period. Jinheming shall refund RMB56,874 (equivalent to approximately HK\$62,560) to KEE Zhejiang upon execution of the PRC Lease Supplemental Agreement, being the difference between the deposit paid under the Third PRC Lease Renewal Agreement and the amount of the deposit under the PRC Lease Supplemental Agreement.

Save as disclosed above, all other terms of the lease of the PRC Properties during the extended term shall be the same as those in the Third PRC Lease Renewal Agreement.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FOURTH HK LEASE RENEWAL AGREEMENT AND THE PRC LEASE SUPPLEMENTAL AGREEMENT

The Group is principally engaged in manufacturing finished zippers in China. The Group's customers for zippers business are principally OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well-known international apparel brands.

Having considered that (i) the HK Property has been used by KEE Zippers as its office for many years; (ii) the renewal of the lease of the HK Property will enable the Group to secure its stable operation at the HK Property without incurring additional costs and expenses in identifying, renovating and relocating to alternative premises and ensure that there will be no disruption to the operations and business of the Group; (iii) the Group requires additional time to relocate the production base at the PRC Properties; and (iv) the rents payable by the Group under the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement were determined based on the estimated market rent of the HK Property and the PRC Properties, the Board (including the independent non-executive Directors) consider that the terms of the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Classic Winner and Jinheming are owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, who are interested in 15% equity interest in KEE International BVI through Keen New and are directors of certain subsidiaries of the Company. Classic Winner and Jinheming are therefore connected persons of the Company at the subsidiary level.

In accordance with HKFRS 16 applicable to the Company, as a result of the entering into the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement, the Group shall recognise an additional asset representing its right to use the HK Property and the PRC Properties, in the total amount of approximately HK\$4.0 million. As such, the transactions under the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement will be recognised as acquisitions of right-of-use assets which will constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more the applicable percentage ratios in respect of the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are more than 1% but less than 5% and given that (i) Classic Winner and Jinheming are connected persons of the Company at the subsidiary level; (ii) the Directors have approved the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement; and (iii) the independent non-executive

Directors have confirmed that the terms of the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are fair and reasonable and the transactions contemplated under the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Fourth HK Lease Renewal Agreement and the PRC Lease Supplemental Agreement are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

None of the Directors has material interest in the Fourth HK Lease Renewal Agreement, the PRC Lease Supplemental Agreement and the transactions contemplated respectively thereunder and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Classic Winner”	Classic Winner Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 50% by Mr. Xu Xipeng and as to 50% by Mr. Xu Xinan
“Company”	China Apex Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First HK Lease Renewal Agreement”	the lease renewal agreement dated 16 January 2017 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of three years commencing from 16 January 2017
“First Lease Renewal Agreements”	collectively the First HK Lease Renewal Agreement and the First PRC Lease Renewal Agreement
“First PRC Lease Renewal Agreement”	the lease agreement dated 16 January 2017 and entered into between Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties for a term of three years commencing from 16 January 2017

“Fourth HK Lease Renewal Agreement”	the lease renewal agreement dated 15 January 2024 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of two years commencing from 16 January 2024
“Group”	the Company and its subsidiaries
“HK Lease Agreement”	the lease agreement dated 13 January 2016 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of one year commencing from 13 January 2016
“HK Property”	the Office B on the 16th Floor of YHC Tower, No. 1, Sheung Yuet Road, Kowloon, Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinheming”	嘉善縣今和明自有資金投資有限公司 (Jiashan County Jinheming Private Capital Investment Company Limited#) formerly known as 佛山市南海今和明投資有限公司 (Foshan City Nanhai Jinheming Investment Company Limited#), a limited liability company established in the PRC and is owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively
“KEE International BVI”	KEE International (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and the issued shares of which is owned as to 85% by the Company and as to 15% by Keen New
“KEE Zhejiang”	開易(浙江)服裝配件有限公司 (KEE (Zhejiang) Garment Accessories Limited#), a limited liability company established in the PRC and an indirect 85%-owned subsidiary of the Company
“KEE Zippers”	KEE Zippers Corporation Limited (開易拉鏈有限公司), a company incorporated in Hong Kong with limited liability and an indirect 85%-owned subsidiary of the Company
“Keen New”	Keen New Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to 50% by Mr. Xu Xipeng and as to 50% by Mr. Xu Xinan

“Land”	the land use rights of the piece of land located at 中國浙江省嘉善縣惠民街道金嘉大道116號的土地 (116 Jinjia Dadao, Huimin Jiedao, Jiashan County, Zhejiang Province, PRC)
“Lease Agreements”	collectively the HK Lease Agreement and the PRC Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Buildings”	the seven blocks of buildings located at the Land with the gross floor area of 23,183.43 sq.m.
“PRC Lease Agreement”	the lease agreement dated 13 January 2016 and entered into between Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties for a term of one year commencing from 13 January 2016
“PRC Lease Supplemental Agreement”	the supplemental agreement dated 15 January 2024 and entered into between Jinheming as lessor and KEE Zhejiang as lessee to amend and supplement the Third PRC Lease Renewal Agreement in relation to the extension of the lease of the PRC Properties to 31 May 2024
“PRC Properties”	collectively the Land and the PRC Buildings
“Second HK Lease Renewal Agreement”	the lease renewal agreement dated 15 January 2020 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of two years commencing from 16 January 2020
“Second Lease Renewal Agreements”	collectively the Second HK Lease Renewal Agreement and the Second PRC Lease Renewal Agreement
“Second PRC Lease Renewal Agreement”	the lease renewal agreement dated 15 January 2020 and entered into between Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties for a term of two years commencing from 16 January 2020
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third HK Lease Renewal Agreement”	the lease renewal agreement dated 14 January 2022 and entered into between Classic Winner as lessor and KEE Zippers as lessee in relation to the lease of the HK Property for a term of two years commencing from 16 January 2022
“Third Lease Renewal Agreements”	collectively the Third HK Lease Renewal Agreement and the Third PRC Lease Renewal Agreement
“Third PRC Lease Renewal Agreement”	the lease renewal agreement dated 14 January 2022 and entered into between Jinheming as lessor and KEE Zhejiang as lessee in relation to the lease of the PRC Properties for a term of two years commencing from 16 January 2022
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency in the PRC
“sq. ft.”	square feet
“sq. m.”	square metre
“%”	per cent

For ease of reference and unless otherwise specified in this announcement, sums in HK\$ and RMB in this announcement have been translated at the rate RMB1.0 = HK\$1.10. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.

The English translation or transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

By Order of the Board
China Apex Group Limited
Yip Siu Lun Dave
Chairman and executive Director

Hong Kong, 15 January 2024

As at the date of this announcement, the executive Directors are Mr. Yip Siu Lun Dave, Mr. Mak Yung Pan Andrew, Mr. Wu Cody Zhuo-xuan and Ms. Cheung Ka Yuen; the non-executive Director is Ms. Lin Ping; and the independent non-executive Directors are Mr. Leung Ka Tin, Mr. Cheng Hong Kei, Mr. Liew Fui Kiang and Mr. Ko Kwok Shu.