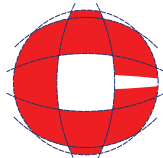


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中持基業控股有限公司
Kate China Holdings Limited

KATE CHINA HOLDINGS LIMITED

中持基業控股有限公司

(incorporated in Hong Kong with limited liability)

Stock code: 8125

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF A PROPERTY

THE ACQUISITION

The Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Provisional S&P Agreement with the Vendor on 29 June 2015, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Property for a cash consideration of approximately HK\$22.4 million. The Consideration was determined after arm's length negotiation.

GEM LISTING RULES IMPLICATION

As the applicable percentage ratios referred to in Chapter 19 of the GEM Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 19.07 of the GEM Listing Rules and is therefore subject to the report and announcement requirements under Chapter 19 of the GEM Listing Rules.

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The Board is pleased to announce that the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Provisional S&P Agreement with the Vendor on 29 June 2015, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Property for a cash consideration of approximately HK\$22.4 million. Details of the Acquisition are as follows:

Date of the Provisional S&P Agreement: 29 June 2015

Parties to the Provisional S&P Agreement: (1) Topost Limited, as the Vendor; and
(2) Kate China Property Consultants Limited, as the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an Independent Third Party. As at the date of the Provisional S&P Agreement, the Vendor wholly and beneficially owned the Property.

The Property

The Property is situated at Unit A, 5/F, Tontex Industrial Building, 2-4 Sheung Hei Street, San Po Kong, Hong Kong with a gross floor area of approximately 5,500 square feet.

The Property is currently divided into 16 units and leased to various leasees with different leasing agreements for occupying the respective units. Upon completion, the Vendor has indicated that ten out of the 16 units of the Property will be delivered to the Purchaser with vacant possession. According to the Vendor, two lease agreements will then expire by the end of 2015 and two lease agreements will expire during each of the year 2016 and 2017.

Consideration

The Consideration of approximately HK\$22.4 million was determined after arm's length negotiation between the parties to the Provisional S&P Agreement and by reference to the prevailing market price of similar properties in the nearby location in San Po Kong.

According to the Directors, it is estimated that the Consideration together with the direct cost including stamp duty, property agent commission, registration fee, legal costs and compliance cost for the Acquisition amounted to approximately HK\$24.9 million.

The Directors (including the independent non-executive Directors) believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of payment

With regard to the payment of the Consideration, it will be as follows:

- (a) an initial deposit of HK\$1.0 million, being approximately 4.5% of the Consideration, (the “**Initial Deposit**”) has been paid by the Purchaser to the Vendor upon signing of the Provisional S&P Agreement;
- (b) a further deposit of approximately HK\$1.2 million, being a further approximately 5.5% of the Consideration, (the “**Further Deposit**”) will be paid by the Purchaser to the Vendor upon signing of the S&P Agreement; and
- (c) the remaining balance of the Consideration of approximately HK\$20.2 million, being 90% of the Consideration, will be satisfied in full by the Purchaser upon Completion.

The Initial Deposit and the Further Deposit have been and will be respectively paid to the Vendor’s solicitors as stakeholders who may release the same to the Vendor provided that evidence is provided by the Vendor that the balance of the Consideration is sufficient to discharge the Property from the existing legal charge and/or mortgage.

Completion

Completion is expected to take place on or before 30 September 2015.

Source of funds

It is intended that the Consideration and the related expenses (i.e. an aggregate of approximately HK\$24.9 million as mentioned above) will be funded as to (i) approximately HK\$13.0 million from the IPO Proceeds; and (ii) approximately HK\$11.9 million from the Placing Proceeds. Such funds were identified in the Prospectus and the Placing Announcement respectively to be used for the acquisition of a showroom in Hong Kong. The remaining balance of the Placing Proceeds (approximately HK\$11.1 million), which was originally intended to be make available together with the aforesaid proceeds for the acquisition of a bigger property and/or at a higher consideration, will be reallocated for general working capital purpose (including but not limited to the renovation and decoration expenses of the aforesaid showroom).

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Prospectus and the Placing Announcement, it is the Company’s intention to expand the Group’s office in Hong Kong through the acquisition of new showroom/workshop. The Directors, therefore, expect the Property to be used as showroom/workshop, which is an integral part of the Group’s ordinary and usual course of business, especially for demonstrating the interior

design and visualising the actual fitting-out of the design, which would facilitate the overall business operation. As the Group has collaborated with Mr. Mark Lui, this new showroom will also showcase the products of the collaboration, some of which had already been in display in various exhibitions in Hong Kong and overseas. In addition, the Property is located in the same building as the Group's head office in San Po Kong which allows the Group to operate more efficiently.

Taking into account the above, the Directors consider that the Acquisition is beneficial to the Group's development. In addition, the Directors (including the independent non-executive Directors) consider that the terms of the Provisional S&P Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the Provisional S&P Agreement and the Acquisition and therefore, none of them have abstained from voting on the Board resolution(s) which approved the Provisional S&P Agreement and the Acquisition.

INFORMATION OF THE PURCHASER, THE COMPANY AND THE GROUP

The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal activity is investment holding.

The Company is the holding company of the Group, which is principally engaged in the provision of (i) design and fitting-out services in Hong Kong; and (ii) design and procurement of furnishings and material services in Hong Kong, Singapore and Malaysia.

GEM LISTING RULES IMPLICATION

As the applicable percentage ratios as referred to Chapter 19 of the GEM Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 19.07 of the GEM Listing Rules and is therefore subject to the report and announcement requirements under Chapter 19 of the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Shareholders has any material interest in the Acquisition and no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Acquisition.

DEFINITIONS

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

“Acquisition”	acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Provisional S&P Agreement and the S&P Agreement;
“Board”	board of the Directors;
“Company”	Kate China Holdings Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the Growth Enterprise Market of the Stock Exchange;
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the S&P Agreement;
“Consideration”	consideration in the amount of approximately HK\$22.4 million will be payable to the Vendor for the Acquisition;
“Director(s)”	directors of the Company from time to time;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	individual(s) or company(ies) who is/are not connected with (within the meaning of the GEM Listing Rules) any of the Directors, chief executive, substantial shareholders, subsidiaries or any of their respective associates;
“IPO Proceeds”	the net proceeds of approximately HK\$31.0 million raised through the initial public offering of the Company by way of placing on 8 July 2014;
“Placing”	the placing of new shares by the Company as announced in the Company’s announcement published on 17 February 2015;

“Placing Announcement”	the announcement dated 17 February 2015 issued by the Company in relation to the Placing;
“Placing Proceeds”	the net proceeds of approximately HK\$35.0 million raised through the Placing;
“Property”	the property located at Unit A, 5/F, Tontex Industrial Building, 2-4 Sheung Hei Street, San Po Kong, Hong Kong with a gross floor area of approximately 5,500 square feet;
“Prospectus”	the prospectus dated 8 July 2014 issued by the Company in relation the initial public offering of the Company by way of placing;
“Provisional S&P Agreement”	provisional sale and purchase agreement dated 29 June 2015 entered into amongst the Purchaser and the Vendor in relation to the sale and purchase of the Property;
“Purchaser”	Kate China Property Consultants Limited is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“S&P Agreement”	the formal sale and purchase agreement to be entered into between the Vendor and the Purchaser on or before 15 July 2015 in relation to the Acquisition, which will incorporate the terms and conditions contained in the Provisional S&P Agreement and any other terms to be mutually agreed amongst the Purchaser and the Vendor;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Topost Limited, a company incorporated in Hong Kong with limited liability;

“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong; and
“%” per cent.

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

Hong Kong, 30 June 2015

As at the date of this announcement, the Board comprises Mr. Chan Tat Wah (Chairman), Mr. Fok Chun Kit (Chief Executive Officer) and Mr. Tsang Kei Cheong as executive Directors; and Mr. Lam Yiu Kin, Mr. Lu Tak Ming and Prof. Lai Kin Keung as independent non-executive Directors.

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 website of the Growth Enterprise Market of the Stock Exchange at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the Company’s website at www.katechina.hk.