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UKF (HOLDINGS) LIMITED

英裘(控股)有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 08168)

FINANCIAL ASSISTANCE TO CUSTOMERS

(1) MAJOR TRANSACTIONS AND DISCLOSURE OF ADVANCE TO AN ENTITY

(2) DISCLOSEABLE TRANSACTION AND DISCLOSURE OF ADVANCE TO AN ENTITY

Reference is made to the circular of the Company dated 19 April 2013 in relation to the Acquisition. Since the completion of the Acquisition, Loyal Speed Limited has become part of the Group and continued to provide loans for two brokerage customers, namely, Fur Supply China and Modern Fur, from time to time to enable such customers to acquire the fur skins from the auction houses.

FSC Loans

Based on the outstanding amount of the FSC Loans plus interest and the then relevant percentage ratios from the Completion Date to the date of this announcement calculated pursuant to Rule 19.07 of the GEM Listing Rules, the provision of the loans to Fur Supply China by the Group (i.e. FSC Loans) constituted a major transaction for the Company under Rules 19.34, 19.40, 19.41 of the GEM Listing Rules.

The provision of FSC Loans should have been subject to the notification, announcement and Shareholders' approval requirements as set out in Chapter 19 of the GEM Listing Rules.

Based on the outstanding amount of the FSC Loans plus interest and the then assets ratio of the Group as defined under Rule 19.07(1) of the GEM Listing Rules, the Company should have published announcements in relation to the FSC Loans pursuant to Rules 17.15 and 17.16 of the GEM Listing Rules and disclosed the relevant details in its Quarterly Report pursuant to Rule 17.22 of the GEM Listing Rules.

MF Loans

Based on the outstanding amount of the MF Loans plus interest and the then relevant percentage ratios from 12 July 2013 and to the date of this announcement calculated pursuant to Rule 19.07 of the GEM Listing Rules, the provision of the loans to Modern Fur by the Group (i.e. MF Loans) constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The provision of MF Loans should have been subject to the notification and announcement requirements as set out in Rule 19.34 of the GEM Listing Rules.

Based on the outstanding amount of the MF Loans plus interest and the then assets ratio of the Group as defined under Rule 19.07(1) of the GEM Listing Rules, the Company should have published announcements in relation to the provision of the MF Loans pursuant to Rule 17.15 of the GEM Listing Rules.

Further FSC Loan and Further MF Loan

As the provision of finance for the fur skin brokerage customers is a principal activity of the Group, the Directors expect that the Group will from time to time extend further loans to its brokerage customers in the future. For the ease of its future operation, Loyal Speed Limited entered into the Further FSC Loan Agreement and the Further MF Loan Agreement with Fur Supply China and Modern Fur respectively on 26 August 2013.

Pursuant to the Further FSC Loan Agreement, Loyal Speed Limited will at its discretion provide Fur Supply China with a revolving loan of an amount not exceeding HK\$110,000,000 for a term of 3 years from the date of the Further FSC Loan Agreement for the purchase of fur skins bid through Loyal Speed Limited.

Pursuant to the Further MF Loan Agreement, Loyal Speed Limited will at its discretion provide Modern Fur with a revolving loan of an amount not exceeding HK\$40,000,000 for a term of 3 years from the date of the Further MF Loan Agreement for the purchase of fur skins bid through Loyal Speed Limited.

The Group will closely monitor the advance made to its brokerage customers under the Further FSC Loan Agreement and Further MF Loan Agreement. Wherever the advance to each of Fur Supply China and Modern Fur by the Group exceeds 8% of the then assets ratio at the half yearly or quarterly period end or annual financial year end, the Company will disclose the required information pursuant to Rule 17.22 of the GEM Listing Rules.

The provision of the Further MF Loan constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements.

(i) The provision of the Further FSC Loan; (ii) the aggregate provision of the FSC Loans and the Further FSC Loan and (iii) the aggregate provision of the MF Loans and the Further MF Loan constitute major transactions for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification, announcement and Shareholders' approval requirements.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder has a material interest in the FSC Loans, Further FSC Loan, MF Loans and Further MF Loan and if the Company was to convene an extraordinary general meeting for the approval of the above transactions, none of the Shareholders is required to abstain from voting.

Trader Global Investments Limited is beneficially interested in an aggregate of 864,000,000 Shares, representing approximately 52.3% of the entire issued share capital of the Company as at the date of this announcement, and has given its written approval for the FSC Loans, Further FSC Loan, MF Loans and Further MF Loan pursuant to Rule 19.44 of the GEM Listing Rules. Such written approval is acceptable under the GEM Listing Rules in lieu of convening an extraordinary general meeting of the Company to approve, confirm and ratify the FSC Loans and MF Loans and to approve Further FSC Loan Agreement, Further MF Loan Agreement and transactions contemplated thereunder as permitted under Rule 19.44.

The Company will despatch a circular containing, amongst others, further information on the FSC Loans, Further FSC Loan Agreement and transactions contemplated thereunder to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 16 September 2013.

BACKGROUND

Reference is made to the circular of the Company dated 19 April 2013 in relation to the Acquisition. Trade Region Limited, the direct wholly owned subsidiary of the Company, completed the acquisition of the entire issued share capital of Loyal Speed Limited on 13 May 2013. As disclosed in the Circular, Loyal Speed Limited focuses on (i) buying raw fur skins from Copenhagen Fur and Saga Furs Oyj on behalf of its customers to earn commission; and (ii) providing finance for its fur skin brokerage customers for the settlement of their purchase of fur skins from these two auction houses to earn interest. After the Acquisition, the Group is principally engaged in the trading and brokerage of fur skins of foxes and minks and mink farming.

Since the completion of the Acquisition, Loyal Speed Limited has become part of the Group and continued to provide loans for two brokerage customers, namely, Fur Supply China and Modern Fur, from time to time to enable such customers to acquire the fur skins from the auction houses.

LOANS TO FUR SUPPLY CHINA FROM THE COMPLETION DATE TO THE DATE OF THIS ANNOUNCEMENT

Based on the outstanding amount of the FSC Loans plus interest and the then relevant percentage ratios from 13 May 2013, being the Completion Date, to the date of this announcement calculated pursuant to Rule 19.07 of the GEM Listing Rules, the provision of the loans to Fur Supply China by the Group (i.e. FSC Loans) constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules.

The provision of FSC Loans should have been subject to the notification, announcement and Shareholders' approval requirements as set out in Chapter 19 of the GEM Listing Rules.

Based on the outstanding amount of the FSC Loans plus interest and the then assets ratio of the Group as defined under Rule 19.07(1) of the GEM Listing Rules, the Company should have published announcements in relation to the FSC Loans pursuant to Rules 17.15 and 17.16 of the GEM Listing Rules and disclosed the relevant details in the Quarterly Report pursuant to Rule 17.22 of the GEM Listing Rules. The table below sets out the outstanding amount of FSC Loans plus interest, the then asset ratios and the then highest applicable ratios as at the following dates:

Date	Approximate outstanding amount of the FSC Loans plus interest (HK\$)	Approximate asset ratio	Approximate highest applicable ratio
13 May 2013	45,706,000	26.4%	41.1%
30 June 2013	98,008,000	33.7%	64.8%
26 August 2013	74,198,000	20.8%	48.6%

All FSC Loans were funded by internal resources of the Group and repayable by Fur Supply China within 180 days after the advance was made. The interest rate of FSC Loans is 1.2% per month if the repayment is made within the first 90 days of the credit period, and is 1.5% per month if the repayment is made after the first 90 days of the credit period. The repayment of the FSC Loans was secured by a lien over the fur skins purchased by such loans. The amount of FSC Loans was determined based on the cashflow of the Group, the

turnover and the repayment capacity of the customer and was a result of the arm's length negotiations between Loyal Speed Limited and Fur Supply China. The interest rate of the FSC Loans had been adopted and agreed between Loyal Speed Limited and Fur Supply China prior to the Acquisition and was determined after arm's length negotiations between the parties with reference to factors including the risk exposure of the Group, the credit period, the amount of purchase of fur skins of the customers through the Group and the financial status of the customers.

Loyal Speed Limited is a broker of Fur Supply China. By providing FSC Loans, the Group not only earns the interest income but also facilitates its brokerage customers to purchase fur skins from the auction houses and thus brings commission income to the Group. Given that the FSC Loans were advanced on normal commercial terms and in view of the benefits of the transactions, the Directors considered the terms of the FSC Loans are fair and reasonable and in the interest of the Shareholders as a whole.

Fur Supply China is a fur agent company. It has been a client of Loyal Speed Limited for more than 3 years and has never defaulted in the repayment of any advances made by the Group. The Company confirms that to the best knowledge, information and belief of Directors having made all reasonable enquiry, Fur Supply China and its ultimate beneficial owner(s) are independent third parties not connected with any directors, chief executive, substantial shareholders of the Group and any of their respective associates as defined under Rule 1.01 of the GEM Listing Rules.

LOANS TO MODERN FUR FROM THE COMPLETION DATE TO THE DATE OF THIS ANNOUNCEMENT

Based on the outstanding amount of the MF Loans plus interest and the then relevant percentage ratios from 12 July 2013 to the date of this announcement calculated pursuant to Rule 19.07 of the GEM Listing Rules, the provision of the loans to Modern Fur by the Group (i.e. MF Loans) constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The provision of MF Loans should have been subject to the notification and announcement requirements as set out in Chapter 19 of the GEM Listing Rules.

Based on the outstanding amount of the MF Loans plus interest and the then assets ratio of the Group as defined under Rule 19.07(1) of the GEM Listing Rules, the Company should have published announcements in relation to the provision of the MF Loans pursuant to Rule 17.15 of the GEM Listing Rules. The table below sets out the outstanding amount of the MF Loans plus interest, the then asset ratios and the then highest applicable ratios as at the following dates:

Date	Approximate outstanding amount of the MF Loan plus interest (HK\$)	Approximate asset ratio	Approximate highest applicable ratio
12 July 2013	10,019,000	3.5%	5.4%
25 July 2013	30,593,000	10.5%	16.4%
26 August 2013	30,915,000	8.7%	16.4%

All MF Loans were funded by internal resources of the Group and repayable by Modern Fur within 180 days after the advance was made. The interest rate of the MF Loans is 12% per annum if repayment is made within 120 days from the date of advancement and 14.4% per annum if repayment is made after 120 days from the date of the advancement. The repayment of the MF Loans was secured by a lien over the fur skins purchased by such loans. The amount of MF Loans was determined based on the cashflow of the Group, the turnover and the repayment capacity of the customer and was a result of the arm's length negotiations between Loyal Speed Limited and Modern Fur. The interest rate of the MF Loans had been adopted and agreed between Loyal Speed Limited and Modern Fur prior to the Acquisition and was determined after arm's length negotiations between the parties with reference to factors including the risk exposure of the Group, the credit period, the amount of purchase of fur skins of the customers through the Group and the financial status of the customers.

Loyal Speed Limited is a broker of Modern Fur. By providing the MF Loans, the Group not only earns the interest income but also facilitates its brokerage customers to purchase fur skins from the auction houses and thus brings commission income to the Group. Given that the MF Loans were advanced on normal commercial terms and in view of the benefits of the transactions, the Directors considered the terms of the MF Loans are fair and reasonable and in the interest of the Shareholders as a whole.

Modern Fur is a fur agent company. It has been a client of Loyal Speed Limited for more than 2 years and has never defaulted in the repayment of any advances made by the Group. The Company confirms that to the best knowledge, information and the Directors having made all reasonable enquiry, Modern Fur and its ultimate beneficial owner(s) are independent third parties not connected with any directors, chief executive, substantial shareholders of the Group and any of their respective associates as defined under Rule 1.01 of the GEM Listing Rules.

OMISSION OF COMPLIANCE OF THE GEM LISTING RULES

The Company should have complied with the relevant provisions of Chapter 19 of the GEM Listing Rules as mentioned above for the provision of the FSC Loans and MF Loans. The Company failed to make timely disclosure and/or to obtain Shareholders' approval as appropriate for the provision of the FSC Loans and MF Loans due to its misapprehension that the FSC Loans and MF Loans were transactions of revenue nature in the ordinary and usual course of business of the Group under Rule 19.04(1)(g) of the GEM Listing Rules and hence should be exempt from the requirements of Chapter 19 of the GEM Listing Rules. The misapprehension of the Company stemmed from the very fact that the provision of loans by Loyal Speed Limited to its brokerage customers would become a principal activity of the Group after the Acquisition.

Each of the FSC Loans and MF Loans is an advance by the Group to an entity under Rule 17.15 of the GEM Listing Rules. It was management oversight to monitor the Group's individual loans receivable against the total assets and thus failed to make timely disclosure as required.

It is never an intention of the Company to avoid the disclosure required under Rules 17.15, 17.16 and 17.22 (as the case may be) and the compliance of Rules 19.34, 19.37, 19.38, 19.40 and 19.41 of the GEM Listing Rules. The Company wishes to apologise for the late disclosure of and the late seeking of the Shareholders' approval for the provision for the FSC Loans and/or MF Loans pursuant to the above rules, which are pure inadvertence on the part of the Company. Save as disclosed above, as at the date of this announcement, the board of Directors confirmed that there is no other situation for disclosure which is discloseable under general disclosure obligations pursuant to Rules 17.15, 17.16, 17.22 and Rule 19.34 of the GEM Listing Rules.

The failure to (i) disclose the particulars of the FSC Loans and MF Loans in a timely manner pursuant to Rules 17.15, 17.16 and 17.22; (ii) disclose the particulars of the MF Loans in a timely manner pursuant to Rule 17.15 and (iii) comply with requirements of Rule 19.34 and/or 19.37, 19.38, 19.40, 19.41 in respect of the FSC Loans and MF Loans constituted breaches of the GEM Listing Rules. The Stock Exchange may take appropriate action against the Company and/or Directors in this regard.

REMEDIAL MEASURES TO BE TAKEN

In order to avoid recurrence for the incidents mentioned above and to ensure proper compliance with the GEM Listing Rules in the future, the Company proposes to take the following remedial measures:

- (1) The management will review its routine operation more closely, in particular the advance to individual customers, and produce monthly reports to the Directors to monitor and ensure that the thresholds in relation to notifiable transactions and advance to entity under Chapter 19 and Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules are not exceeded. The management will also immediately report to the Directors and take appropriate actions to ensure the compliance of the notification, announcement and/or shareholders' approval requirements (as the case may be) under Chapter 19 and Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules.
- (2) The Company will provide further training for the Directors and the management of the Group to enhance their understanding of the requirements of the GEM Listing Rules.
- (3) The Company undertakes to conduct a comprehensive review of its internal and procedural control and financial reporting systems and further improve its internal controls and corporate governance procedures. The Company will seek professional advice with regard to the improvement so as to ensure future compliance with the GEM Listing Rules.

FURTHER LOANS TO FUR SUPPLY CHINA

As the provision of finance for the fur skin brokerage customers is a principal activity of the Group, the Directors expect that the Group will from time to time extend further loans to its brokerage customers in the future. For the ease of its future operation, Loyal Speed Limited and Fur Supply China entered into the Further FSC Loan Agreement on 26 August 2013, pursuant to which Loyal Speed Limited will at its discretion provide Fur Supply China with a revolving loan of an amount not exceeding HK\$110,000,000 for a term of 3 years from the date of the Further FSC Loan Agreement for the purchase of fur skins bid through Loyal Speed Limited. The maximum amount of HK\$110,000,000 represents the aggregate of outstanding loans made prior to the date of the Further FSC Loan Agreement and that to be made under the Further FSC Loan Agreement. The Further FSC Loan is repayable by Fur Supply China within 180 days after the date on which any part of the Further FSC Loan is drawn by Fur Supply China. The interest rate of Further FSC Loan is 1.2% per month if the repayment is made within the first 90 days of the credit period, and is 1.5% per month if the repayment is made after the first 90 days of the credit period. The repayment of the Further FSC Loan was secured by a lien over the fur skins purchased by such loans. The bases of determining the consideration and the interest rate of the Further FSC Loans are the same as those for the FSC Loans.

All Further FSC Loan will be funded by internal resources of the Group. Given that the Further FSC Loan will be advanced on normal commercial terms and that the reasons for and the benefits of the provision of the FSC Loans equally apply to the Further FSC Loan, the Directors considered the terms of the Further FSC Loan are fair and reasonable and in the interest of the Shareholders as a whole.

FURTHER LOANS TO MODERN FUR

On the same day as the Further FSC Loan Agreement is entered into, Loyal Speed Limited also entered into the Further MF Loan Agreement, pursuant to which Loyal Speed Limited will at its discretion provide Modern Fur with a revolving loan of an amount not exceeding HK\$40,000,000 for a term of 3 years from the date of the Further MF Loan Agreement for the purchase of fur skins bid through Loyal Speed Limited. The maximum amount of HK\$40,000,000 represents the aggregate of outstanding loans made prior to the date of the Further MF Agreement and that to be made under the Further MF Agreement. The Further MF Loan is repayable by Modern Fur within 180 days after the date on which any part of the Further MF Loan is drawn by Fur Supply China. The interest rate of Further MF Loan is 12% per annum if repayment is made within 120 days from the date of advancement and 14.4% per annum if repayment is made after 120 days from the date of advancement. The repayment of the Further MF Loan was secured by a lien over the fur skins purchased by such loans. The bases of determining the consideration and the interest rate of the Further MF Loans are the same as those for the MF Loans.

All Further MF Loan will be funded by internal resources of the Group. Given that the Further MF Loan will be advanced on normal commercial terms and that the reasons for and the benefits of the provision of the FSC Loans equally apply to the Further MF Loan, the Directors considered the terms of the Further MF Loan are fair and reasonable and in the interest of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Advance to Entity

The FSC Loans and MF Loans amount to advances to an entity and were subject to the disclosure under Rule 17.15 of the GEM Listing Rules. The Company will also comply with the relevant disclosure requirements according to Rules 17.22 of the GEM Listing Rules for so long as circumstances giving rise to such disclosure exist or continue to exist.

The Group will closely monitor the advance made to its brokerage customers under the Further FSC Loan Agreement and Further MF Loan Agreement. Wherever the advance to each of Fur Supply China and Modern Fur by the Group exceeds 8% of the then assets ratio at the half yearly or quarterly period end or annual financial year end, the Company will disclose the required information pursuant to Rule 17.22 of the GEM Listing Rules.

Notifiable Transactions

The provision of each of the MF Loans and the Further MF Loans constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements.

(i) The provision of each of the FSC Loans and the Further FSC Loan, (ii) the aggregate provision of the FSC Loans and the Further FSC Loan and (iii) the aggregate provision of the MF Loans and the Further MF Loan constitute major transactions for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification, announcement and Shareholders' approval requirements.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no Shareholder has a material interest in the FSC Loans, Further FSC Loan, MF Loans and Further MF Loan and if the Company was to convene an extraordinary general meeting for the approval of the above transactions, none of the Shareholders is required to abstain from voting.

Trader Global Investments Limited is beneficially interested in an aggregate of 864,000,000 Shares, representing approximately 52.3% of the entire issued share capital of the Company as at the date of this announcement, and has given its written approval for the FSC Loans, Further FSC Loan, MF Loans and Further MF Loan pursuant to Rule 19.44 of the GEM Listing Rules. Accordingly, such written approval will be accepted in lieu of convening an extraordinary general meeting of the Company to approve, confirm and ratify the FSC Loans and MF Loans and to approve Further FSC Loan Agreement, Further MF Loan Agreement and transactions contemplated thereunder as permitted under Rule 19.44.

The Company will despatch a circular containing, amongst others, further information on the FSC Loans, Further FSC Loan Agreement and transactions contemplated thereunder to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 16 September 2013.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of Loyal Speed Limited by Trade Region Limited
“Circular”	the circular of the Company dated 19 April 2013 in relation to the Acquisition
“Company”	UKF (Holdings) Limited, a limited company incorporated in the Cayman Islands, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion Date”	13 May 2013, being the date of completion for the Acquisition
“Directors”	the directors of the Company
“FSC Loans”	the loans provided for Fur Supply China by the Group prior to the date of the Further FSC Agreement
“Further FSC Loan”	the loan to be provided for Fur Supply China by Loyal Speed Limited under the Further FSC Loan Agreement, the outstanding amount of which shall not exceed HK\$110,000,000 from time to time during the continuance of the Further FSC Loan Agreement
“Further FSC Loan Agreement”	the loan agreement dated 26 August 2013 entered into between Loyal Speed Limited and Fur Supply China in respect of the Further FSC Loan
“Further MF Loan”	the loan to be provided for Modern Fur by Loyal Speed Limited under the Further MF Loan Agreement, the outstanding amount of which shall not exceed HK\$40,000,000 from time to time during the continuance of the Further MF Loan Agreement
“Further MF Loan Agreement”	the loan agreement dated 26 August 2013 entered into between Loyal Speed Limited and Modern Fur in respect of the Further MF Loan

“Fur Supply China”	Fur Supply (China) Limited, a brokerage customer of the Group
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China
“MF Loans”	the loans provided for Modern Fur by the Group prior to the date of the Further MF Agreement
“Modern Fur”	Modern Fur Company Limited, a brokerage customer of the Group
“Quarterly Report”	the first quarter report of the Company for the three-month period ended 30 June 2013 and dated 15 August 2013
“Shareholders”	holders of Shares
“Shares”	ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
UKF (Holdings) Limited
Wong Chun Chau
Chairman

Hong Kong, 26 August 2013

Executive Directors:
Mr. Wong Chun Chau
Ms. Kwok Yin Ning

Independent non-executive Directors:
Mr. Ang Wing Fung
Mr. Tang Tat Chi
Mr. Jean-pierre Philippe

This announcement, for which all 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 in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM Website at www.hkgem.com for 7 days from the date of its posting and on the Company’s website at www.ukf.com.hk.