
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Kate China Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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KATE CHINA HOLDINGS LIMITED

中持基業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8125)

PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting (the “AGM”) of Kate China Holdings Limited (the “Company”) to be held at Unit A, 10/F, Tontex Industrial Building, No. 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong on Monday, 29 September 2014 at 10:00 a.m. is set out on pages 16 to 21 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

Whether or not you are able to attend the AGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.katechina.hk.

27 August 2014

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|-----------------------------------|---|
| “AGM” or “Annual General Meeting” | the annual general meeting of the Company to be held at Unit A, 10/F, Tontex Industrial Building, No. 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong on Monday, 29 September 2014 at 10:00 a.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 16 to 21 of this circular, or any adjournment thereof; |
| “Articles” | the articles of association of the Company; |
| “associates” | has the meaning ascribed to such term in the GEM Listing Rules; |
| “Board” | the board of Directors; |
| “Company” | Kate China Holdings Limited (中持基業控股有限公司), a company incorporated in Hong Kong with limited liability and whose shares are listed on GEM; |
| “Companies Ordinance” | the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong); |
| “connected person(s)” | has the meaning ascribed to such term in the GEM Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “Extended Mandate” | a general mandate to add the aggregate number of Shares repurchased by the Company under the Repurchase Mandate to the Issue Mandate, subject to a maximum of 10% of the aggregate number of issued Shares as at the date of passing of the ordinary resolution granting such mandate; |
| “GEM” | the Growth Enterprise Market of the Stock Exchange; |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM; |

DEFINITIONS

| | |
|---------------------------------|--|
| “Group” | the Company and its subsidiaries; |
| “HK\$” or “Hong Kong dollar(s)” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Issuance Mandate” | the general mandate proposed to be granted to the Directors at the AGM to exercise the power of the Company to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate number of issued Shares as at the date of passing of the ordinary resolution granting such mandate; |
| “Latest Practicable Date” | 25 August 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular prior to its publication; |
| “PRC” | the People’s Republic of China; |
| “Repurchase Mandate” | the general mandate proposed to be granted to the Directors at the AGM to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate number of issued Shares as at the date of passing of the ordinary resolution granting such mandate; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “Share(s)” | the ordinary share(s) of the Company; |
| “Shareholder(s)” | the holder(s) of the Share(s); |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-back; and |
| “%” | per cent. |

KATE CHINA HOLDINGS LIMITED
中持基業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8125)

Executive Directors:

Mr. Chan Tat Wah (*Chairman*)

Mr. Fok Chun Kit (*Chief Executive Officer*)

Mr. Tsang Kei Cheong

Independent Non-executive Directors:

Mr. Lam Yiu Kin

Mr. Lu Tak Ming

Prof. Lai Kin Keung

*Head office and principal place of
business in Hong Kong:*

Unit A, 10/F,

Tontex Industrial Building,

No. 2-4 Sheung Hei Street,

San Po Kong,

Kowloon,

Hong Kong

27 August 2014

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide the notice of the Annual General Meeting as set out on pages 16 to 21, and with information regarding certain ordinary resolutions to be proposed at the Annual General Meeting to enable you to make an informed decision on whether to vote for or against those resolutions (the “Circular”).

The resolutions include (i) granting to the Directors the Repurchase Mandate; (ii) granting to the Directors a general and unconditional mandate (a) to issue further Shares representing up to 20% of the aggregate number of issued Shares as at the date of passing of the relevant resolution and (b) to issue Shares not exceeding the aggregate number of Shares repurchased pursuant to the Repurchase Mandate; and (iii) approving the re-election of retiring Directors.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed to grant the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase issued Shares. The maximum number of Shares that may be repurchased pursuant to the Repurchase Mandate will be such number which represents 10% of the aggregate number of issued Shares as at the date of passing of the relevant resolution. The Repurchase Mandate will lapse on the earliest of, the date of the next annual general meeting, or the date by which the next annual general meeting of the Company is required to be held by laws and/or the Articles, or the date upon which such authority is revoked or varied by ordinary resolution of the Company in general meeting.

In accordance with the GEM Listing Rules, the Company is required to send to the Shareholders an explanatory statement which is set out in the appendix of this Circular.

GENERAL MANDATE TO ISSUE SHARES AND EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to issue further Shares representing up to 20% of the aggregate number of issued Shares as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the aggregate number of issued Shares was 300,000,000 Shares.

Subject to the passing of the aforesaid ordinary resolutions of the Repurchase Mandate and the Issuance Mandate, an ordinary resolution will also be proposed to authorise the Directors to issue Shares in an amount not exceeding the aggregate number of Shares repurchased pursuant to the Repurchase Mandate.

PROPOSED RE-ELECTION OF DIRECTORS

By virtue of article 141 of the Articles, Mr. Chan Tat Wah, will retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company.

By virtue of article 113 of the Articles, Mr. Fok Chun Kit, Mr. Tsang Kei Cheong, Mr. Lam Yiu Kin, Mr. Lu Tak Ming and Prof. Lai Kin Keung shall hold office only until the conclusion of the next following general meeting of the Company or until the next following annual general meeting of the Company, and being eligible, offer themselves for re-election.

LETTER FROM THE BOARD

The Board has received confirmations from Mr. Lam Yiu Kin, Mr. Lu Tak Ming and Prof. Lai Kin Keung regarding their independence. Taking into account the factors set out in Rule 5.09 of the GEM Listing Rules, the Board considers that all the existing independent non-executive Directors continue to be independent. The Board considers that Mr. Lam Yiu Kin, Mr. Lu Tak Ming and Prof. Lai Kin Keung have satisfactorily discharged their duties since their appointment and believes their re-appointment as independent non-executive Directors at the AGM would contribute to the corporate governance matters of the Group.

Pursuant to Rule 17.46A of the GEM Listing Rules, a listed issuer shall disclose the details required under Rule 17.50(2) of the GEM Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. This requisite details of the above retiring Directors are set out in Appendix II to this Circular.

AGM AND PROXY ARRANGEMENT

The notice of the AGM is set out on pages 16 to 21 of this Circular. At the AGM, resolutions will be proposed to approve, inter alia, the granting of the Repurchase Mandate, the Issuance Mandate, the Extended Mandate and the re-election of Directors.

Pursuant to the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

A form of proxy for use at the AGM is enclosed with this Circular and such form of proxy is also published on the GEM website (www.hkgem.com) and the Company's website (<http://www.katechina.hk>) respectively. Whether or not you are able to attend the AGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority to the Company's registrar and transfer office, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this Circular misleading.

RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate, the Issuance Mandate, the Extended Mandate, and the re-election of Directors are in the best interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (explanatory statement on the Repurchase Mandate) and Appendix II (details of the retiring Directors proposed to be re-elected at the AGM) to this Circular.

Yours faithfully,

By Order of the Board

Kate China Holdings Limited

Chan Tat Wah

Chairman and Executive Director

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the aggregate number of issued Shares was 300,000,000 Shares. Subject to the passing of the ordinary resolution set out in item 5 of the notice of the AGM in respect of the granting of the Repurchase Mandate and on the basis that the aggregate number of issued Shares remains unchanged on the date of the AGM, i.e. 300,000,000 Shares, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 30,000,000 Shares, being 10% of the aggregate number of issued Shares.

2. REASONS FOR REPURCHASE OF SHARES

The Directors are of the view that repurchases of Shares may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net asset value per Share and/or earnings per Share. The Directors believe that such repurchases made will benefit the Company and the Shareholders and granting of the Repurchase Mandate would give the Company additional flexibility to do so if and when appropriate. The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

Purchases of the issued Shares must be made out of funds legally available for the purpose in accordance with the Articles and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a Share repurchase may only be paid from the distributable profits of the Company or the proceeds of a new issue of Shares made for the purpose of the repurchase.

On the basis of the consolidated financial position of the Company as at 31 March 2014 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position or the gearing position of the Company in the event that the Repurchase Mandate were to be carried out in full at any time during the Repurchase Mandate period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in circumstances that have a material adverse impact on the working capital position or the gearing levels of the Company.

4. PRICES OF SHARES

The highest and lowest prices per Share at which the Shares have traded on the GEM during each of the following months since the Shares commenced trading on the Stock Exchange on 18 July 2014 and up to the Latest Practicable Date were as follows:

| Month | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
|--|-------------------------------|------------------------------|
| 2014 | | |
| July (commenced trading on 18 July 2014) | 3.50 | 1.10 |
| August (up to the Latest Practicable Date) | 3.18 | 2.15 |

5. UNDERTAKING AND DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their associates, have any present intention to sell any Share to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No connected person has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is granted by the Shareholders.

6. TAKEOVERS CODE

If a Shareholder’s proportionate interest in the voting capital of the Company increases as a result of a share repurchase, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Codes and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rules 26 and 32 of the Takeovers Codes.

As at the Latest Practicable Date and insofar as the Directors are aware, the shareholding of the Directors, associated corporations and substantial shareholders are as follows:

| Name of Shareholders | Number of issued Shares held | Percentage of the total number of issued Shares | Approximate percentage of shareholding if Repurchase Mandate is exercised in full |
|--|------------------------------|---|---|
| Genius Idea Holdings Limited (Note 1) | 225,000,000 | 75% | 83.33% |
| Mr. Chan Tat Wah (Note 1) | 225,000,000 | 75% | 83.33% |
| Ms. Lee Yuk Pui Kawina (Note 2) | 225,000,000 | 75% | 83.33% |

Notes:

- 225,000,000 Shares are registered in the name of Genius Idea Holdings Limited, which is wholly-owned by Mr. Chan Tat Wah.
- Ms. Lee Yuk Pui Kawina is the spouse of Mr. Chan Tat Wah. Under the SFO, Ms. Lee Yuk Pui Kawina is deemed, or taken to be interested in all the shares in which Mr. Chan Tat Wah is interested.

The GEM Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands.

The Directors have no present intention to exercise the Repurchase Mandate to such an extent as will result in a takeover obligation being imposed on any Shareholders or the public holding of Shares to be reduced below 25% of the issued share capital of the Company.

7. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, have any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with GEM Listing Rules and the Companies Ordinance.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

8. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchases of Shares have been made by the Company since 18 July 2014, the day the Shares commenced trading on the Stock Exchange and until the Latest Practicable Date, whether on the GEM or otherwise.

Pursuant to the GEM Listing Rules, the details of the Directors who will retire at the AGM according to the Articles and will be proposed to be re-elected at the AGM are provided below.

EXECUTIVE DIRECTORS

Mr. Chan Tat Wah (“Mr. Chan”), aged 45, was appointed as a Director on 29 July 2013 and became the Chairman and executive Director on 30 June 2014. He is the founder of our Group in 2004 and is responsible for the overall strategic development and management of the Group. Mr. Chan is a director of various subsidiaries and the associates of our Company. Mr. Chan is also the sole director of Genius Idea, a substantial Shareholder. Mr. Chan is currently enrolled in a Master of Engineering Management course offered by University of Technology, Sydney in conjunction with the Hong Kong Management Association.

Mr. Chan completed a diploma in business management jointly organised by Lingnan University of Hong Kong and The Hong Kong Management Association in September 2003. Mr. Chan has extensive experience in the real estate, interior design and fitting-out industries since 1997. Between 1997 and 1999, he was working as a real estate agent for various local real estate agencies in Hong Kong. He was an assistant manager of an international real estate agency between 2000 and 2001 and responsible for residential properties in Hong Kong. He possesses an estate agent’s license (individual) granted by the Estate Agents Authority in Hong Kong since 1999. Between 2001 and 2004, Mr. Chan was a shareholder and director of several real estate agencies in Hong Kong. Mr. Chan has been admitted as fellow of The Professional Validation Centre of Hong Kong Business Sector in June 2012.

Mr. Chan is the spouse of Ms. Lee Yuk Pui Kawina, the operating manager of the Group.

Mr. Chan has entered into a service contract with the Company for an initial fixed term of three years commencing from 18 July 2014, until terminated by not less than three months’ notice in writing served by either party on the other. Mr. Chan is entitled to a remuneration of HK\$720,000 per annum which was determined with reference to his duties and responsibilities with the Company.

As at the Latest Practicable Date, Mr. Chan is deemed to be interested in 225,000,000 Shares, representing approximately 75% of the issued share capital of the Company, held through Genius Idea Holdings Limited (a company which is wholly, beneficially and directly owned by Mr. Chan) within the meaning of Part XV of the SFO. Save as disclosed, as at Latest Practicable Date, Mr. Chan did not have any other interests in Shares within the meaning of Part XV of the SFO.

Mr. Fok Chun Kit (“Mr. Fok”), aged 37, was appointed as a Director on 20 January 2014 and became executive Director on 30 June 2014 and the chief executive officer of the Company on 4 July 2014 respectively. He is the head of Project Department and is responsible for overall strategic planning, overall project management, including monitoring the operation of all company projects, tendering submissions, reviewing project costs and budget and providing interior design services as well as coordination and implementation of the construction work. He is also responsible for general human resources management. Mr. Fok is also a director of various subsidiaries and the associates of our Company. Mr. Fok is currently enrolled in a Master of Engineering Management course offered by University of Technology, Sydney in conjunction with the Hong Kong Management Association.

Mr. Fok joined our Group in 2005 and has over 13 years of experience in the interior construction industry of Hong Kong. Prior to joining our Group, Mr. Fok worked at Creative C & C Limited, an interior design and project management company from March 2000 to November 2005. Mr. Fok was awarded a Diploma in Design (Interior) by the Hong Kong Institute of Vocational Education in September 1999.

Mr. Fok has entered into a service contract with the Company for an initial fixed term of three years commencing from 18 July 2014, until terminated by not less than three months’ notice in writing served by either party on the other. Mr. Fok is entitled to a remuneration of HK\$50,000 per annum which was determined with reference to his duties and responsibilities with the Company.

As at the Latest Practicable Date, Mr. Fok did not have any interests in Shares within the meaning of Part XV of the SFO.

Mr. Tsang Kei Cheong (“Mr. Tsang”), aged 37, was appointed as a Director on 20 January 2014 and became executive Director on 30 June 2014. He is the head of Design Department, and is responsible for project management, including monitoring the design team’s output for all company projects and tendering submissions; and assisting the review of project costs and budget. Mr. Tsang is also the director of Forever Smart (China) Limited and Wealth Trinity Development Limited, all being subsidiaries of our Company. Mr. Tsang is currently enrolled in a Master of Engineering Management course offered by University of Technology, Sydney in conjunction with the Hong Kong Management Association.

Mr. Tsang joined our Group in 2004 and has over 15 years of experience in the interior design and consultancy industry. Prior to joining our Group, Mr. Tsang worked at S.W. Law & Associates Architects & Development Consultants Ltd, an architectural company from July 1998 to July 2004 as project coordinator responsible for assisting project architects to deal with clients, contractors and consultants. Mr. Tsang was awarded a Diploma in Electronics and Communications Engineering by Kwun Tong Technical Institute in July 1997.

Mr. Tsang has entered into an appointment letter with the Company for an initial fixed term of three years commencing from 18 July 2014, until terminated by not less than three months' notice in writing served by either party on the other. Mr. Tsang is entitled to a remuneration of HK\$50,000 per annum which was determined with reference to his duties and responsibilities with the Company.

As at the Latest Practicable Date, Mr. Tsang did not have any interests in Shares within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yiu Kin (“Mr. Lam”), aged 59, was appointed as an independent non-executive Director on 30 June 2014. He is a member of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Accountants in Australia (ICAA) and Hong Kong Institute of Certified Public Accountants. He is presently an Adjunct Professor in the School of Accounting and Finance of the Hong Kong Polytechnic University, and a committee member of the Hong Kong Management Association. Mr. Lam has extensive experience in accounting, auditing and business consulting. He was a partner with PricewaterhouseCoopers Hong Kong from 1993 to 2013.

Mr. Lam has entered into a letter of appointment with the Company on 30 June 2014. The letter of appointment shall commence on the 18 July 2014 and such term shall be governed by the Articles and/or other relevant regulatory requirements unless terminated by either party giving at least three months' notice in writing unless terminated by rotation. Mr. Lam will be entitled to an annual director's fee of HK\$100,000 which was determined with reference to his duties and responsibilities with the Company.

As at the Latest Practicable Date, Mr. Lam did not have any interest in the shares and underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Lu Tak Ming (“Mr. Lu”), aged 66, was appointed as an independent non-executive Director on 30 June 2014. Mr. Lu was awarded the degree of Bachelor of Social Science from The Chinese University of Hong Kong in October 1971 and is currently a registered social worker with the Social Workers Registration Board. Mr. Lu was the chief executive officer of Yan Oi Tong from around 2004 to 2013 and worked at the Social Welfare Department of Hong Kong from August 1971 to October 2003 with his last position being principal social work officer. Mr. Lu is currently retired and not engaged in any employment. Mr. Lu also offered his services as a volunteer in various organisations including Institute of Mental Health Castle Peak Hospital of the Hospital Authority, Kwai Tsing Safe Community and Healthy City Association, and Yan Chai Hospital Law Chan Chor Si Primary School.

Mr. Lu has entered into a letter of appointment with the Company on 30 June 2014. The letter of appointment shall commence on the 18 July 2014 and such term shall be governed by the Articles and/or other relevant regulatory requirements unless terminated by either party giving at least three months’ notice in writing unless terminated by rotation. Mr. Lam will be entitled to an annual director’s fee of HK\$75,000 which was determined with reference to his duties and responsibilities with the Company.

As at the Latest Practicable Date, Mr. Lu did not have any interest in the shares and underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Prof. Lai Kin Keung (“Prof. Lai”), aged 64, was appointed as an independent non-executive Director on 30 June 2014. Professor Lai obtained the degree of Doctor of Philosophy in Civil Engineering in September 1977 and the degree of Master of Arts in March 1974, both from the Michigan State University. Prof. Lai was the recipient of the 2009 Joon S. Moon Distinguished International Alumni Award presented by International Studies and Programs at Michigan State University and 2014 Civil and Environmental Engineering Distinguished Alumni Award granted by the College of Engineering of Michigan State University.

Prof. Lai joined the City University of Hong Kong in 1985 and has been the Chair Professor of Management Science since September 2003. Prior to joining the City University of Hong Kong, Prof. Lai was a manager at Union Carbide Eastern Incorporated, from 1982 to 1985 and was a computer project officer for Cathay Pacific Airways Limited from July 1979 to August 1982. Prof. Lai was also the dean of the College of Business Administration, Hunan University, the PRC from February 2005 to February 2008 and was a member of the Chinese People’s Political Consultative Conference Hunan Provincial Committee in 2008. Prof. Lai is currently a voting member of the Hong Kong Professionals and Senior Executives Association, and a fellow of The Hong Kong Institute of Directors.

Prof. Lai has entered into a letter of appointment with the Company on 30 June 2014. The letter of appointment shall commence on the 18 July 2014 and such term shall be governed by the Articles and/or other relevant regulatory requirements unless terminated by either party giving at least three months' notice in writing unless terminated by rotation. Mr. Lam will be entitled to an annual director's fee of HK\$75,000 which was determined with reference to his duties and responsibilities with the Company.

As at the Latest Practicable Date, Prof. Lai did not have any interest in the shares and underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Chan, Mr. Fok, Mr. Tsang, Mr. Lam, Mr. Lu and Prof. Lai (i) do not hold any other position with the Company or any of its subsidiaries; (ii) did not hold any other directorships in any other public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; (iii) do not hold any other major appointment or professional qualification; and (iv) do not have any relationship with other Directors, senior management or substantial or controlling Shareholders (as defined under the GEM Listing Rules).

Save as disclosed above, there are no other matters concerning the re-elections of, Mr. Chan, Mr. Fok, Mr. Tsang, Mr. Lam, Mr. Lu and Prof. Lai that need to be brought to the attention of the Shareholders nor is there any information required to be disclosed pursuant to the requirements of Rule 17.50(2) (h) to (v) of the GEM Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

KATE CHINA HOLDINGS LIMITED

中持基業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8125)

NOTICE IS HEREBY GIVEN that the annual general meeting (“AGM”) of Kate China Holdings Limited (the “Company”) will be held at Unit A, 10/F, Tontex Industrial Building, No. 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong on Monday, 29 September 2014, at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditor of the Company for the year ended 31 March 2014;
2.
 - (a) To re-elect Mr. Chan Tat Wah as executive director of the Company.
 - (b) To re-elect Mr. Fok Chun Kit as executive director of the Company.
 - (c) To re-elect Mr. Tsang Kei Cheong as an executive director of the Company.
 - (d) To re-elect Mr. Lam Yiu Kin as an independent non-executive director of the Company.
 - (e) To re-elect Mr. Lu Tak Ming as an independent non-executive director of the Company.
 - (f) To re-elect Prof. Lai Kin Keung as an independent non-executive director of the Company.
3. To authorise the board of directors of the Company to fix the remuneration of the directors of the Company;
4. To re-appoint SHINEWING (HK) CPA Limited as auditor of the Company and to authorise the board of directors of the Company to fix their remuneration;

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

5. “**THAT**
 - (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the

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Company to repurchase shares of the Company on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, subject to and in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Ordinance and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

- (b) the aggregate number of shares of the Company which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate number of issued shares of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) shall be limited accordingly;
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law of the Hong Kong to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

6. “**THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional Shares or securities convertible into shares, options, warrants or similar rights to subscribe for any shares, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted and issued or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of options under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares of the Company or right to acquire shares of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed 20% of the aggregate number of issued shares of the Company on the date of the passing of this resolution and the said approval shall be limited accordingly;
- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of shares of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares

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(subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

7. “**THAT** conditional upon resolutions nos. 5 and 6 above being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to resolution no. 6 above be and hereby extended by the addition to the aggregate number of shares of the Company which may be allotted by the directors of the Company pursuant to such general mandate an amount representing the aggregate number of shares of the Company repurchased by the Company under the authority granted pursuant to resolution no. 5 above, provided that such amount shall not exceed 10% of the aggregate number of issued shares of the Company at the date of passing of this resolution.”

Yours faithfully,

By Order of the Board

Kate China Holdings Limited

Chan Tat Wah

Chairman and Executive Director

Hong Kong, 27 August 2014

Head office and principal place of business

in Hong Kong:

Unit A, 10/F,

Tontex Industrial Building,

No. 2-4 Sheung Hei Street,

San Po Kong,

Kowloon,

Hong Kong

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Notes:

- (a) The register of members of the Company will be closed from Friday, 26 September 2014 to Monday, 29 September 2014, both days inclusive, during which period no transfer of shares will be registered. In order to attend the AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's registrar and transfer office, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 25 September 2014.
- (b) Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's registrar and transfer office, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting (as the case may be).
- (d) Completion and return of the form of proxy shall not preclude members from attending and voting in person at the AGM or at any adjourned meeting (as the case may be) should they so wish, and in such case, the form of proxy previously submitted by such member(s) shall be deemed to be revoked.
- (e) Where there are joint registered holders of any share(s) of the Company, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such share(s) as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share(s) shall be accepted to the exclusion of the votes of the other joint holders.
- (f) An explanatory statement containing further details regarding resolution no. 5 above set out in Appendix I to the circular of which this notice of AGM forms part (the "**Circular**").
- (g) Details of the retiring directors of the Company are set out in Appendix II to the Circular.
- (h) A form of proxy for use at the AGM is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.katechina.hk).

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As at the date of this notice, the executive Directors are Mr. Chan Tat Wah, Mr. Fok Chun Kit and Mr. Tsang Kei Cheong; and the independent non-executive Directors are Mr. Lam Yiu Kin, Mr. Lu Tak Ming and Prof. Lai Kin Keung.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this notice is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or in this notice misleading; and (iii) all opinions expressed in this notice have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This notice will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting and on the website of the Company at www.katechina.hk.