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UKF

UKF (HOLDINGS) LIMITED

英裘(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08168)

PLACING OF UNLISTED WARRANTS UNDER GENERAL MANDATE

Placing Agent



ORIENTAL PATRON SECURITIES LIMITED

PLACING OF UNLISTED WARRANTS

The Company entered into the Placing Agreement with the Placing Agent on 19 July 2014 pursuant to which the Company appointed the Placing Agent as the sole and exclusive placing agent to procure not less than six Placers to subscribe for a maximum of 200,000,000 Warrants at the Issue Price of HK\$0.006 per Warrant, on a best-effort basis.

The Warrants entitle the Warrantheholders to subscribe for the Subscription Shares at an initial Subscription Price of HK\$0.239 per Subscription Share where the Warrantheholder is entitled to the Announced Distribution, or an Adjusted Subscription Price of HK\$0.199 per Subscription Share where the Warrantheholder is not entitled to the Announced Distribution, for a period of 24 months commencing from the date of issue of the Warrants. Each Warrant carries the right to subscribe for one Subscription Share. The Subscription Shares will be issued under the General Mandate.

Completion is subject to the fulfilment of the conditions stated in the section headed “**Conditions of the Placing**” in this announcement.

It is expected the maximum net proceeds of approximately HK\$1,050,000 will be raised by the Placing and the same will be utilised by the Group as general working capital for its principal activities.

Assuming all Subscription Rights are exercised at HK\$0.239 per Subscription Share, it is expected that the net proceeds of approximately HK\$46,844,000 will be raised which will be utilised by the Group for additional general working capital. However, if all Subscription Rights are exercised at HK\$0.199 per Subscription Share, it is expected the net proceeds of approximately HK\$39,004,000 will be raised which will be utilised by the Group for additional general working capital.

The Company will apply to the Listing Division of the Stock Exchange for, among others, the listing of, and permission to deal in, the Subscription Shares which may fall to be allotted and issued upon exercise of the Subscription Rights. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

Pursuant to the Placing Agreement, in the event that the Subscription Shares to be issued upon exercise of the Warrants, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued, the Placing Agreement will be terminated and the parties thereto shall be released from all obligations under the Placing Agreement.

Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Company entered into the Placing Agreement with the Placing Agent on 19 July 2014 pursuant to which the Company appointed the Placing Agent as the sole and exclusive placing agent to procure not less than six Placées to subscribe for a maximum of 200,000,000 Warrants at the Issue Price of HK\$0.006 per Warrant, on a best-effort basis.

THE PLACING AGREEMENT

Date: 19 July 2014

Parties: (a) Issuer: the Company

(b) Placing Agent: Oriental Patron Securities Limited

Placing Agent

The Placing Agent has conditionally agreed to place a maximum number of 200,000,000 Warrants at the Issue Price of HK\$0.006 per Warrant, on a best-effort basis. The Placing Agent will receive a sum in an aggregate of (i) a placing fee of HK\$150,000 and (ii) a commission equal to 2% of the Subscription Price multiplied by the aggregate number of Subscription Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Information on the Placees

The Placing Agent will procure not less than six Placees, which will be independent institutional or private investors, to subscribe for the Warrants on a best-effort basis. The Placing Agent will use its best endeavour to ensure that each of the Placees and their respective ultimate beneficial owners will be an Independent Third Party.

Information on the Warrants

A maximum of 200,000,000 Warrants is proposed to be issued. Upon the exercise of all Subscription Rights, a total of 200,000,000 Subscription Shares will be issued. Such Shares represent:

- (i) approximately 12.11% of the issued share capital of the Company as at the date of this announcement;
- (ii) approximately 10.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares upon the exercise of all Subscription Rights before the Bonus Issue; and
- (iii) approximately 9.17% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares upon the exercise of all Subscription Rights after the Bonus Issue.

It is expected that there will be no new substantial shareholders resulting from the immediate exercise of all Subscription Rights by the Warrantholders in full upon the issue of the Warrants.

The Warrants will be issued to the Placees upon Completion in registered form and constituted by the Instrument. The Warrants will rank pari passu in all respects among themselves.

Each Warrant carries the right to subscribe for one Subscription Share at the Subscription Price (subject to adjustment) and is issued at the Issue Price.

The Subscription Rights can be exercised at any time during a period of 24 months commencing from the date of issue of the Warrants. The Subscription Shares, when fully paid and allotted, will rank pari passu in all respects with the then Shares in issue on the date of allotment and issue of the relevant Subscription Shares (other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Subscription Date).

Issue Price and Subscription Price

The Issue Price is HK\$0.006 per Warrant payable in cash.

The Subscription Price is HK\$0.239 per Subscription Share, subject to adjustments, the details of which are set out in the Instrument.

The Subscription Price of HK\$0.239 represents:

- (i) a premium of approximately 5.75% to the closing price of HK\$0.226 per Share as quoted on the Stock Exchange on 18 July 2014, being the trading date immediately prior to the date of Placing Agreement;
- (ii) a premium of approximately 7.46% to the average of the closing prices of HK\$ 0.2224 per Share as quoted on the Stock Exchange from 14 July 2014 to 18 July 2014 being the last five trading days immediately prior to the date of Placing Agreement; and

- (iii) a premium of approximately 7.22% over the average of the closing prices of HK\$ 0.2229 per Share as quoted on the Stock Exchange from 7 July 2014 to 18 July 2014 being the last ten trading days immediately prior to the date of Placing Agreement.

In case the Subscription Rights is exercised after the Record Date, the Warrantholder will not be entitled to the Announced Distribution, and the Subscription Price will be adjusted to HK\$0.199.

The Adjusted Subscription Price of HK\$0.199 represents:

- (i) a discount of approximately 11.94% to the closing price of HK\$0.226 per Share as quoted on the Stock Exchange on 18 July 2014, being the trading date immediately prior to the date of Placing Agreement;
- (ii) a discount of approximately 10.52% to the average of the closing prices of HK\$0.2224 per Share as quoted on the Stock Exchange from 14 July 2014 to 18 July 2014 being the last five trading days immediately prior to the date of Placing Agreement; and
- (iii) a discount of approximately 10.72% over the average of the closing prices of HK\$0.2229 per Share as quoted on the Stock Exchange from 7 July 2014 to 18 July 2014 being the last ten trading days immediately prior to the date of Placing Agreement.

The aggregate of the Issue Price and the Subscription Price of HK\$0.245 represents:

- (i) a premium of approximately 8.41% to the closing price of HK\$0.226 per Share as quoted on the Stock Exchange on 18 July 2014, being the trading date immediately prior to the date of Placing Agreement;
- (ii) a premium of approximately 10.16% over the average of the closing prices of HK\$0.2224 per Share as quoted on the Stock Exchange from 14 July 2014 to 18 July 2014 being the last five trading days immediately prior to the date of Placing Agreement; and
- (iii) a premium of approximately 9.91% over the average of the closing prices of HK\$0.2229 per Share as quoted on the Stock Exchange from 7 July 2014 to 18 July 2014 being the last ten trading days immediately prior to the date of Placing Agreement.

The aggregate of the Issue Price and the Adjusted Subscription Price of HK\$0.205 represents:

- (i) a discount of approximately 9.29% to the closing price of HK\$0.226 per Share as quoted on the Stock Exchange on 18 July 2014, being the trading date immediately prior to the date of Placing Agreement;
- (ii) a discount of approximately 7.82% over the average of the closing prices of HK\$0.2224 per Share as quoted on the Stock Exchange from 14 July 2014 to 18 July 2014 being the last five trading days immediately prior to the date of Placing Agreement; and
- (iii) a discount of approximately 8.03% over the average of the closing prices of HK\$0.2229 per Share as quoted on the Stock Exchange from 7 July 2014 to 18 July 2014 being the last ten trading days immediately prior to the date of Placing Agreement.

The determination of the Issue Price of HK\$0.006 per Warrant is a result of arm's length negotiation between the Company and the Placing Agent taking into account the amount of the Subscription Price, the price of the Shares immediately before the date of the Placing Agreement and the earning potential of the Group.

Each of (i) the aggregate of the Issue Price and the Subscription Price and (ii) if applicable, the aggregate of the Issue Price and the Adjusted Subscription Price is determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent trading prices of the Shares, an exercise period of 24 months and the expected trading prices of the Shares after the Announced Distribution.

Taking into account of the Issue Price and the Subscription Price (and the Adjusted Subscription Price) as a whole, the Directors are of the view that the Issue Price is fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The proceeds of HK\$1,200,000 from issuing the Warrants are viewed to be sufficient to cover the costs for issuance of the Warrants.

Minimum subscription

Subscription Rights represented by the Warrants must be exercised for a minimum of 1,000,000 Shares or integral multiples thereof.

Transferability

The Warrants are transferable in integral multiples of 1,000,000 Warrants.

The Company undertakes to comply with the Applicable Listing Rules and to make necessary announcement, where any transfer of Warrants requires disclosure.

Conditions of the Placing

Completion shall be subject to and conditional upon the following:

- (a) the Listing Division of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares; and
- (b) all necessary approvals, permits and consents in relation to the transactions contemplated under the Placing Agreement and the issue of Warrants and the allotment and issue of Subscription Shares being obtained.

If any of the above conditions are not fulfilled by 9 August 2014 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any antecedent breach thereof.

Pursuant to the Placing Agreement, in the event that the Subscription Shares to be issued upon exercise of the Warrants, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued, the Placing Agreement will be terminated and the parties thereto shall be released from all obligations under the Placing Agreement.

Shareholders and potential investors should note that completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Completion

Completion will take place on the third (3rd) Business Day after the fulfilment of the conditions referred to in the above section headed “**Conditions of the Placing**” in this announcement.

Rights for Warrantholders

The Warrantholders will not, by virtue of them being the holders of the Warrants, have any right to (i) attend or vote at any meeting of Shareholders, (ii) participate in any distributions and/or (iii) participate in further issues of securities by the Company.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate.

Application for listing

The Company will apply to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares which fall to be allotted and issued upon exercise of the Subscription Rights. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR THE PLACING

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

The Directors concluded that the Placing would be a better means to raise further capital for the Company as compared to other fund raising methods since (i) it will broaden the shareholders base and capital base of the Company without having an immediate dilution effect on the shareholding of the existing Shareholders; (ii) the Company considered that obtaining further credit facility from the banks or other financial institutions will result in increase in gearing ratio and may require further security or guarantee and (iii) the costs for other equity financing methods such as rights issue and open offer are usually higher than that of warrant placing.

However, the Directors are of the view that the Placing would provide the Group with an excellent opportunity to raise further substantial funds in the event the Warrantholders exercise their Subscription Rights at any time during a period of 24 months commencing from the date of issue of the Warrants. If and when the Warrants are fully exercised at HK\$0.239 per Subscription Share, it is expected that the net proceeds of about HK\$46,844,000 (with the net Subscription Price of approximately HK\$0.234 per Share) will also be raised. However, if and when the Warrants are fully exercised at HK\$0.199 per Subscription Share, it is expected that the net proceeds of about HK\$39,004,000 (with the net Subscription Price of approximately HK\$0.195 per Share) will also be raised.

In view of the above, the Directors consider that the proposed issue of the unlisted Warrants is an appropriate method of raising further funds for the Company in the circumstances and that the terms of the Placing Agreement which have been arrived at after arm's length negotiations between the Company and the Placing Agent are fair and reasonable and the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected that the maximum net proceeds of approximately HK\$1,050,000 (with a net issue price of approximately HK\$0.00525 per Warrant) will be raised by the Placing and the same will be utilised by the Group as general working capital for its principal activities.

Assuming the exercise of all Subscription Rights at HK\$0.239 per Subscription Shares, it is expected that the net proceeds of approximately HK\$46,844,000 (with the net Subscription Price of approximately HK\$0.234 per Share) will be raised. However, if and when the Warrants are fully exercised at HK\$0.199 per Subscription Share, the net proceeds of approximately HK\$39,004,000 (with the net Subscription Price of approximately HK\$0.195 per Share) will be raised. The fund as raised will be utilised by the Group for additional general working capital for its newly acquired business, including the mink farms in Denmark and the provision of finance for its fur skin brokerage customers. Should any opportunities arise, the Group may also apply part of the additional fund raised for the acquisition or investment of similar business. As at the date of this announcement, the Group has identified no specific investment target.

FUND RAISING DURING THE PAST TWELVE MONTHS

Set out below is the equity fund raising activity conducted by the Company in the past twelve months prior to the date of this announcement:

| Date of Announcement/ Prospectus | Description of the equity financing activities | Net proceeds (approximately) | Intended use of proceeds | Actual use of proceeds |
|---------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 15 July 2013 | Top-up placing and subscription of 230,400,000 shares completed on 24 July 2013 | HK\$62.90 million | Funding the possible operation of the subsidiary which may be formed by UKF (Denmark) A/S and Mr. Jesper Erlandsen | Working capital of the Group and to fund the potential acquisition of other business relating to the principal business of the Group |

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,651,776,000 Shares in issue. The shareholding structure of the Company before and after the full exercise of the all Subscription Rights are as follows:

| | As at the date of this announcement | | Immediately after the exercise of all Subscription Rights | |
|-----------------------------------------------------------------|----------------------------------------|------------------------------------------|-----------------------------------------------------------------|------------------------------------------|
| | <i>Number of Shares</i> | <i>Approximate % of shareholding</i> | <i>Number of Shares</i> | <i>Approximate % of shareholding</i> |
| Mr. Wong Chun Chau (<i>Note 1</i>) | 889,980,000 | 53.88% | 889,980,000 | 48.06% |
| Mr. Merzbacher Werner (<i>Note 2</i>) | 85,748,195 | 5.19% | 85,748,195 | 4.63% |
| Ms. Kwok Yin Ning | 12,960,000 | 0.78% | 12,960,000 | 0.70% |
| Mr. Jean-pierre Philippe (<i>Note 3</i>) | 1,620,000 | 0.10% | 1,620,000 | 0.09% |
| The Places | — | — | 200,000,000 | 10.80% |
| Other public Shareholders (other than Mr. Merzbacher Werner) | 661,467,805 | 40.05% | 661,467,805 | 35.72% |
| Total | 1,651,776,000 | 100.00% | 1,851,776,000 | 100.00% |

Note:

1. Mr. Wong Chun Chau, an executive Director is deemed to be interested in the 870,300,000 Shares held by Trader Global Investments Limited, a company which is wholly and beneficially owned by him.
2. Mr. Merzbacher Werner is deemed to be interested in the 85,748,195 Shares held by Carafe Investment Company Limited, a company wholly and beneficially owned by him.
3. Mr. Jean-pierre Philippe is deemed to be interested in 1,620,000 Shares held by Aglades Investment Pte Limited, a company wholly owned by him.

Taking account of the Bonus Issue, the Company will have 1,982,131,200 Shares in issue. Assuming the Warrantholders exercise all Subscription Rights before the Record Date, they will be entitled to the Bonus Issue. In such circumstance, the shareholding structure of the Company (i) immediately after the full exercise of all Subscription Rights but before the Bonus Issue and (ii) immediately after the Bonus Issue are as follows:

| | Immediately after the exercise of all Subscription Rights but before the Bonus Issue | | Immediately after the Bonus Issue | |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|------------------------------------------|
| | <i>Number of Shares</i> | <i>Approximate % of shareholding</i> | <i>Number of Shares</i> | <i>Approximate % of shareholding</i> |
| Mr. Wong Chun Chau (<i>Note 1</i>) | 889,980,000 | 48.06% | 1,067,976,000 | 48.06% |
| Mr. Merzbacher Werner (<i>Note 2</i>) | 85,748,195 | 4.63% | 102,897,834 | 4.63% |
| Ms. Kwok Yin Ning | 12,960,000 | 0.70% | 15,552,000 | 0.70% |
| Mr. Jean-pierre Philippe | 1,620,000 | 0.09% | 1,944,000 | 0.09% |
| The Places | 200,000,000 | 10.80% | 240,000,000 | 10.80% |
| Other public Shareholders (other than Mr. Merzbacher Werner) | 661,467,805 | 35.72% | 793,761,366 | 35.72% |
| Total | 1,851,776,000 | 100.00% | 2,222,131,200 | 100.00% |

Assuming the Warrantheolders are not entitled to the Announced Distribution (including the Bonus Issue), the shareholding structure of the Company before and after the exercise of all Subscription Rights under such circumstance are as follows:

| | Immediately after the Bonus Issue | | Immediately after the exercise of all Subscription Rights | |
|-----------------------------------------------------------------|--------------------------------------|------------------------------------------|-----------------------------------------------------------------|------------------------------------------|
| | <i>Number of Shares</i> | <i>Approximate % of shareholding</i> | <i>Number of Shares</i> | <i>Approximate % of shareholding</i> |
| Mr. Wong Chun Chau (<i>Note 1</i>) | 1,067,976,000 | 53.88% | 1,067,976,000 | 48.94% |
| Mr. Merzbacher Werner (<i>Note 2</i>) | 102,897,834 | 5.19% | 102,897,834 | 4.72% |
| Ms. Kwok Yin Ning | 15,552,000 | 0.78% | 15,552,000 | 0.71% |
| Mr. Jean-pierre Philippe | 1,944,000 | 0.10% | 1,944,000 | 0.09% |
| The Places | — | — | 200,000,000 | 9.17% |
| Other public Shareholders (other than Mr. Merzbacher Werner) | 793,761,366 | 40.05% | 793,761,366 | 36.38% |
| Total | <u>1,982,131,200</u> | <u>100.00%</u> | <u>2,182,131,200</u> | <u>100.00%</u> |

As at the date of this announcement, save for the Warrants, the Company has granted no other derivatives, options under any scheme (other than the Share Option Schemes), warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

TERMS AND DEFINITIONS

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

| | |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Adjusted Subscription Price” | HK\$0.199, being the Subscription Price in case of the Warrantheolders are not entitled to the Announced Distribution |
| “AGM” | the annual general meeting of the Company held on 18 July 2014 |
| “Announced Distribution” | the cash dividend or Bonus Issue proposed by the Board and approval by the Shareholders in the AGM, the details of which are disclosed in the circular of the Company dated 16 June 2014 |
| “Applicable Listing Rules” | the rules of stock Exchange applicable to the Company as a listed company in Hong Kong |
| “associate(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Board” | the board of Directors |

| | |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Bonus Issue” | the proposed allotment and issue of Bonus Shares on the basis of one Bonus Share for every five existing Shares held by the Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than those Shareholder(s) whom the Directors, after making relevant enquiries, consider necessary or expedient to be excluded from the Bonus Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Bonus Shares” | the Shares proposed to be issued under the Bonus Issue |
| “Business Day” | a day on which licensed banks in Hong Kong are generally open to conduct business, excluding a Saturday, Sunday, public holidays and days on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 09:00 and 17:00 on weekdays |
| “Company” | UKF (Holdings) Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on GEM |
| “Completion” | completion of the Placing in accordance with the terms and conditions of the Placing Agreement |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Director(s)” | director(s) of the Company |
| “GEM” | The Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on the GEM |
| “General Mandate” | the general mandate for allotment, issue and dealing with Shares granted to the Directors by the Shareholders at AGM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | The Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party” | third party that is not connected person of the Company |
| “Instrument” | the deed poll constituting the Warrants to be executed by the Company on Completion |
| “Issue Price” | HK\$0.006 per Warrant to be issued pursuant to the Placing |
| “Placee(s)” | any individual(s), institutional or other professional investor(s), who are Independent Third Parties, procured by the Placing Agent to subscribe for any of the Warrants pursuant to the Placing Agreement |

| | |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Placing” | the placing of a maximum of 200,000,000 Warrants on the terms and subject to the condition of the Placing Agreement |
| “Placing Agent” | Oriental Patron Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Placing Agreement” | the conditional placing agreement dated 19 July 2014 entered into between the Company and the Placing Agent in relation to the Placing |
| “PRC” | The People’s Republic of China |
| “Pre-IPO Share Option Scheme” | the pre-IPO share option scheme approved and adopted by the Company on 1 August 2012 |
| “Record Date” | close of business on 25 July 2014, Friday, being the record date for determination of entitlements to the Bonus Issue |
| “Share(s)” | the ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Share Option Scheme” | the share option scheme approved and adopted by the Company on 1 August 2012 |
| “Share Option Schemes” | the Pre-IPO Share Option Scheme and the Share Option Scheme |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Date” | in relation to any Warrant, the close of business on any Business Day falling during the subscription period on which the Subscription Rights are duly exercised |
| “Subscription Price” | the initial subscription price of HK\$0.239 per Subscription Share (subject to adjustment) at which holder of the Warrantheolders may subscribe for the Subscription Shares |
| “substantial shareholder” | has the meaning ascribed to it in the GEM Listing Rules |
| “Subscription Rights” | the rights of the Warrantheolders represented by the Warrants to subscribe for Subscription Shares upon and subject to the conditions of the Warrants |
| “Subscription Shares” | new Shares which may fall to be allotted and issued upon the exercise of the Subscription Rights |

| | |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Warrantholder(s)” | in relation to any Warrant, the person who is for the time being registered in the register of Warrantholders as the holder or joint holders of such Warrant |
| “Warrant” | a unit of subscription rights created by Instrument and entitling the holder thereof to subscribe for one Subscription Share at the Subscription Price at any time during a period of 24 months commencing from the date of issue of the Warrants, subject to the terms and conditions set out in the Instrument |
| “%” | per cent. |

On behalf of the Board
Wong Chun Chau
Chairman

Hong Kong, 19 July 2014

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Wong Chun Chau (*Chairman*)

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.