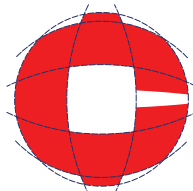


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中持基業控股有限公司
Kate China Holdings Limited

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

(Incorporated in Hong Kong with limited liability)
(Stock Code: 8125)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent

 **KINGSTON SECURITIES**

THE PLACING

On 14 June 2016, the Placing Agreement was entered into between the Company and the Placing Agent, pursuant to which the Company has appointed the Placing Agent to procure altogether not less than six Placees, who (where applicable, and their ultimate beneficial owners) are Independent Third Parties and not related to each other, on a best effort basis, for subscribing up to an aggregate of 33,000,000 Placing Shares at HK\$2.45 per Placing Share. The Placing Price is exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The Placing is subject to the condition set out in the paragraph headed “Condition of the Placing” below.

The Placing Price represents (i) a discount of approximately 18.33% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on 14 June 2016, being the date of the Placing Agreement; and (ii) a discount of approximately 19.14% to the average closing price of approximately HK\$3.03 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 14 June 2016, being the date of the Placing Agreement.

A maximum of 33,000,000 Placing Shares represents (i) 10.00% of the total number of 330,000,000 existing issued Shares as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the 33,000,000 Placing Shares pursuant to the Placing.

Upon completion of the Placing (and assuming all the 33,000,000 Placing Shares are subscribed for), the gross proceeds and net proceeds arising from the Placing are estimated to be HK\$80.85 million and approximately HK\$78.54 million, respectively. The Company intends to use the net proceeds for the Group's general working capital and/or other potential business development opportunities as considered appropriate.

Shareholders and potential investors should note that the Placing may or may not proceed in the event that the condition of the Placing is not satisfied. If the condition of the Placing is not satisfied, then the Placing Agreement shall be terminated forthwith and all rights, obligations and liabilities of the Placing Agent and of the Company thereunder shall cease and determine and none of the parties shall have any claim against the other in relation thereto, save for any antecedent reaches of the Placing Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

1. THE PLACING

On 14 June 2016, the Placing Agreement was entered into between the Company (as issuer) and the Placing Agent (as placing agent).

The Placees

The Placing Shares will be placed on a best effort basis. The Placing Agent has agreed in the Placing Agreement that it will use its best efforts to procure the Placing Shares to be placed to altogether not less than six Placees, who (where applicable, and their ultimate beneficial owners) are Independent Third Parties and not related to each other.

If the number of Placees shall be less than six, the Company will issue a further announcement in accordance with the requirement of the GEM Listing Rules.

Number of Placing Shares

The Placing Agent has agreed to procure, on a best effort basis, Placees to subscribe for up to 33,000,000 Placing Shares on the terms and subject to the conditions set out in the Placing Agreement.

A maximum of 33,000,000 Placing Shares represents (i) 10.00% of the total number of 330,000,000 existing issued Shares as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the 33,000,000 Placing Shares pursuant to the Placing.

Placing Price

The Placing Price is HK\$2.45 per Placing Share exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The net placing price (net of commissions and expenses) is approximately HK\$2.38 per Placing Share.

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent on the date of Placing Agreement with reference to recent market prices of the Shares. The Placing Price represents (i) a discount of approximately 18.33% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on 14 June 2016, being the date of the Placing Agreement; and (ii) a discount of approximately 19.14% to the average closing price of approximately HK\$3.03 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to 14 June 2016, being the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and liquidity of the Shares, and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions, and are in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent will receive a placing commission of 2.5% of the aggregate Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission was arrived at arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission of 2.5% are on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Condition of the Placing

The Placing is conditional on the GEM Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares on or before 28 June 2016 (or such later date as may be agreed by the Company and the Placing Agent).

If the condition is not satisfied, the Placing Agreement shall be terminated forthwith and all rights, obligations and liabilities of the Placing Agent and of the Company thereunder shall cease and determine and none of the parties shall have any claim against the other in relation thereto, save for any antecedent breaches of the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place within four business days after the fulfillment of the above conditions precedent to completion of the Placing, or such other date as the Company and the Placing Agent may agree.

If the above conditions are not satisfied and/or waived in whole or in part by the Placing Agent prior to 5:00 p.m. on or before 28 June 2016 (the “**Long Stop Date**”) or such later date to be agreed between the Company and the Placing Agent, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties to the Placing Agreement will forthwith cease and determine and no party will have any claim against the others, save for any antecedent breaches of the Placing Agreement.

Mandate to allot and issue new Shares

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 17 September 2015. The Company is authorised to issue a maximum of 66,000,000 Shares under such mandate.

Prior to the date of the Placing Agreement, the Company has not utilised any of the power to allot and issue any new Shares pursuant to such mandate and therefore has the power to allot and issue up to 66,000,000 Shares under such mandate. Accordingly, no Shareholders’ approval is required for the issue of the Placing Shares.

Ranking

The Placing Shares will rank equally in all respects among themselves and with all other Shares in issue as at the Completion Date.

Termination

Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent’s appointment shall terminate upon the earlier of (a) Completion Date; (b) the Long Stop Date if the conditions as set out in section headed “Condition of Placing” above have not been satisfied (or waived as the case may be) and (c) termination of the Placing by the Placing Agent in accordance with the terms and conditions of this Placing Agreement, whereby you will be formally notified by the Placing Agent in writing in accordance with the terms of this Placing Agreement.

The Placing Agent reserves its right to terminate this Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Growth Enterprise Market of the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to this Placing Agreement or any announcements or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in this Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a

material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under this Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with this Placing Agreement, save for any antecedent breaches.

2. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming no Shares were allotted, issued or repurchased by the Company from the date of this announcement and up to completion of the Placing other than the allotment and issue of the Placing Shares) are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Time Vanguard Holdings Limited (<i>Note 1</i>)	50,000,000	15.15	50,000,000	13.77
Good Virtue Capital Limited (<i>Note 2</i>)	47,000,000	14.24	47,000,000	12.95
Liu Rongsheng (<i>Note 3</i>)	5,000,000	1.52	5,000,000	1.38
Genius Idea Holdings Limited (<i>Note 4</i>)	20,000,000	6.06	20,000,000	5.51
The Placees	–	–	33,000,000	9.09
Other Shareholders	<u>208,000,000</u>	<u>63.03</u>	<u>208,000,000</u>	<u>57.30</u>
Total	<u>330,000,000</u>	<u>100.00</u>	<u>363,000,000</u>	<u>100.00</u>

Notes:

- Time Vanguard Holdings Limited is wholly-owned by Huarong (HK) International Holdings Limited. Huarong (HK) International Holdings Limited is jointly-owned as to 11.9% by Huarong Zhiyuan Investment & Management Co., Ltd. and 88.1% by Huarong Real Estate Co., Ltd. Each of Huarong Zhiyuan Investment & Management Co., Ltd. and Huarong Real Estate Co., Ltd. is wholly-owned by China Huarong Asset Management Co., Ltd..

2. Ms. Zheng Juhua is interested in 70% of the share capital of Good Virtue Capital Limited.
3. Mr. Liu Rongsheng is the executive Director.
4. Mr. Chan Tat Wah is director of certain of the Company's subsidiaries. He is interested in 100% of the share capital of Genius Idea Holdings Limited.

As disclosed in the above shareholding table, immediately after completion of the Placing, over 25% of the enlarged issued share capital of the Company will be held in public hands (including the Placees).

3. REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company while the Group is principally engaged in the provision of design and fitting-out works which involve the design, project management of small construction works and procurement of furnishings and materials and the provision of design and procurement of furnishings and materials which involve assembling.

Upon completion of the Placing (and assuming all the 33,000,000 Placing Shares will be placed), the gross proceeds arising from the Placing are estimated to be HK\$80.85 million and the net proceeds, after deducting related Placing commission, professional fees and all related expenses, arising from the Placing are estimated to be approximately HK\$78.54 million, which is intended to be used for the Group's general working capital and/or other potential business development opportunities as considered appropriate.

The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement and the Placing Price to be fair and reasonable so far as the Shareholders are concerned and the Placing is in the best interests of the Company and the Shareholders as a whole.

4. FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately prior to the date of the Placing Agreement.

5. APPLICATION FOR LISTING

Application will be made to the GEM Listing Committee for the approval for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing may or may not proceed in the event that the condition of the Placing is not satisfied. If the condition of the Placing is not satisfied, then the Placing Agreement shall be terminated forthwith and all rights, obligations and liabilities of the Placing Agent and of the Company thereunder shall cease

and determine and none of the parties shall have any claim against the other in relation thereto, save for any antecedent reaches of the Placing Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

6. DEFINITIONS

The following defined terms are used in this announcement:

“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“business day(s)”	any day(s) (excluding a Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Company”	Kate China Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on GEM
“Completion Date”	within business days following the fulfilment of the condition precedent under the paragraph headed “Condition of the Placing” or such other date as the Company and the Placing Agent may agree in writing
“connected person”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange which is responsible for GEM listing matters
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	party(ies) who is(are) independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or associated companies, or any of their respective associates
“Places”	the places to be procured by the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	a placing agreement dated 14 June 2016 and made among the Company and the Placing Agent in relation to the Placing
“Placing Price”	the price of HK\$2.45, being the subscription price of each Placing Share
“Placing Shares”	up to 33,000,000 new Shares to be subscribed by the Places in accordance with the terms of the Placing Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By Order of the Board
Kate China Holdings Limited
Chan Chi Yuen
Chairman

Hong Kong, 14 June 2016

As at the date of this announcement, the executive Directors are Mr. Chan Chi Yuen (Chairman), Mr. Tsang Kei Cheong (Chief Executive Officer) and Mr. Liu Rongsheng; and the independent non-executive Directors are Mr. Chan Chiu Hung Alex, Mr. Wu Zhao and Mr. Lam Cheok Va.

This announcement, 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement 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 on the website of the Company at www.katechina.hk.