

**KATE CHINA HOLDINGS LTD:  
THIS MUST BE ONE OF THE WORST  
INITIAL PUBLIC OFFERINGS OF THE YEAR**

One might think that picking up some shares in Kate China Holdings Ltd () (Stock Code: 8125, The Growth Enterprise Market [The **GEM**] of The Stock Exchange of Hongkong Ltd) when trading commences, today, is not a bad gamble because, after all, the Placing Price Per Share was not less than 50 cents and not more than 70 cents.

And, since there were only 75 million shares that were Placed to Institutional Investors, how badly could one be hurt by the penny stock?

The answer: By the amount of money, gambled on the pitch and the toss.

Kate China issued its Placing Prospectus on The **GEM** on Tuesday, July 8, 2014.

The Company Offered 75 million Shares by way of Placings, representing 25 percent of the entire Issued and Fully Paid-Up Share Capital.

The Founder of the Company, Mr Chan Tat Wah (), is holding onto his shares, amounting to 75 percent of the Share Capital after the Placings have been consummated.

Kate China, based on the Placing Price Per Share of 60 cents, expects to net about \$HK31 million.

That amount of money will be utilised for the following purposes, one is told at Page 176 of the Placing Prospectus:

- Approximately, \$HK3.00 million *‘for enhancing our customer awareness in Hong Kong, Singapore and overseas’*;
- Approximately, \$HK0.50 million *‘for enhancing our design capacity and office efficiency in Hong Kong’*;
- Approximately, \$HK13 million *‘for expanding our office in Hong Kong through the acquisition of a new showroom/workshop’*;
- Approximately, \$HK0.50 million, *‘for establishing our presence in Singapore through the leasing of an office and expansion of our sales team in Singapore’*;
- Approximately, \$HK11.00 million, *‘for expanding our office in Singapore through the acquisition of a new sales office/showroom in around September 2015’*; and,
- Approximately, \$HK3.00 million to be tipped into the Company’s Working Capital Account.

Out of the net proceeds of about \$HK31 million, therefore, Kate China is looking for \$HK24 million, representing about 77 percent, to purchase some property in the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) and in Singapore.

According to Appendix I-28 of the Placing Prospectus, in the 2012 Financial Year, ended March 31, Kate China’s only customers were in the HKSAR.

In the 2013-Year, about 84 percent of Company's total revenue came from HKSAR customers with \$HK11,971,000, having been obtained from Singaporean customers.

With regard to the 2014-Year, HKSAR customers accounted for about 78 percent of the total revenue, less than one percent was generated from customers in Singapore, and Malaysian customers accounted for \$HK20,481,000 (about 21.36 percent).

So, what does Senior Management of Kate China know ... [CLICK TO ORDER FULL ARTICLE](#)

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