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UKF

UKF (HOLDINGS) LIMITED

英裘 (控股) 有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 08168)

**MAJOR TRANSACTIONS
FINANCIAL ASSISTANCE TO CUSTOMERS**

This circular will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from its date of publication and on the Company's website at http://www.ukf.com.hk/html/ir_announcements.php.

30 September 2013

CHARACTERISTICS OF GEM

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of Loyal Speed Limited by Trade Region Limited
“Announcement”	the announcement of the Company dated 26 August 2013 in relation to the financial assistance provided for customers by Loyal Speed Limited
“Auction Houses”	Saga Furs Oyj and Dansk Pelsdyravlerforening (known as Copenhagen Fur), two fur auction companies in Finland and Denmark respectively
“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
“FSC Loan Agreement”	the loan agreement dated 4 March 2011 entered into between Loyal Speed Limited and Fur Supply China in respect of the FSC Loan
“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
“Fur Supply China”	Fur Supply (China) Limited, a brokerage customer of the Group

DEFINITIONS

“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
“Latest Practicable Date”	23 September 2013
“Pre-Acquisition FSC Loan”	the loans provided for Fur Supply China by Loyal Speed Limited under the FSC Loan Agreement prior to the completion of the Acquisition
“Prospectus “	the prospectus of the Company dated 15 August 2012
“Quarterly Report”	the first quarter report of the Company for the three-month period ended 30 June 2013 and dated 15 August 2013
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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.

LETTER FROM THE BOARD



UKF (HOLDINGS) LIMITED

英裘 (控股) 有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 08168)

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

Registered office:

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Cayman Islands

*Headquarters, head office and
principal place of business in
Hong Kong*

Room 902, 9th Floor,
Harbour Centre, Tower 2
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Hung Hom, Kowloon
Hong Kong

30 September 2013

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTIONS
FINANCIAL ASSISTANCE TO CUSTOMERS**

INTRODUCTION

Reference is made to the announcement of the Company dated 26 August 2013 in relation to financial assistance to customers by Loyal Speed Limited, an indirect wholly owned subsidiary of the Company.

The purpose of this circular is to provide you with further information on the terms of the FSC Loans and the Further FSC Agreement and such information concerning the Company as required by the GEM Listing Rules. This circular is despatched to Shareholders for information purpose only as Trader Global Investments Limited, a beneficial owner of an aggregate of 870,300,000 Shares, representing approximately 52.7% of the entire issued share capital of the Company as at the Latest Practicable Date, has given a written approval for, among others, the FSC Loans and the Further FSC Loan in lieu of general meeting.

LETTER FROM THE BOARD

BACKGROUND

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 and the Announcement, Loyal Speed Limited focuses on (i) buying raw fur skins from the Auction Houses 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 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 Date, 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 Company Limited, from time to time to enable such customers to acquire the fur skins from the Auction Houses. The details of the loans to Modern Fur Company Limited by Loyal Speed Limited have been disclosed in the Announcement pursuant to Rules 17.15 and 19.34 of the GEM Listing Rules. Given the FSC Loans and the Further FSC Loans are subject to Shareholders' approval pursuant to Rule 19.40 of the GEM Listing Rules, further details of the FSC Loans and the Further FSC Loan are set out below.

FSC LOANS

Principal terms of the FSC Loans

Before the Acquisition, Loyal Speed Limited entered into an agreement dated 4 March 2011 with Fur Supply China (i.e. the FSC Loan Agreement) for a term of 5 years from the date of agreement. Pursuant to the FSC Loan Agreement, Fur Supply China may request Loyal Speed Limited to advance 70% of the price of all raw fur skins purchased by Fur Supply China through Loyal Speed Limited in the Auction Houses for the purpose of settlement of the said purchase(s).

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.

Immediately before the completion of the Acquisition, the outstanding amount of the Pre-Acquisition FSC Loans was HK\$36,178,800. As at the Latest Practicable Date, all Pre-Acquisition FSC Loans had been repaid.

LETTER FROM THE BOARD

During the period immediately after the completion of the Acquisition on 13 May 2013 but immediately preceding the entering into of the Further FSC Loan Agreement on 26 August 2013, Loyal Speed Limited advanced to Fur Supply China under the FSC Loan Agreement the following amount (i.e. the FSC Loans), which represented about 70% of the purchase price of the relevant fur skins purchased by Fur Supply China through Loyal Speed Limited in the Auction Houses, on the following dates:

Date	Approximate amount of each FSC Loan (HK\$)	Approximate amount of the purchase price of the fur skins purchased with the related FSC Loan
13 May 2013	22,853,000	33,078,000
14 May 2013	5,979,000	8,951,000
14 May 2013	6,608,000	9,201,000
15 May 2013	20,835,000	29,918,000
10 June 2013	35,043,000	50,233,000
9 July 2013	9,638,000	14,066,000
15 July 2013	9,049,000	15,038,000
22 July 2013	11,226,000	29,788,000
1 August 2013	28,626,000	48,700,000

The table below sets out the approximate 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 (HK\$)
13 May 2013	45,706,000	26.4%	41.1%
30 June 2013	98,008,000	33.7%	64.8%
26 August 2013, being the date of the Further FSC Loan Agreement	74,198,000	20.8%	48.6%
23 September 2013	74,998,000	21.0%	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. In other words, when FSC Loan was advanced, the value of the fur skins subject to the lien was the amount of purchase price of the fur skins purchased with the related FSC Loan (i.e. the amount as shown under the column “Approximate amount of the purchase price of the fur skins purchased with the related FSC Loan” in the first table

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of page 5). Pursuant to the FSC Loan Agreement, Fur Supply China shall repay the relevant FSC Loan before taking delivery of the particular lot of the fur skins purchased with such loan. If Fur Supply China fails to repay the relevant FSC Loan to Loyal Speed Limited within 180 days from the date of advance, Loyal Speed Limited shall have the right to sell the aforesaid lot of fur skins at the then prevailing market price and recover the relevant FSC Loan, total interests accrued on the loan and expenses incurred in relation to the sale of that lot of fur skins.

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, the financial status of the customers and the prevailing market rate. The interest rates of loans from the Auction Houses for the financing of purchase of fur skins range from 8.5-17% per annum. Thus, the Directors are of the view that the interest rate of the FSC Loans is comparable with the market interest rates.

The Group provides finance for all fur skin brokerage customers which agree to engage Loyal Speed Limited as the sole and exclusive broker for the purchase of raw fur skins in the Auction Houses for the purpose of importing the fur skins to Hong Kong. Before entering into the relevant agreements, Loyal Speed Limited has conducted background checks and reviewed the credit history of such a customer. Loyal Speed Limited confirmed that Fur Supply China 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.

Reasons for and benefits of the FSC Loans

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.

FURTHER FSC LOAN AGREEMENT

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 to finance up to 70% of the purchase price 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.

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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. Similar to the FSC Loan Agreement, Fur Supply China shall repay the relevant Further FSC Loan before taking delivery of the particular lot of the fur skins purchased with such loan. If Fur Supply China fails to repay the relevant Further FSC Loan to Loyal Speed Limited within 180 days from the date of advance, Loyal Speed Limited shall have the right to sell the aforesaid lot of fur skins at the then prevailing market price and recover the relevant Further FSC Loan, total interests accrued on the loan and expenses incurred in relation to the sale of that lot of fur skins. 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.

FINANCIAL EFFECTS OF THE FSC LOANS AND THE FURTHER FSC LOAN

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. As at the Latest Practicable Date, the outstanding amount of the FSC Loan was approximately HK\$74,998,000. Assuming Fur Supply China fully utilises the credit limit under the Further FSC Loan Agreement immediately following the Latest Practicable Date, the cash balance of the Group is expected to decrease whereas the “loan receivable” of the Group is expected to increase by a maximum of HK\$35,345,000. The Group’s “bank borrowings and other liabilities” will increase by a maximum of HK\$35,345,000. The FSC Loans and Further FSC Loan has enabled and will enable the Group to earn a net interest income.

LISTING RULE IMPLICATIONS

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 the 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 each of the FSC Loans and the Further FSC Loans should have been subject to the notification, announcement and Shareholders’ approval requirements as set out in Rules 19.34, 19.37, 19.38, 19.40 and 19.41 of the GEM Listing Rules.

LETTER FROM THE BOARD

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 and Further FSC 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 870,300,000 Shares, representing approximately 52.7% of the entire issued share capital of the Company as at the Latest Practicable Date, and has given its written approval for, among others, the FSC Loans and the Further FSC 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/or ratify the FSC Loans, the Further FSC Loan Agreement and transactions contemplated thereunder.

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 for the provision of the FSC Loans. The Company was aware during the due diligence exercise conducted for the Acquisition that Loyal Speed Limited would be engaged in the business of providing finance for its fur skin brokerage customers for the settlement of their purchase of fur skins and the existence of the FSC Loan Agreement. Nonetheless, it failed to make timely disclosure and to obtain Shareholders' approval as appropriate for the provision of the FSC Loans due to its misapprehension that the FSC 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 for its brokerage customers would become a principal activity of the Group after the Acquisition.

As stipulated under the compliance adviser agreement dated 13 August 2012 and entered into between the Company and its compliance adviser, where the Company consults compliance adviser on a timely basis before publishing any regulatory announcement, circular and financial report, the compliance adviser shall, among others, ensure that the Company is properly guided and advised as to compliance with the GEM Listing Rules and other applicable laws, rules, regulations, codes and guidelines.

In light of the above misapprehension, the Company did not realise its obligations under the GEM Listing Rules with respect to the FSC Loans. As disclosed in the Announcement, it is never an intention of the Company to avoid the compliance of Rules 17.15, 17.22, 19.34, 19.37, 19.38, 19.40 and 19.41 of the GEM Listing Rules. The Company wishes to apologise for (i) the failure of applying for a trading halt for the entering into of a major transaction with respect to the provision of the FSC Loans; (ii) the late disclosure in an announcement and the Quarterly Report of the provision of the FSC Loans; and (iii) the late seeking of the Shareholders' approval for the provision for the FSC Loans pursuant to the above rules, which are pure inadvertence on the part of the Company. Save as disclosed above, as at the Latest Practicable Date, the board of Directors confirmed that there is no other situation for disclosure which is discloseable under Rule 19.34 of the GEM Listing Rules.

LETTER FROM THE BOARD

The failure to comply with requirements of Rules 19.34, 19.37, 19.38, 19.40, 19.41 (and Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules as disclosed in the Announcement) in respect of the FSC 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 other relevant provisions 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 other relevant provisions 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. It will arrange a seminar to be given by the legal advisers or other course providers to the Directors who oversee the daily operation of the Group and the finance department of the Company on the issue of compliance with the requirements concerning notifiable transactions under Chapter 19 of the GEM Listing Rules and advance to be made by the Group.
- (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 in addition to arranging for the training mentioned in (2) above from its auditors with regard to the enhancement of the internal control procedures so as to ensure future compliance with the GEM Listing Rules.

INFORMATION RELATING TO THE PARTIES

Fur Supply China is principally engaged in the agency business of purchase of fur skins in the Auction Houses.

Loyal Speed Limited is principally engaged in (i) buying raw fur skins from the Auction Houses 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 Auction Houses to earn interest.

The Group is principally engaged in the trading and brokerage of fur skins of foxes and minks and mink farming.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published audited consolidated financial statements of the Group for the year ended 31 March 2012 are disclosed in the Prospectus.

Details of the published audited consolidated financial statements of the Group for the year ended 31 March 2013 are disclosed in the annual report of the Company dated 28 May 2013.

The Prospectus and annual report are published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.ukf.com.hk>).

2. INDEBTEDNESS

As at the close of business on 31 August 2013, the Group had HK\$174.6 million outstanding borrowings comprising bank borrowings of approximately HK\$114.8 million, auction loans of approximately HK\$31.4 million, hire purchase commitment of HK\$0.5 million, a corporate bond of approximately HK\$10.0 million and a promissory note of approximately HK\$17.9 million. Save as aforesaid or as otherwise disclosed in this circular, the Group has no other borrowings including guarantees.

Save as aforesaid and apart from intra-Group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, or hire purchase commitments, promissory notes, liabilities under acceptances or acceptances creditors, or any guarantees, or other material contingent liabilities outstanding at the close of business on 31 August 2013.

For the purpose of the indebtedness statement, foreign currency amounts have been converted into Hong Kong dollars at the approximate rates of exchange prevailing as at 31 August 2013.

The Directors confirmed that there is no material adverse change in the Group's indebtedness position and contingent liabilities from 31 August 2013 to the Latest Practicable Date.

3. WORKING CAPITAL

Taking into account the Group's internal resources, presently available banking and other facilities, and in the absence of the unforeseen circumstances, the Directors are of the opinion that the Group shall have sufficient working capital for the twelve-month period from the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, being the date to which the latest published audited accounts of the Group have been made up.

5. FINANCIAL AND TRADING PROSPECTS

As mentioned in the Quarterly Report, since the blue fox and mink skins recorded the highest prices in the two Scandinavian auctions in June 2013, the Group is expected to enjoy a better-than-expected profit from its inventory during the remainder of the year. Meanwhile, famous international brands have continuously made fur garments and fur trimmed garments fashionable and popular worldwide, the demand for fur garments and fur trimmed garments is expected to further increase, especially in China, Russia and Korea.

In addition, after the Acquisition, the Group is expected to remain profitable since additional customers will request for our brokerage and financing services in the coming auctions with the fur skin market continues to exhibit an upward trend.

The Group's three mink farms have achieved positive results so far as the birth rate and the colour combinations have turned out to be satisfactory.

Also, on 4 July 2013, the Group signed a letter of intent to form a joint venture with a Danish individual to indicate their intention to enter into binding agreements to form a mink farm that can potentially raise approximately 10,000 breeders and breed approximately 60,000 minks per year, with the Group initially holding 92.5% of share capital of the joint venture.

With the potential of acquiring more Danish farms in the near future, the Group has hired an experienced area manager, Mr. John Eggert, to supervise the existing staff members and managers of the Group's three mink farms and to assist the Group with all of the expansions in the mink farming business.

All of the above should lead to a profitable year coupled with the addition of the mink farms in Denmark.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 appendix or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at the Latest Practicable Date, save for the interest of the Directors in the Shares and in share options as disclosed below, neither of the Directors nor the chief executive of the Company had interests and/or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to in that section, or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

Interest in the Company — Long Position in the Shares

Name	Number of Shares held		Total number of Shares	Approximate percentage of shareholding in the Company
	Personal Interest	Interest in Controlled Corporation		
Wong Chun Chau (Note 1)	56,026,000	870,300,000	926,326,000	56.1%
Kwok Yin Ning	28,800,000	—	28,800,000	1.7%
Jean-pierre Philippe (Note 2)	—	1,620,000	1,620,000	0.1%

Note:

- In respect of 926,326,000 Shares held by Wong Chun Chau, 870,300,000 of which were held by Trader Global Investments Limited, a company wholly owned by him. Under the SFO, Wong Chun Chau is deemed to be interested in those 870,300,000 Shares.
- Under the SFO, Jean-pierre Philippe is deemed to be interested in 1,620,000 Shares held by Aglades Investment Pte Limited, a company wholly owned by Jean-pierre Philippe.

Interest in the Company — Long Position in the underlying Shares or equity derivative of the Company

Name	Nature of Interest	Total number of underlying Shares	Approximate percentage of shareholding in the Company assuming all the options were exercised
Wong Chun Chau	Beneficial Owner	36,346,000	2.1%
Kwok Yin Ning	Beneficial Owner	15,840,000	0.9%

Interest in the associated corporation — Long Position in the shares of Trader Global Investments Limited (*Note*)

Name	Nature of Interest	Total number of share(s) in the associated corporation	Approximate percentage of shareholding in the associated corporation
Wong Chun Chau	Beneficial Owner	1	100%

Note:

870,300,000 Shares, representing approximately 52.7% of the issued share capital of the Company, were held by Trader Global Investments Limited. Thus, Trader Global Investments Limited is the ultimate holding company of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive and their associates had registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO and/or Rules 5.46 to 5.67 of the GEM Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Interest in the Company — Long Position in the Shares

Name	Nature of Interest	Total number of Share(s)	Approximate percentage of shareholding in the Company
Trader Global Investments Limited (<i>Note 1</i>)	Beneficial Owner	870,300,000	52.7%
Carafe Investment Company Limited (<i>Note 2</i>)	Beneficial Owner	85,748,195	5.2%

Note:

1. The entire issued share capital of Trader Global Investments Limited is owned by Wong Chun Chau.
2. The entire issued share capital of Carafe Investment Company Limited is owned by Merzbacher Werner.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions in Division 2 and 3 of Part XV of the SFO, or, who was expected to be interested directly or indirectly, in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group were engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract on 1 August 2012 with the Company for a term of three years commencing from 1 August 2012 which may be terminated by a three months' notice in writing served by either party. Under their respective service contracts, each of the executive Directors is entitled to a fixed Director's salary and may be entitled to a discretionary bonus.

Save as disclosed in this circular, no Directors have entered or proposed to enter into any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Group within the two years preceding the date of this circular and are or may be material in relation to the business of the Group taken as a whole:

- (a) a share exchange agreement dated 1 August 2012 made between Wong Chun Chau and the Company relating to the corporate reorganisation of the Group;
- (b) an instrument of transfer dated 1 August 2012 between Wong Chun Chau and the Company, pursuant to which Wong Chun Chau transferred the entire issued share capital of Trade Region Limited to the Company in consideration of the issue and allotment of 71,999,999 Shares in the Company to Trader Global Investments Limited and crediting as fully paid the 1 nil-paid Share in the Company held by Trader Global Investments Limited in the Company;
- (c) a deed of indemnity dated 1 August 2012 executed by Wong Chun Chau and Trader Global Investments Limited in favour of the Group containing indemnities in respect of taxation;
- (d) a deed of non-competition undertaking dated 1 August 2012 and executed by Wong Chun Chau and Trader Global Investments Limited in favour of the Group;
- (e) a compliance adviser agreement dated 13 August 2012 entered into between the Company and VC Capital Limited;
- (f) a placing underwriting agreement dated 18 August 2012 entered into among the Company, VC Capital Limited, Oriental Patron Securities Limited, Wong Chun Chau, Trader Global Investments Limited, Ms. Kwok Yin Ning, Cheong Lee Securities Limited and VC Brokerage Limited in relation to the underwriting arrangement of the Shares listed on 24 August 2012;

- (g) a price determination agreement dated 18 August 2012 entered into between the Company and Oriental Patron Securities Limited in relation to the price of the Shares which were listed on 24 August 2012;
- (h) the top-up placing agreement dated 25 February 2013 entered into among Trader Global Investments Limited, the Company and Oriental Patron Securities Limited in relation to the placing of 192,000,000 Shares;
- (i) the top-up subscription agreement dated 25 February 2013 entered into between Trader Global Investments Limited and the Company in relation to the subscription of 192,000,000 Shares by Trader Global Investments Limited;
- (j) the sale and purchase agreement dated 6 March 2013 entered into among Cheer Dragon International Limited, Trade Region Limited, Ching Kwok Ho, Samuel and Loyal Speed Limited in respect of the Acquisition at HK\$91,000,000;
- (k) the agricultural property purchase agreement dated 15 March 2013 entered into between Anne Marie Damtoft Lind and UKF (Denmark) A/S in respect of the acquisition of a mink farm located at Raasted Kirkevej 12, DK-7570 Vemb, Denmark and other properties thereon at about HK\$8,910,000;
- (l) the agricultural property purchase agreement dated 15 March 2013 entered into between Hans Nielsen-Andersen and UKF (Denmark) A/S in respect of the acquisition of a mink farm located at Omme Landevej 37, Filskov, DK-7200 Grindsted, Denmark and other properties thereon at about HK\$15,599,925;
- (m) the agricultural property purchase agreement signed by Niels Glintborg Riis and Niels Glintborg Riis on 8 May 2013 in respect of the acquisition of a mink farm located at Porsmark 3, 7970 Redsted M, Denmark and other properties thereon at about HK\$15,136,800;
- (n) the placing agreement dated 26 May 2013 entered into between the Company and Oriental Patron Securities Limited in relation to the placing of 114,000,000 unlisted warrants issued by the Company;
- (o) the top-up placing agreement dated 15 July 2013 entered into among Trader Global Investments Limited, the Company and Oriental Patron Securities Limited in relation to the placing of 230,400,000 Shares;
- (p) the top-up subscription agreement dated 15 July 2013 entered into between Trader Global Investments Limited and the Company in relation to the subscription of 230,400,000 Shares by Trader Global Investments Limited;

- (q) the deed poll dated 16 July 2013 and executed by the Company in relation to 114,000,000 unlisted warrants to subscribe for 114,000,000 Shares;
- (r) the Further FSC Loan Agreement; and
- (s) the loan agreement dated 26 August 2013 entered into between Loyal Speed Limited and Modern Fur Company Limited in respect of the provisions of loan by Loyal Speed Limited, the outstanding amount of which shall not exceed HK\$40,000,000 from time to time during the continuance of the agreement.

7. INTEREST IN ASSETS OR CONTRACTS

Save for the indirect interest of Wong Chun Chau in Cheer Dragon International Limited, details of which has been disclosed in the Circular,

- (a) as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 March 2013, being the date to which the latest published audited accounts of the Group were made up, been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to any member of the Group; and
- (b) as at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and was significant in relation to the business of the Group.

8. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors were not aware that any of the Directors, controlling Shareholder or their respective associates has interest in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. COMPLIANCE ADVISER'S INTEREST IN THE COMPANY

As at the Latest Practicable Date, as notified by the Company's compliance adviser, VC Capital Limited, except for the compliance adviser agreement dated 13 August 2013 entered into between the Company and such compliance adviser and the letter of engagement dated 24 December 2012 issued by the compliance adviser in relation to the Acquisition, neither the compliance adviser nor each of its directors, employees and associates had interest in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

10. AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, internal control system and the Group's financial statements.

The audit committee consists of three independent non-executive Directors, namely Mr. Ang Wing Fung, Mr. Tang Tat Chi and Mr. Jean-pierre Philippe. Mr. Ang Wing Fung is the chairman of the audit committee.

Mr. Ang Wing Fung is also a member of the remuneration committee and the nomination committee of the Board. Mr. Ang is an executive director of Inno-Tech Holdings Limited (Stock Code: 8202) and the company secretary and chief financial controller of China Fortune Investments (Holding) Limited (Stock Code: 8116), both companies are listed on GEM. Mr. Ang attained a bachelor's degree of commerce in accounting and finance from the University of New South Wales, Australia in 1999. He further obtained a master degree in business administration (executive) in 2010 from the City University of Hong Kong. He is an associate member of HKICPA, a qualified member of CPA Australia and an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. He also has more than 4-year experience in an international accounting firm.

Mr. Tang Tat Chi is also the chairman of the remuneration committee and a member of the nomination committee. Mr. Tang is the founder and a director of W. Tang Company Limited, a company established in 1984 and engaged in the business of fashion design. Before starting his own company, he had worked as a fashion designer at YGM Apparel Limited from September 1981 to April 1984. Mr. Tang obtained a bachelor of arts degree in 1978 from the University of Guelph, Ontario, Canada. He also served on the Committee on the Promotion of Civic Education, which is a non-statutory committee in Hong Kong tasked with the promotion of civic education outside schools, from 2003 to 2005. Mr. Tang has more than 20 years of experience in the field of fashion design.

Mr. Jean-pierre Philippe is also the chairman of the nomination committee. Mr. Philippe held the position as chief executive officer in Uniglory Industrial Limited from 1989 to 1997. Uniglory Industrial Limited is a company incorporated in Hong Kong which is engaged in the business of consumer electronic products, with manufacturing in China and for distribution in Europe.

11. COMPLIANCE OFFICER

Wong Chun Chau is the compliance officer of the Company. He has more than 27 years' experience in the field of fur skin trading and management. Please refer to the paragraphs headed "**Executive Directors**" under the "**Directors, Senior Management and Staff**" section of the Prospectus for details. Mr. Wong was graduated with high honour from Clemson University, South Carolina, U.S.A. in 1977 with a Bachelor of Science degree in Chemical Engineering. He also attended a special training course in Copenhagen, Denmark, in 1981, which was about fur sorting and auction procedure, and acquired in-depth knowledge and skills on sorting raw fur materials, inspection of showlots and compilation of catalogues, sales procedures and invoicing, etc.

12. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Room 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited which is located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The secretary of the Company is Mr. Chung Man Wai Stephen, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The compliance officer of the Company is Mr. Wong Chun Chau.
- (f) The English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company at Room 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong during normal business hours of any business day for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the Prospectus which contained the audited accountants' report for the financial year ended 31 March 2012;
- (c) the annual report of the Company dated 28 May 2013 which contained the independent auditors report for the year ended 31 March 2013;

- (d) the Quarterly Report;
- (e) the service contracts as referred to in the section headed “**SERVICE CONTRACTS**” in this appendix;
- (f) the material contracts as referred to in the section headed “**MATERIAL CONTRACTS**” in this appendix;
- (g) the Circular;
- (h) the circular of the Company dated 29 May 2013 in relation to, among others, issue of bonus shares, general mandates to issue and repurchase shares and re-election of directors;
- (i) the circular of the Company dated 13 June 2013 in relation to the placing of a maximum of 114,000,000 unlisted warrants issued by the Company; and
- (j) this circular.