

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 2014

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”) 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 2014 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2014

		For the three months ended 30 June	
	Notes	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3	16,897	11,142
Cost of sales		<u>(11,667)</u>	<u>(7,965)</u>
Gross profit		5,230	3,177
Other income	4	261	3
Administrative expenses		(3,525)	(1,982)
Finance costs	5	<u>(56)</u>	<u>(5)</u>
Profit before tax	6	1,910	1,193
Taxation	7	<u>(696)</u>	<u>(364)</u>
Profit for the period		<u>1,214</u>	<u>829</u>
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>4</u>	<u>(37)</u>
Total comprehensive income for the period		<u><u>1,218</u></u>	<u><u>792</u></u>
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted (HK cents)	8	<u><u>0.005</u></u>	<u><u>0.004</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 JUNE 2014

For the three months ended 30 June 2014

	Share capital (note i) HK\$'000	Retained profits HK\$'000	Exchange reserve HK\$'000	Other reserve (note ii) HK\$'000	Total HK\$'000
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)	<u>—</u>	<u>24,226</u>	<u>187</u>	<u>—</u>	<u>24,413</u>

For the three months ended 30 June 2013

	Share capital (note i) HK\$'000	Retained profits HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
At 1 April 2013 (audited)	—	13,367	29	13,396
Profit for the period	—	829	—	829
Other comprehensive income for the period	—	—	(37)	(37)
Total comprehensive income for the period	—	829	(37)	792
At 30 June 2013 (unaudited)	<u>—</u>	<u>14,196</u>	<u>(8)</u>	<u>14,188</u>

Notes:

- (i) As at 30 June 2013, the share capital represented the share capital of China Sourcing & Creative Construction Limited prior to the reorganisation carried out for the listing of the shares of the Company (the “Shares”) on GEM. 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”).

- (ii) Other reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired by the Company pursuant to the Group Reorganisation over the consideration paid for acquiring those subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 30 JUNE 2014

1. GENERAL

The Company was incorporated in Hong Kong as a company with limited liability on 29 July 2013. 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 and the Shares were listed on GEM on 18 July 2014. The principal activities of its subsidiaries are as follows:

Name of subsidiaries	Place and date of incorporation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
China Sourcing & Creative Construction Limited	British Virgin Islands 1 September 2010	United States dollar (“US\$”) 1	100%	—	Investment holding
Hotel Sourcing International Limited	Hong Kong 20 February 2006	Hong Kong dollar (“HK\$”) 100	—	100%	Provision of design and procurement of furnishings and materials
Karlson C & C Limited	Hong Kong 24 May 2004	HK\$1	—	100%	Provision of design and fitting out service
Wealth Trinity Development Limited	Hong Kong 31 July 2006	HK\$1	—	100%	Provision of design and fitting out service
Well Creation Holdings Limited	Hong Kong 15 January 2009	HK\$1	—	100%	Provision of design and fitting out service
Joy Excel Consultants Limited	Hong Kong 18 September 2008	HK\$1	—	100%	Provision of design and fitting out service
Forever Smart (China) Limited	Hong Kong 24 March 2011	HK\$1	—	100%	Provision of design and fitting out service
Hotel Sourcing Singapore Pte. Ltd.	Singapore 29 December 2011	Singapore dollar (“SGD”) 1	—	100%	Provision of design and procurement of furnishings and materials

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2014 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.

Pursuant to a Group Reorganisation which was completed on 31 August 2013 as detailed in the section headed “Reorganisation” in the Prospectus, the Company became the holding company of the companies comprising the Group.

The Group resulting from the abovementioned Group Reorganisation is regarded as a continuing entity. Accordingly, the combined financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” as if the group structure under the Group Reorganisation had been in existence throughout the three months ended 30 June 2013.

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 accountants’ report included in the Prospectus for the year ended 31 March 2014, except for the adoption of the new and revised HKFRSs. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the Prospectus.

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\$.

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 2013 and 2014 are as follows:

	For the three months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Design & fitting-out services	13,012	10,072
Design & procurement of furnishings and materials services:		
— Sales of furnishings and materials	—	—
— Procurement of furnishings and materials	3,885	1,070
	<u>16,897</u>	<u>11,142</u>

4. OTHER INCOME

	For the three months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Reversal of impairment loss on trade receivables	219	—
Sundry income	42	3
	<u>261</u>	<u>3</u>

5. FINANCE COSTS

	For the three months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
— Bank overdraft	36	—
— Unsecured bank borrowings wholly repayable within five years	20	5
	<u>56</u>	<u>5</u>

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the three months ended 30 June	
	2014	2013
	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)	304	296
Salaries, wages and other benefits (excluding directors' emoluments)	1,138	759
Contribution to defined contribution retirement benefits scheme (excluding directors)	53	36
	1,495	1,091
Auditor's remuneration	—	—
Depreciation	59	46
Impairment loss in respect of trade receivables (included in administrative expense)	204	—
Minimum lease payments under operating leases in respect of office premises	75	75
Initial public offering expenses (included in administrative expense)	989	350

7. TAXATION

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	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
Current tax	577	340
Singapore Corporate Tax		
Current tax	117	13
Deferred taxation	<u>2</u>	<u>11</u>
Income tax expense for the period	<u>696</u>	<u>364</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the Relevant Periods.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profits for the Relevant Periods.

8. EARNINGS PER SHARE

The Company was listed on GEM on 18 July 2014 by way of placing of 75,000,000 new Shares at a price of HK\$0.60 per Share.

The calculation of the basic earnings per Share for each of the three months ended 30 June 2014 and 2013 is based on the profit for the period attributable to the owners of the Company of approximately HK\$1,218,000 and HK\$792,000 respectively and on the basis of 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 2013.

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 2014 (2013: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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.

The Group was successfully listed on GEM on 18 July 2014. The proceeds received have strengthened the Group's cash flow and the Group will implement its future plans according to the schedule set out in the Prospectus. The net proceeds will be applied towards enhancing customer awareness of the Group, expanding its team in Hong Kong and its presence in Singapore will further grow the business of the Group.

During the three months ended 30 June 2014, the Group has 3 new customers, all of which were related to design and fitting-out services and in aggregate contributed approximately HK\$3.7 million in the revenue to the Group. Up to 30 June 2014, being the latest practicable date for the purpose of this announcement, the Group has 9 projects on hand. With regard to those 9 projects on hand, 8 of them relate to design and fitting-out services in Hong Kong and 1 relates to design and procurement of furnishings and materials services in Malaysia.

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 2014 was approximately HK\$16.9 million (2013: HK\$11.1 million) which represents a HK\$5.8 million or 51.7% growth. Such increase was the result of the Group undertaking design and fitting out contracts with higher value than in 2013. Accordingly, the Group recorded an increase in overall revenue.

Breakdown by types of projects:

	For the three months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Design & fitting-out service income	13,012	10,072
Design & procurement of furnishings and materials service:		
— Sales of furnishings and materials	—	—
— Procurement of furnishings and materials	3,885	1,070
	<u>16,897</u>	<u>11,142</u>

Breakdown by geographical locations:

	For the three months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong	13,645	10,056
Malaysia	3,252	1,086
	<u>16,897</u>	<u>11,142</u>

For the three months ended 30 June 2014, the Group recorded total revenue of approximately HK\$16.9 million, of which approximately HK\$13.6 million was derived from Hong Kong and approximately HK\$3.3 million from Malaysia representing approximately 81% and 19% of the total revenue of our Group respectively.

Gross profit and profit for the period

For the three months ended 30 June 2014, the Group recorded a gross profit of approximately HK\$5.2 million (2013: HK\$3.2 million) and the overall gross profit margin was approximately 31.0% (2013: 28.5%). During the three months ended 30 June 2014, gross profit for design and fitting-out services derived in Hong Kong and Malaysia amounted to approximately HK\$3.9 million and nil respectively, and for design and procurement of furnishings and materials services were approximately HK\$25,000 and HK\$1.3 million respectively. During the three months ended 30 June 2014, gross profit margin for design and fitting-out services was approximately 30.1%, and gross

profit margin for design and procurement of furnishings and materials was approximately 33.8%, which were similar to the respective percentages recorded for the year ended 31 March 2014 as described in the paragraph headed “Gross profit” of the section headed “Financial information” of the Prospectus. Gross profit margin for design and procurement of furnishings and materials services remained higher than that for design and fitting-out services for the three months ended 30 June 2014, as was the case for the year ended 31 March 2014.

Profit for the three months ended 30 June 2014 was approximately HK\$1.2 million, representing an increase of approximately 46% as compared to the corresponding period in 2013.

Both the staff cost and the amount provided for tax expense during the three months ended 30 June 2014 have increased by approximately HK\$0.4 million and HK\$0.3 million as compared to the corresponding period in 2013. In addition, listing expenses of approximately HK\$1.0 million (2013: HK\$0.4 million) was incurred during the three months ended 30 June 2014. If the listing expenses of approximately HK\$1.0 million was added back to profit before taxation of the Group for the three months ended 30 June 2014, the Group’s adjusted profit before taxation would have been approximately HK\$2.9 million, representing approximately 89% more than the adjusted profit before taxation of the Group of approximately HK\$1.5 million for the corresponding period in 2013 (being the sum of listing expenses of approximately HK\$0.4 million and profit before taxation of approximately HK\$1.1 million).

Liquidity, Financial Resources and Capital Structure

During the three months ended 30 June 2014, the Group financed its operations by its internal resources and bank facilities. As at 30 June 2014, the Group had net current assets of approximately HK\$23.7 million (31 March 2014: HK\$22.5 million), including cash of approximately HK\$11.4 million (31 March 2014: HK\$5.1 million).

The current ratio, being the ratio of current assets to current liabilities, was approximately 2.49 times as at 30 June 2014 (31 March 2014: 1.87 times). The 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\$24.4 million as at 30 June 2014 (31 March 2014: HK\$23.2 million).

Employee Information

Total remuneration for the three months ended 30 June 2014 (including Directors’ emoluments and salaries to staff and Directors including MPF contributions) was approximately HK\$1.5 million (2013: HK\$1.1 million). Such increase was mainly due to the increase in number of staff and staff salaries. As at 30 June 2014, our Group had 28 employees (30 June 2013: 23 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

The Shares were not listed as at 30 June 2014 until 18 July 2014, the date the Company was listed on GEM (the “Listing Date”). As at the date of this announcement, the interests and short positions of the Directors and chief executive of the Company (the “Chief Executive”) in 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 Directors	Capacity/Nature of interests capital	Number of Share held	Approximate percentage of issued Shares <i>(Note 2)</i>
Mr. Chan Tat Wah <i>(Note 1)</i>	Interest of a controlled corporation	225,000,000	75%

Notes:

1. 225,000,000 Shares are registered in the name of Genius Idea Holdings Limited, which is wholly-owned by Mr. Chan Tat Wah (“Mr. Chan”).
2. The percentage is calculated on the basis of 300,000,000 Shares in issue as at the Listing Date.

Save as disclosed above, as at the date of this announcement, 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 the date of this announcement, 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 Directors	Capacity/Nature of interests capital	Number of Share held	Approximate percentage of issued Shares (Note 3)
Genius Idea Holdings Limited (Note 1)	Beneficial interest	225,000,000	75%
Ms. Lee Yuk Pui Kawina (Note 2)	Family interest	225,000,000	75%

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. The percentage is calculated on the basis of 300,000,000 Shares in issue as at the Listing Date.

Save as disclosed above, as at the date of this announcement, 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 10% 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 2014 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 2014 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, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

Competing Interests

As at the date of this announcement, 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 the date of this announcement, 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

At the Board meeting held on 30 June 2014, 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. The Company was listed on GEM on 18 July 2014. No director has dealt in the shares of the Company during the three months ended 30 June 2014.

Purchase, Sale of Redemption of Shares

The Company was listed on 18 July 2014. During the three months ended 30 June 2014, 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").

The Company was listed on 18 July 2014. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code since the Listing Date.

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 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 approve 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 2014 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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 2014 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, 12 August 2014

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.