



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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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This announcement, for which the directors of Kate China Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of 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.

THE FINANCIAL STATEMENTS

First Quarterly Results

The board of Directors (the “Board”) of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2015

		For the three months ended 30 June	
		2015	2014
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	36,585	16,897
Cost of sales		<u>(29,286)</u>	<u>(11,667)</u>
Gross profit		7,299	5,230
Other income	4	53	261
Administrative expenses		(3,916)	(3,525)
Finance costs	5	<u>(3)</u>	<u>(56)</u>
Profit before tax	6	3,433	1,910
Income tax expense	7	<u>(171)</u>	<u>(696)</u>
Profit for the period attributable to owners of the Company		<u>3,262</u>	<u>1,214</u>
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>68</u>	<u>4</u>
Total comprehensive income for the period attributable to owners of the Company		<u>3,330</u>	<u>1,218</u>
Earnings per share			
— Basic and diluted	8	<u>0.010 cents</u>	<u>0.005 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 JUNE 2015

For the three months ended 30 June 2015

	Share capital <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2015 (audited)	76,113	28,463	(245)	104,331
Profit for the period	—	3,262	—	3,262
Other comprehensive income for the period	—	—	68	68
Total comprehensive income for the period	—	3,262	68	3,330
At 30 June 2015 (unaudited)	76,113	31,725	(177)	107,661

For the three months ended 30 June 2014

	Share capital (note i) <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014 (audited)	—	23,012	183	23,195
Profit for the period	—	1,214	—	1,214
Other comprehensive income for the period	—	—	4	4
Total comprehensive income for the period	—	1,214	4	1,218
At 30 June 2014 (unaudited)	—	24,226	187	24,413

Note:

- (i) As at 30 June 2014, the share capital was HK\$2.00 represented the share capital of the Company pursuant to the completion of Group Reorganisation on 31 August 2013. Details of the Group Reorganisation was set out in the prospectus of the Company dated 8 July 2014 in relation to the listing of the shares (the “Prospectus”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE 2015

1. GENERAL

The Company was incorporated in Hong Kong as a company with limited liability. The address of the registered office and the principal place of business of the Company is Unit A, 10/F., Tontex Industrial Building, 2-4 Sheung Hei Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company, while the Group is principally engaged in provision of design and fitting-out services and design and procurement of furnishings and materials.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual report for the year ended 31 March 2015.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the unaudited condensed consolidated financial statements, and there have otherwise been no significant changes to the accounting policies applied in these financial statements.

The unaudited condensed consolidated financial statements are presented in HK\$, unless otherwise stated. Other than a subsidiary operating in Singapore of which functional currency is SGD, the functional currency of the Company and other subsidiaries is HK\$.

The financial information relating to the year ended 31 March 2015 included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company will deliver the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) in due course.

The Company’s auditor has reported on the financial statements for the year ended 31 March 2015 of the Group. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

3. REVENUE AND SEGMENT INFORMATION

Information reported to the Chief Executive Officer (the “CEO”), being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CEO have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

- (1) Provision of design and fitting-out service (“Design & fitting-out”); and
- (2) Provision of design and procurement of furnishings and materials service (“Design and procurement of furnishings and materials service”).

Revenue derived from the following operating segments for the three months ended 30 June 2015 and 2014 are as follows:

	For the three months ended 30 June	
	2015	2014
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Design & fitting-out services	34,537	13,012
Design & procurement of furnishings and materials services:		
Procurement of furnishings and materials	2,048	3,885
	36,585	16,897

4. OTHER INCOME

	For the three months ended 30 June	
	2015	2014
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Bank interest income	5	—
Reversal of impairment loss on trade receivables	—	219
Sundry income	48	42
	53	261

5. FINANCE COSTS

	For the three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Bank overdraft	—	36
Unsecured bank borrowings wholly repayable within five years	—	20
Finance lease	3	—
	<u>3</u>	<u>—</u>
	3	56

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before tax for the period has been arrived at after charging:		
Directors' emoluments (including contribution to defined contribution retirement benefits scheme)	1,038	304
Salaries, wages and other benefits (excluding directors' emoluments)	1,414	1,138
Contribution to defined contribution retirement benefits scheme (excluding directors)	81	53
	<u>2,533</u>	<u>1,495</u>
Auditor's remuneration	—	—
Depreciation	82	59
Impairment loss in respect of trade receivables (included in administrative expense)	—	204
Minimum lease payments under operating leases in respect of office premises	87	75
Initial public offering expenses (included in administrative expense)	—	989
	<u>—</u>	<u>989</u>

7. INCOME TAX EXPENSE

The major components of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income are:

	For the three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
Current tax	171	577
Singapore Corporate Tax		
Current tax	—	117
Deferred taxation	—	2
Income tax expense for the period	<u>171</u>	<u>696</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the three months ended 30 June 2015 (three months ended 30 June 2014: 16.5%).

No Singapore Corporate Tax has been provided for the three months ended 30 June 2015 as no taxable income derived in Singapore during the period. Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profits for the three months ended 30 June 2014.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for each of the three months ended 30 June 2015 and 2014 is based on the profit for the period attributable to the owners of the Company of approximately HK\$3,330,000 and HK\$1,218,000 respectively and the weighted average of 330,000,000 ordinary shares in issue during the three months ended 30 June 2015 and 225,000,000 shares in issue and issued pursuant to the bonus issue as described in the Prospectus that are deemed to have become effective on 1 April 2014 respectively.

Diluted earnings per Share are equal to the basic earnings per Share as there were no dilutive potential ordinary shares outstanding during both periods.

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2015 (2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the provision of (i) design and fitting-out services in Hong Kong and (ii) design and procurement of furnishings and materials services in Hong Kong, Singapore and Malaysia.

As at 30 June 2015, the Group has 9 projects on hand. With regard to those 9 projects on hand, 7 of them relate to design and fitting-out services in Hong Kong and 2 relates to design and procurement of furnishings and materials services in Hong Kong.

Financial Review

Revenue

The Group's revenue is mainly generated from (i) contracts to provide design and fitting-out services; and (ii) design and procurement of furnishings and materials services.

The total revenue for the three months ended 30 June in 2015 was approximately HK\$36.6 million (2014: HK\$16.9 million) which represents a HK\$19.7 million or 116.5% growth. Such increase was the result of the Group undertaking design and fitting out contracts with higher value than in 2014. Accordingly, the Group recorded an increase in overall revenue.

Breakdown by types of projects:

	For the three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Design & fitting-out service income	34,537	13,012
Design & procurement of furnishings and materials service:		
— Sales of furnishings and materials	—	—
— Procurement of furnishings and materials	2,048	3,885
	36,585	16,897

Breakdown by geographical locations:

	For the three months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	36,585	13,645
Malaysia	—	3,252
	36,585	16,897

For the three months ended 30 June 2015, the Group recorded total revenue of approximately HK\$36.6 million and 100% was derived from Hong Kong.

Gross profit and profit for the period

For the three months ended 30 June 2015, the Group recorded a gross profit of approximately HK\$7.3 million (2014: HK\$5.2 million) and the overall gross profit margin was approximately 20.0% (2014: 31.0%). During the three months ended 30 June 2015, gross profit for design and fitting-out services derived in Hong Kong amounted to approximately HK\$7.1 million, and for design and procurement of furnishings and materials services were approximately HK\$0.2 million. During the three months ended 30 June 2015, gross profit margin for design and fitting-out services was approximately 20.4% (2014: 30.1%), and gross profit margin for design and procurement of furnishings and materials was approximately 12.0% (2014: 33.8%), which were lower than the corresponding period in 2014 due to the increase in direct costs.

Profit for the three months ended 30 June 2015 was approximately HK\$3.3 million, representing an increase of approximately HK\$2.1 million or approximately 168.7% as compared to the corresponding period in 2014. This was resulted from higher revenue generated during three months ended 30 June 2015 than the corresponding period in 2014.

Administrative expenses

Administrative expenses increased by approximately 11.1% from approximately HK\$3.5 million for the three months ended 30 June 2014 to approximately HK\$3.9 million for the three months ended 30 June 2015.

Out of the sum of approximately HK\$3.5 million for the three months ended 30 June 2014, approximately HK\$1.0 million, representing the one-off Listing expenses incurred during the three months ended 30 June 2014.

Out of the sum of approximately HK\$3.9 million for the three months ended 30 June 2015, approximately HK\$0.5 million representing the recurring expenses (namely, legal and professional fees) incurred after the Listing during the three months ended 30 June 2015 and approximately HK\$1.0 million was the increase in additional directors' emoluments staff cost due to the additional hiring in accordance with the Group's expansion plan after the Listing during the three months ended 30 June 2015.

Liquidity, Financial Resources and Capital Structure

During the three months ended 30 June 2015, the Group financed its operations by its internal resources and bank facilities. As at 30 June 2015, the Group had net current assets of approximately HK\$107.0 million (31 March 2015: HK\$103.7 million), including cash of approximately HK\$39.6 million (31 March 2015: HK\$50.0 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.8 times as at 30 June 2015 (31 March 2015: 2.7 times). The slightly increase in the current ratio was mainly attributable to the fluctuation due to the Group's business model which is project by project basis.

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$107.7 million as at 30 June 2015 (31 March 2015: HK\$104.3 million).

Use of Proceeds from the Listing and the 2015 Placing

The business plan and planned use of proceeds from the Listing as disclosed in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus, while the proceeds were applied in accordance with the recent development of the market.

As described in the Prospectus, the net proceeds of a sum of approximately HK\$31.0 million was raised. Subsequently on 9 March 2015, the Group completed the 2015 Placing and raised net proceeds of a sum of approximately HK\$35.0 million.

As described in an announcement of the Company dated 23 June 2015, the Group continued to grow its business in Hong Kong and the Directors believed that it would be more effective for the management to focus in its Hong Kong operations. Accordingly, the Directors intended to change the proceeds from the Listing originally allocated for the expansion of an office in Singapore to be used as the Group's general working capital purposes.

On 29 June 2015, the Board announced that 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 Group has agreed to purchase and the vendor has agreed to sell the property for a cash consideration of approximately HK\$22.4 million. Completion of the property acquisition is expected to take place on or before 30 September 2015. 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 property acquisition amounted to approximately HK\$24.9 million.

During the three months ended 30 June 2015, the net proceeds from the Listing and the 2015 Placing had been applied as follows:

		Intended use of proceeds from the Listing as described in the Prospectus					Actual and identified use of proceeds
		For the period since Listing to 30 September 2014		For each of the six months up to			As at 30 June 2015
		Total HK\$ million	HK\$ million	31 March 2015 HK\$ million	30 September 2015 HK\$ million	31 March 2016 HK\$ million	HK\$ million
Proceeds from the Listing	— Enhance our customer awareness	3.0	0.5	1.0	0.5	1.0	0.7 used
	— Enhance design capacity and office efficiency	0.5	0.2	0.1	0.2	nil	0.5 used
	— Expand our office in Hong Kong	13.0	nil	13.0	nil	nil	1.0 used +12.0 identified (<i>Note 1</i>)
	— General working capital	14.5	3.0	nil	nil	nil	12.0 used (<i>Note 2</i>)
	Total	31.0	3.7	14.1	12.2	1.0	14.2 used +12.0 identified (<i>Note 1</i>)
Intended use of proceeds from the 2015 Placing as described in the announcement of the Company dated 17 February 2015							
Proceeds from the 2015 Placing	Acquisition of a new showroom/ workshop in Hong Kong	23.0	N/A	N/A	N/A	N/A	Nil used + 11.9 identified (<i>Note 1</i>)
	General working capital	12.0	N/A	N/A	N/A	N/A	12.0 used
	Total	35.0	N/A	N/A	N/A	N/A	12.0 used + 11.9 identified (<i>Note 1</i>)

Notes:

1. As announced on 29 June 2015, the Provisional S&P Agreement was entered into. Upon completion of such agreement on or before 30 September 2015, such sum will be fully utilised. As at the of this announcement, a sum of HK\$4.1 million has been used for this purpose.
2. Following the announcement made on 23 June 2015, the Directors changed the proceeds from the Listing originally allocated for the expansion of an office in Singapore to be used as the Group's general working capital purposes.

Update on the use of proceeds from the Listing and the 2015 Placing

After seeking for almost a year, the Group has on 29 June 2015 successfully entered into a provisional sale and purchase agreement with the vendor for a cash consideration of approximately HK\$22.4 million. As this property was smaller than those potential properties being considered by the Group at the time of execution of the 2015 Placing, the eventual sum required for the acquisition was lesser than anticipated. As a result, as announced on 29 June 2015, the Directors announced that the remaining balance of the proceeds for the acquisition of a new showroom/workshop in Hong Kong (i.e. approximately HK\$11.1 million) would be reallocated for general working capital purpose (including but not limited to the renovation and decoration expenses of the aforesaid showroom).

Employee Information

Total remuneration for the three months ended 30 June 2015 (including Directors' emoluments and salaries to staff and Directors including MPF contributions) was approximately HK\$2.5 million (2014: HK\$1.5 million). Such increase was mainly due to the increase in number of staff and staff salaries. As at 30 June 2015, our Group had 30 employees (30 June 2014: 28 employees).

OTHER INFORMATION

Interests and Short Positions of the Directors and Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 June 2015, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") were as follows:

Long position in ordinary shares of the Company

Name of Director	Capacity/Nature of interests capital	Number of Share held	Approximate percentage of issued Shares (Note 2)
Mr. Chan Tat Wah (Note 1)	Interest of a controlled corporation	175,000,000	53.03%

Notes:

1. 175,000,000 Shares are registered in the name of Genius Idea Holdings Limited, which is wholly-owned by Mr. Chan Tat Wah (“Mr. Chan”).

Save as disclosed above, as at 30 June 2015, none of the Directors or the Chief Executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

Interests and Short Positions of Substantial Shareholders of the Company in the Shares and Underlying Shares

As at 30 June 2015, so far as is known to the Directors and the Chief Executive and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interest and short positions of the persons or corporations (other than the Directors and the Chief Executive) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of interests capital	Number of Share held	Approximate percentage of the issued Shares (Note 3)
Genius Idea Holdings Limited (Note 1)	Beneficial interest	175,000,000	53.03%
Ms. Lee Yuk Pui Kawina (Note 2)	Family interest	175,000,000	53.03%
Time Vanguard Holdings Limited	Beneficial owner	50,000,000	15.15%

Name of Shareholders	Capacity/Nature of interests capital	Number of Share held	Approximate percentage of the issued Shares (Note 3)
HUARONG (HK) INTERNATIONAL HOLDINGS LIMITED <i>(Note 3)</i>	Interest of a Controlled Corporation	50,000,000	15.15%
Huarong Real Estate Co., Ltd. <i>(Note 4)</i>	Interest of a Controlled Corporation	50,000,000	15.15%
China Huarong Asset Management Co., Ltd. <i>(Note 5)</i>	Interest of a Controlled Corporation	50,000,000	15.15%

Notes:

1. Genius Idea Holdings Limited is wholly-owned by Mr. Chan.
2. Ms. Lee Yuk Pui Kawina is the spouse of Mr. Chan. Under the SFO, Ms. Lee Yuk Pui Kawina is deemed, or taken to be interested in all the shares in which Mr. Chan is interested.
3. Time Vanguard Holdings Limited is wholly-owned by HUARONG (HK) INTERNATIONAL HOLDINGS LIMITED.
4. HUARONG (HK) INTERNATIONAL HOLDINGS LIMITED is jointly-owned as to 11.90% by Huarong Zhiyuan Investment & Management Co., Ltd. and 88.10% by Huarong Real Estate Co., Ltd.
5. Each of Huarong Zhiyuan Investment & Management Co., Ltd. and Huarong Real Estate Co., Ltd. is wholly-owned by China Huarong Asset Management Co., Ltd.

Save as disclosed above, as at 30 June 2015, there was no person or corporation (other than the Directors and the Chief Executive) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Other Interests Discloseable under the SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short positions in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

Share Option Scheme

The share option scheme enables the Company to grant options to any full-time or part-time employee of the Company or any member of the Group (the “Eligible Participant”) as incentives or rewards for their contributions to the Group. The Company conditionally adopted a share option scheme (the “Scheme”) on 30 June 2014 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the date of adoption of the Scheme.

As at the date of this announcement, the total number of Shares available for issue under the Scheme is 30,000,000 Shares, representing 9.09% of the issued Shares.

Upon acceptance of an option to subscribe for shares granted pursuant to the Scheme (the “Option”), the Eligible Participant shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 21 days from the date on which the Option is granted. The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the Options, which must be a day on which trading of Shares take place on the Stock Exchange (the “Trading Day”); and (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 trading Days immediately preceding the date of grant of the Options.

The Company shall be entitled to issue options, provided that the total number of Shares which may issue upon exercise of all options to be granted under the Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders’ approval and the issue of a circular in compliance with the GEM Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issued at the time. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Since the adoption of the Scheme, no share option has been granted by the Company.

Rights to Acquire Shares

Save as disclosed above, at no time during the three months ended 30 June 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Save as disclosed above, at no time during the three months ended 30 June 2015 had the Directors and the Chief Executive (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the shares (or warrants or debentures, is applicable) of the Company and its associated corporations (within the meaning of the SFO).

Competing Interests

As at 30 June 2015, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Compliance Adviser's Interests

As at 30 June 2015, neither Altus Capital Limited, the compliance adviser of the Company, nor any of its Directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of GEM Listing Rules.

Directors' Securities Transactions

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. No director has dealt in the shares of the Company during the three months ended 30 June 2015.

Purchase, Sale of Redemption of Shares

During the three months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Compliance with the Corporate Governance Code

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code").

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the three months ended 30 June 2015.

Audit Committee

The audit committee of the Company (the “Audit Committee”) was established by the Board on 30 June 2014 with written terms of reference which were revised on 10 November 2014 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Lam Yiu Kin. The other members are Mr. Lu Tak Ming and Prof. Lai Kin Keung. The primary duties of the Audit Committee are to review and supervise the Group’s financial reporting process and the internal control systems of the Group.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the three months ended 30 June 2015 with the management in connection with the compliance of the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal or disclosure requirements.

PUBLICATION OF FIRST QUARTERLY RESULTS AND FIRST QUARTERLY REPORT

This results announcement is published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.katechina.hk*). The first quarterly report of the Company for the three months ended 30 June 2015 containing all the information required by the GEM Listing Rules will be dispatched to the Company’s shareholders and published on the above websites in due course.

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

Hong Kong, 10 August 2015

As at the date of this announcement the executive Directors are Mr. Chan Tat Wah (Chairman), Mr. Fok Chun Kit (CEO), 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 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.