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*Unless otherwise defined, terms and expressions used in this announcement shall have the same meanings as those defined in the prospectus dated 8 July 2014 (the “Prospectus”) issued by Kate China Holdings Limited (the “Company”).*

*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares or other securities of the Company. Potential investors should read the Prospectus for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.*

## **KATE CHINA HOLDINGS LIMITED**

### **中持基業控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

#### **LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING**

**Number of Placing Shares : 75,000,000 Placing Shares**

**Placing Price : HK\$0.60 per Placing Share plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application subject to refund)**

**Stock Code : 8125**

**Sponsor**

**ALTUS CAPITAL LIMITED**

**Sole Bookrunner and Underwriter**



**金利豐證券**

**KINGSTON SECURITIES**

- The Placing Price is agreed at HK\$0.60 per Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).
- Based on the Placing Price of HK\$0.60 per Share, the net proceeds to be received by the Company from the Placing, after deducting underwriting fees and other expenses, are estimated to be approximately HK\$31.0 million.
- The 75,000,000 Placing Shares offered by the Company under the Placing have been fully subscribed.
- 75,000,000 Placing Shares have been conditionally allocated to a total of 243 selected institutional, professional and other investors.
- The Directors confirm that all the placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, Substantial Shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Controlling Shareholders, Company or any of its subsidiaries, and their respective associates or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed more than 10% of the total number of issued share of the Company immediately after the Placing and the Bonus Issue.
- Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at all times. Pursuant to Rule 11.23(8) of the GEM Listing Rules, the three largest public Shareholders shall not beneficially own more than 50% of the Shares in public hands at the time of Listing. The Directors confirm that, immediately after the Bonus Issue and the completion of the Placing, the public float of the Company will be 25% of the total number of issued Shares, and not more than 50% of the total number of issued Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, 18 July 2014. The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares is 8125.
- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **PLACING PRICE AND USE OF PROCEEDS**

Pursuant to the price determination agreement entered into between the Company and the Underwriter dated 11 July 2014, the Placing Price was agreed to be HK\$0.60 per Placing Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%). The net proceeds to be received by the Company from the Placing, after deducting underwriting fees and other expenses, are estimated to be approximately HK\$31.0 million. The Directors intend to use such net proceeds for implementation of future plans in the following manner:

- (a) as to approximately HK\$3.0 million for enhancing the Company's customer awareness in Hong Kong, Singapore and overseas;
- (b) as to approximately HK\$0.5 million for enhancing the design capacity and office efficiency in Hong Kong;
- (c) as to approximately HK\$13.0 million for expanding the office in Hong Kong through the acquisition of a new showroom/workshop;
- (d) as to approximately HK\$0.5 million for establishing the Company's presence in Singapore through the leasing of an office and expansion of the sales team in Singapore;
- (e) as to approximately HK\$11.0 million for expanding the office in Singapore through the acquisition of a new sales office/showroom in around September 2015; and
- (f) as to the balance of approximately HK\$3.0 million for funding the Company's working capital and general corporate purposes.

## **LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING**

The 75,000,000 Placing Shares offered by the Company were fully subscribed.

## RESULTS OF ALLOCATION

Pursuant to the Placing, 75,000,000 Shares have been conditionally allocated to a total of 243 selected institutional, professional and other investors. The distribution of the Placing Shares is set out as below:

	<b>Aggregate number of Placing Shares allocated</b>	<b>Approximate percentage of the total number of the Placing Shares allocated</b>	<b>Approximate percentage of shareholding over the total number of issued Shares immediately after the Bonus Issue and completion of the Placing</b>
Top placee	1,588,000	2.12%	0.53%
Top 5 placees	7,940,000	10.59%	2.65%
Top 10 placees	15,880,000	21.17%	5.29%
Top 25 placees	39,424,000	52.57%	13.14%

<b>Number of Placing Shares allocated</b>	<b>Number of placees</b>
4,000 to 100,000	170
100,001 to 500,000	21
500,001 to 1,000,000	12
1,000,001 to 5,000,000	40
<b>Total:</b>	<b>243</b>

The Directors confirm that, to the best of their knowledge and belief, all the placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, Substantial Shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed more than 10% of the enlarged issued share capital of the Company immediately after the Placing and the Bonus Issue.

**Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **MINIMUM PUBLIC FLOAT REQUIREMENT**

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at all times. Pursuant to Rule 11.23(8) of the GEM Listing Rules, the three largest public Shareholders shall not beneficially own more than 50% of the Shares in public hands at the time of Listing. The Directors confirm that, immediately after the Bonus Issue and the completion of the Placing, the public float of the Company will be 25% of the total number of issued share of the Company, and not more than 50% of the Shares in public hands at the time of the Listing will be owned by the three largest public Shareholders.

## **DEPOSIT OF SHARE CERTIFICATES INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date (i.e. Friday, 18 July 2014) or on any other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

**No receipt will be issued for subscription monies for the Placing Shares. The Company will not issue temporary documents of title.**

The share certificates issued in respect of the Placing Shares will be deposited into CCASS on or before Friday, 18 July 2014 for credit to the respective CCASS participants' stock accounts or investor participants' stock accounts of the Underwriter, the places or their agents (as the case may be).

Prospective investors of the Placing Shares should note that Kingston Securities Limited is entitled to terminate the Underwriting Agreement by giving notice in writing to the Company upon the occurrence of any of the events set forth under the paragraph headed "Grounds for termination" under the section headed "Underwriting" in the Prospectus at any time prior to 8:00 a.m. on the Listing Date (i.e. Friday, 18 July 2014). In the event that conditions of the Placing as mentioned therein are not fulfilled prior to the time and date specified in the Prospectus, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by the Company on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.katechina.hk](http://www.katechina.hk).

All share certificates will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. on the Listing Date.

## COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 18 July 2014. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.katechina.hk](http://www.katechina.hk). The Shares will be traded in board lots of 4,000 Shares each. The stock code for the Shares is 8125.

By Order of the Board  
**Kate China Holdings Limited**  
**Chan Tat Wah**  
*Chairman and Executive Director*

Hong Kong, 17 July 2014

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

*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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will be published on the Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.katechina.hk](http://www.katechina.hk).*