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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)

**DISCLOSEABLE TRANSACTION
REGARDING
DEEMED DISPOSAL OF A SUBSIDIARY**

The Board is pleased to announce that on 31 August 2012, KEE Jingmen, KEE Guangdong and Shanghai Lingfeng entered into the Capital Increase Agreement.

Pursuant to the Capital Increase Agreement, the registered capital of KEE Jingmen will be increased from RMB50,000,000 to RMB100,000,000. Such increase of RMB50,000,000 will be contributed as to RMB30,000,000 by KEE Guangdong (on top of the initial capital contribution commitment of RMB50,000,000 of which RMB10,000,000 has been paid up) and RMB20,000,000 by Shanghai Lingfeng. Before the Capital Increase, the registered capital of KEE Jingmen was RMB50,000,000, being 100% held by KEE Guangdong. Immediately after completion of the Capital Increase, the equity interests of KEE Jingmen will be held as to 80% by KEE Guangdong and 20% by Shanghai Lingfeng. KEE Jingmen will become a joint venture company and will remain a subsidiary of the Company.

Completion of the Capital Increase Agreement will reduce the equity interest of KEE Guangdong in KEE Jingmen from 100% to 80%. This reduction of percentage equity interests represents a deemed disposal of the Company under the Listing Rules. As one of the applicable percentage ratios (as defined under the Listing Rules) exceeds 5% but is less than 25%, the transaction contemplated under the Capital Increase Agreement constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 31 August 2012, KEE Jingmen, KEE Guangdong and Shanghai Lingfeng entered into the Capital Increase Agreement, pursuant to which the registered capital of KEE Jingmen will be increased from RMB50,000,000 to RMB100,000,000. Such increase of RMB50,000,000 will be contributed as to RMB30,000,000 by KEE Guangdong (on top of the initial capital contribution commitment of RMB50,000,000 of which RMB10,000,000 has been paid up) and RMB20,000,000 by Shanghai Lingfeng. Before the Capital Increase, the registered capital of KEE Jingmen was RMB50,000,000, being 100% held by KEE Guangdong. Immediately after completion of the Capital Increase, the equity interests of KEE Jingmen will be held as to 80% by KEE Guangdong and 20% by Shanghai Lingfeng. KEE Jingmen will become a joint venture company and will remain a subsidiary of the Company.

The amount of Capital Increase is determined based on the working capital needs of KEE Jingmen for its business development. The Company expects to finance the capital injection into KEE Jingmen by internal resources.

MAJOR TERMS OF THE CAPITAL INCREASE AGREEMENT

Date	:	31 August 2012
Parties	:	(i) KEE Jingmen; (ii) KEE Guangdong; and (iii) Shanghai Lingfeng.
		To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shanghai Lingfeng and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected person(s) (as defined in the Listing Rules).
Business scope of KEE Jingmen	:	Production and sales of zippers, garment accessories, footwear accessories, bags accessories, zipper machinery, moulds, electroplating products and packaging materials.
Initial registered capital	:	RMB50,000,000 (of which RMB10,000,000 was paid up by KEE Guangdong in cash).
The amount of Capital Increase	:	RMB50,000,000.
Timing of the capital contribution	:	KEE Guangdong shall make the remaining contribution of the initial registered capital and the contribution of Capital Increase in September of 2012 as to RMB30,000,000 and before 1 May 2013 as to RMB40,000,000; Shanghai Lingfeng shall make the contribution of Capital Increase in September of 2012 as to RMB10,000,000 and before 1 May 2013 as to RMB10,000,000.

Director	:	KEE Jingmen has an executive director but without establishing a board of directors. The executive director shall be elected by shareholders in the shareholders' meeting based on voting rights.
Supervisor	:	KEE Jingmen has a supervisor but without establishing a supervisor committee. The supervisor shall be elected by shareholders in the shareholders' meeting based on voting rights.
Pre-emptive rights	:	Any party proposing a transfer of the equity interests in KEE Jingmen must first seek approval from the other party who shall have a first right of refusal.
Time of taking effect	:	The Capital Increase Agreement will take effect upon execution.

The following table summarizes the shareholding structure of KEE Jingmen before and after the Capital Increase:

Name of shareholders	Capital contribution amount paid before the Capital Increase	Capital Increase amount	Amount of capital contribution to be paid	Method of the Capital Increase	Accumulated capital contribution amount	Equity interest before the completion of Capital Increase	Equity interest after the completion of Capital Increase
KEE Guangdong	RMB10,000,000	RMB30,000,000	RMB70,000,000	Cash	RMB80,000,000	100%	80%
Shanghai Lingfeng	RMB0	RMB20,000,000	RMB20,000,000	Cash	RMB20,000,000	0	20%

It was also agreed that upon the Capital Increase:

- KEE Jingmen may, after approved by the shareholders' meeting, further increase its registered capital to meet the capital needs for its business development.
- KEE Jingmen may raise funds from financial institutes and/or by way of shareholders' loan to fill the difference between the registered capital and total investment (if any).

LISTING RULES IMPLICATION

Completion of the Capital Increase will reduce the equity interests of KEE Guangdong in KEE Jingmen from 100% to 80%. This reduction of percentage equity interests represents a deemed disposal by the Company under the Listing Rules. As one of the applicable percentage ratios exceeds 5% but is less than 25%, the Capital Increase Agreement constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Directors believe that the Capital Increase can strengthen the capital base of KEE Jingmen and provide fund to meet its growth.

KEE Jingmen principally engages in the manufacture and sales of zipper products and other garment accessories. KEE Jingmen intends to build a production base in 荊門經濟開發區 (Jingmen Economic Development Zone*) in Jingmen City of Hubei Province in the PRC, which will principally produce flat knit rib, zippers, and other garment accessories. The Directors believe that the introduction of Shanghai Lingfeng into KEE Jingmen as a minority shareholder is beneficial to KEE Jingmen to develop production and sales business of flat knit rib as Shanghai Lingfeng has years of experience in the business of flat knit rib.

KEE Jingmen intends to integrate the Group's garment accessories business and raise the market share in the garment accessories market, as well as strengthen the competitiveness of the Group's products in the PRC. The Directors believe that KEE Jingmen, which is strategically located in Hubei Province, will facilitate the Company's expansion of markets in the central and western regions of China and the establishment of long-term strategic demand-supply relations with the certain apparel brands and other clients of China.

The Board considers that the terms of the Capital Increase Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL INFORMATION

KEE Guangdong

KEE Guangdong is a wholly-owned subsidiary of the Company in the PRC and is principally engaged in the manufacture and sale of zipper products.

KEE Jingmen

KEE Jingmen is a domestic company with limited liability established on 23 September 2011 by KEE Guangdong under the PRC law, which principally engages in the manufacture and sales of flat knit rib, zippers and other garment accessories.

The following table details certain financial information of KEE Jingmen in accordance with the PRC generally accepted accounting principles:

	From 23 September 2011 (date of establishment) to 31 December 2011 (audited) RMB'000	For the seven months ended 31 July 2012 (unaudited) RMB'000
Turnover	—	—
Net loss before taxation	350	319
Net loss	350	319
	As at 31 December 2011 (audited) RMB'000	As at 31 July 2012 (unaudited) RMB'000
Net asset value	9,650	9,331

Shanghai Lingfeng

Shanghai Lingfeng is a domestic joint venture company incorporated in Shanghai City with limited liability, which principally engages in the business of flat knit rib.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“Board”	the board of directors of the Company
“Company”	KEE Holdings Company Limited (開易控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Capital Increase”	pursuant to the Capital Increase Agreement, the proposed increase in the registered capital of KEE Jingmen of RMB50,000,000 by KEE Guangdong and Shanghai Lingfeng, of which RMB30,000,000 will be contributed by KEE Guangdong and RMB20,000,000 will be contributed by Shanghai Lingfeng
“Capital Increase Agreement”	a capital increase agreement that was entered into among KEE Jingmen, KEE Guangdong and Shanghai Lingfeng on 31 August 2012

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“KEE Guangdong”	開易(廣東)服裝配件有限公司(KEE (Guangdong) Garment Accessories Limited*), a wholly-owned subsidiary of the Company established in Foshan City, Guangdong Province of the PRC with limited liability
“KEE Jingmen”	開易(荊門)服裝配件有限公司 (KEE (Jingmen) Garment Accessories Limited*), a wholly-owned subsidiary of KEE Guangdong established on 23 September 2011 in Jingmen City, Hubei Province of the PRC with limited liability, which will become a joint venture company held by KEE Guangdong and Shanghai Lingfeng pursuant to the Capital Increase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Lingfeng”	上海翎峰貿易有限公司 (Shanghai Lingfeng Trading Limited*), a limited liability company incorporated under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
KEE HOLDINGS COMPANY LIMITED
Xu Xipeng
Chairman

Hong Kong, 31 August 2012

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Xu Xipeng

Mr. Xu Xinan

Mr. Chow Hoi Kwang, Albert

Non-executive Director:

Mr. Yang Shaolin

Independent non-executive Directors:

Mr. Lin Bin

Mr. Kong Hing Ki

Mr. Tam Yuk Sang, Sammy

* Translation for identification purpose only