



UKF (HOLDINGS) LIMITED

英裘(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

GEM stock code: 8168



Interim Report 2014

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This report, for which the directors (the “Directors”) of UKF (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Financial Highlight

- Recorded an unaudited turnover of approximately HK\$173.6 million for the six months ended 30 September 2014, representing an increase of approximately 14.5% over the same period of the previous year.
- Recorded an unaudited profit attributable to the shareholders of the Company of approximately HK\$25.7 million for the six months ended 30 September 2014, representing an increase of approximately 23.8% over the same period of the previous year.
- Basic earnings per share for the six months ended 30 September 2014 were HK1.46 cents (2013: HK1.28 cents).
- The Directors recommend the interim dividend of HK0.26 cents in cash per share for the six months ended 30 September 2014.

Chairman's Statement

Interim Results

The Group's unaudited turnover for the six months ended 30 September 2014 was approximately HK\$173.6 million, representing an increase of approximately 14.5% from approximately HK\$151.7 million during the same period in 2013.

The gross profits for the Group for the six months ended 30 September 2014 increased by about 14.2% compared to the corresponding period of 2013 from approximately HK\$36.9 million to approximately HK\$42.2 million. The increase in gross profit was primarily due to the increase in demand for mink skins resulting from a decrease in mink skin prices during the period under review, enlargement of customer base of Loyal Speed Limited ("Loyal Speed") and the additional sources of income for the Group generated from the operation of the Group's mink farms.

Further, the Group recorded an unaudited profit attributable to the shareholders of the Company of approximately HK\$25.7 million for the six months ended 30 September 2014, representing an increase of approximately 23.8% over the same period of the previous year.

Business Review

In the first half of this financial year, the business performance of the Group is strong across all operating segments. After taking into account the dividend recommended by the Directors for the six month ended 30 September 2014, the Group still has over HK\$100 million of bank balances and cash, and has sufficient cash flow to support the planned business activities and expansion for the remainder of this financial year.

Since the trading prices of mink skins in the current financial year were lower than that of the previous financial year apart from China and Russia, which are the traditional major importing countries, there was an increasing number of buyers from other countries such as Turkey, Italy, Korea and Japan, bidding fur skins actively in the auction houses. As a result, the trading volume of mink skins recorded a remarkable increase. Given fur remained at the forefront of the fashion industry, the internationally well-known brand, Fendi, launched a large-scaled promotional activity named "Celebration of Exotic Leather and Fur" in three major cities in Asia, i.e. Beijing, Tokyo and Hong Kong. The promotion received a critical acclaim from the public. Meanwhile, the demand for fur in China remained high.

As expected, given (i) the top luxury brands continued to design and market fur garments and (ii) the winter is approaching, the buyers seized the last opportunity for buyers to purchase mink and fox skins before the winter and the trading prices of mink and fox skins rose at the September auction of 2014.

Trading

Nearly half of the mink skins were sold at the June auction at the increased trading prices by approximately 20%, compared to the April auction due to a high demand for mink skins. Subsequently, as anticipated in the Chairman statement in the Company's First Quarter Report of this financial year, the trading price of mink skins was predicted to rise and actually rose by another approximately 20%-25% in the September auction. This further drove up the trading volume of the Group's Scandinavian and North American mink skins during the summer of this financial period.

Following the September auction in Helsinki, SAGA Furs announced that all regular blue fox skins placed by them in that auction were sold and trading price of the small sized skins increased by approximately 15% compared with that in the June auction. This great achievement was the result of the increased number of and the more active bidding among Chinese, Turkish, Russian and European buyers. At the same auction, SAGA Furs sold approximately 98% of their silver fox skins and recorded a approximately 10% increase in the sales of its regular skins, the main buyers of which are from Europe, Turkey and Russia.

Anticipating the steady growth in market prices, the Group purchased approximately 300,000 mink skins of good value before the June auction, which is expected to bring a good profit to the Group.

Fur Skin Brokerage & Finance

Despite the lower trading prices of mink skins in the first half of year ending 31 March 2015 compared with that of the previous financial year, Loyal Speed has been continuing its operation business as usual. The fallen price attracted new buyers to the market who were able to trade at lower costs and as a result boosted the trading volume of existing buyers.

Over the previous quarter, Loyal Speed focused on expanding its sales network throughout China to promote its business. To increase the sales volume, Loyal Speed hired an additional Sales Manager responsible for exploring the Haining market. This has been proven to be a good decision as our sales volume for end customers from Haining at auction houses increased.

With our solid partnership with financial institutions, Loyal Speed was given an increased trading line for financing, enabling the Group to earn an increased interest income.

Mink Farms

The second quarter of year ending 31 March 2015 was a rewarding period for the Group as our farming investment started making profit after only one and a half year. The operation and business of the Group's mink farms was doing well. The minks born in late May has been growing very healthily. We continued to feed our minks with top quality seafood and meat mixture from Scandinavia and the farmers paid multiple daily visits to the farms to feed the minks and maintain the good condition of the farms.

The Group has streamlined our farming practices in all the 5 farms and has developed an internal construction team responsible for constructing extensions and performing general maintenance work for the farms. The Group is close to complete the expansion of the number of breeders to approximately 4,800 from approximately 2,300 in one of our top performing farms and the construction team will soon expand our other farms following the pelting season.

As the Group continued to look for good valued farms to expand our portfolio, we are grateful of the financing support from Copenhagen Fur who works closely with the Group to recommend farms for sale and update the farming practices. Since the development of mink farms remains a profitable and valuable investment for the Group, the Group will continue to focus on this segment.

Prospect

With the strong performance of the Group's business, we are optimistic about the second half of the year ending 31 March 2015 and anticipate a stable business and lots of growing opportunities.

From the fur trading perspective, it is expected that the upward trend of the trading price of mink skins recorded in the previous months will continue until mid-January 2015 which is the first auction of the new season. In such event, the Group is anticipated to make a good profit from our current inventory.

To support our farming business and to attract new customers, the Group will continue to seek more financing means for supporting our rising trading volume as well as encouraging larger purchases from our current clients.

As regards our farming business, the Group plans to acquire more good valued farms and continue to improve the overall quality and standard of our mink farms. We are now negotiating for an acquisition of a 2,000 breeders' farm and an acquisition of a piece of 6-hectare land adjoining the farm to expand the production capacity of the farm if the potential farm acquisition materialises. We will also continuously apply for permits to expand our existing farms capacity. Further, with a good understanding of the market trend, the Group will designate our farms to produce mostly light coloured mink skins, which are expected to be the main thrust of the fashion market.

In light of the above, the Group is at a good standing and we are very confident in our business. As the Company's application for transferring the listing of its shares from the GEM Board to the Main Board on 10 September 2014, we are moving ahead to bring greater development to the Group.

Wong Chun Chau

Chairman

Hong Kong, 10 November 2014

The board of directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2014 together with comparative unaudited figures for the corresponding period in 2013, as follows:

Unaudited condensed consolidated statement of profit or loss and other comprehensive income

For the three months and the six months ended 30 September 2014

	Notes	Three months ended 30 September		Six months ended 30 September	
		2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Turnover	3	81,172,383	73,816,681	173,626,543	151,673,823
Cost of sales		(55,943,955)	(53,677,517)	(131,465,554)	(114,753,576)
Gross profit		25,228,428	20,139,164	42,160,989	36,920,247
Other income	4	85,587	1,869,080	187,005	2,188,138
Change in fair value less cost to sell of biological assets		3,579,271	341,794	10,743,273	906,260
Administrative expenses		(13,259,896)	(7,871,218)	(22,288,807)	(15,272,851)
Finance costs	5	(2,361,481)	(1,767,780)	(3,709,548)	(2,611,176)
Profit before tax	6	13,271,909	12,711,040	27,092,912	22,130,618
Income tax expenses	7	(65,611)	(1,022,964)	(1,404,348)	(1,378,300)
Profit for the period and attributable to shareholders of the Company		13,206,298	11,688,076	25,688,564	20,752,318
Other comprehensive expenses					
Change in fair value of available-for-sale investment		(1,918,220)	—	(1,918,220)	—
Exchange difference on translation of overseas operations		346,841	(41,493)	386,121	(49,218)
Total comprehensive income for the period and attributable to the shareholders of the Company		11,634,919	11,646,583	24,156,465	20,703,100
Earnings per share (cents)	9				
Basic		0.71	0.62	1.46	1.28
Diluted		0.69	0.62	1.44	1.26

Unaudited condensed consolidated statement of financial position

At 30 September 2014

	Notes	30 September 2014 HK\$ (unaudited)	31 March 2014 HK\$ (audited)
Non-current assets			
Property, plant and equipment	10	38,974,109	40,007,400
Investment properties		1,356,059	1,473,621
Goodwill		75,433,142	75,433,142
Available-for-sale investment		9,951,217	—
Deferred tax asset		483,986	—
		126,198,513	116,914,163
Current assets			
Biological assets		31,144,016	14,009,767
Inventories		81,902,741	55,325,234
Trade and other receivables	11	82,937,347	104,980,483
Loan receivables	12	121,829,996	106,742,130
Pledged bank deposits		—	8,528,800
Bank balances and cash		116,377,210	60,756,260
		434,191,310	350,342,674
Current liabilities			
Trade and other payables	13	82,445,474	55,204,135
Tax payables		9,946,838	8,108,216
Obligations under finance lease		190,693	186,580
Bank borrowings	14	160,310,680	103,373,132
		252,893,685	166,872,063
Net current assets		181,297,625	183,470,611
Total assets less current liabilities		307,496,138	300,384,774
Non-current liabilities			
Corporate bond	15	10,000,000	10,000,000
Promissory note	16	4,794,356	18,574,714
Obligations under finance lease		115,140	211,525
Deferred tax liability		122,635	127,081
		15,032,131	28,913,320
Net assets		292,464,007	271,471,454
Capital and reserves			
Share capital	17	19,821,312	16,517,760
Reserves		272,642,695	254,953,694
Total equity		292,464,007	271,471,454

Unaudited condensed consolidated statement of changes in equity

For the six months ended 30 September 2014

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share options reserve HK\$	Warrants reserve HK\$	Available- for-sale investment revaluation reserve HK\$	Translations reserve HK\$	Retained profits HK\$	Total HK\$
At 1 April 2013 (audited)	11,520,000	114,649,721	(7,122,000)	4,561,909	—	—	(7,722)	47,423,191	171,025,099
Dividend paid	—	—	—	—	—	—	—	(8,257,760)	(8,257,760)
Issue of shares upon exercise of Pre-IPO share options (Note 18(f))	334,400	9,498,025	—	(2,800,105)	—	—	—	—	7,032,320
Issue of shares upon bonus issue (Note 18(e))	2,359,360	(2,359,360)	—	—	—	—	—	—	—
Issue of shares by placing (Note 18(g))	2,304,000	62,208,000	—	—	—	—	—	—	64,512,000
Expenses attributable to issue of shares	—	(1,831,793)	—	—	—	—	—	—	(1,831,793)
Issue of warrants	—	—	—	—	570,000	—	—	—	570,000
Expenses attributable to issue of warrants	—	—	—	—	(366,819)	—	—	—	(366,819)
Recognition of equity-settled share based payment	—	—	—	1,066,955	—	—	—	—	1,066,955
Issue of share options	—	—	—	756,316	—	—	—	—	756,316
Other comprehensive expenses for the period	—	—	—	—	—	—	(49,218)	—	(49,218)
Profit for the period and total comprehensive income for the period	—	—	—	—	—	—	—	20,752,318	20,752,318
At 30 September 2013 (unaudited)	16,517,760	182,164,593	(7,122,000)	3,585,075	203,181	—	(56,940)	59,917,749	255,209,418
At 1 April 2014 (audited)	16,517,760	182,167,594	(7,122,000)	4,811,474	203,180	—	(113,252)	75,006,698	271,471,454
Dividend paid	—	—	—	—	—	—	—	(4,955,328)	(4,955,328)
Issue of shares upon bonus issue (Note 18(e))	3,303,552	(3,303,552)	—	—	—	—	—	—	—
Expenses attributable to issue of shares	—	(36,900)	—	—	—	—	—	—	(36,900)
Lapse of warrants	—	—	—	—	(203,180)	—	—	203,180	—
Issue of warrants	—	—	—	—	1,200,000	—	—	—	1,200,000
Expenses attributable to issue of warrants	—	—	—	—	(274,500)	—	—	—	(274,500)
Recognition of equity-settled share based payment	—	—	—	32,489	—	—	—	—	32,489
Issue of share options	—	—	—	870,327	—	—	—	—	870,327
Other comprehensive expenses for the period	—	—	—	—	—	(1,918,220)	386,121	—	(1,532,099)
Profit for the period	—	—	—	—	—	—	—	25,688,564	25,688,564
At 30 September 2014 (unaudited)	19,821,312	178,827,142	(7,122,000)	5,714,290	925,500	(1,918,220)	272,869	95,943,114	292,464,007

Unaudited condensed consolidated statement of cash flows

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Net cash generated from/(used) in operating activities	23,936,286	(106,701,926)
Net cash used in investing activities	(15,226,915)	(76,308,657)
Net cash generated from financing activities	43,817,442	99,375,655
Effect of foreign exchange rate changes, net	3,094,137	(927,361)
Net increase/(decrease) in cash and cash equivalents	55,620,950	(84,562,289)
Cash and cash equivalents at 1 April	60,756,260	134,468,472
Cash and cash equivalents at 30 September, represented by bank balances and cash	116,377,210	49,906,183

Notes to the unaudited condensed consolidated financial statements

For the three months and the six months ended 30 September 2014

1. General information

UKF (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands on 31 March 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong respectively.

The Company is engaged in investment holding while the Group is principally engaged in trading of fur skins, fur skins brokerage and financing services and mink farming.

These condensed interim financial statements have been not audited.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s financial information for year ended 31 March 2014 as included in the annual report 2014 of the Company.

3. Segment information

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the board of directors) (the “Board”) in order to allocate resources to the segment and to assess its performance.

The Board reviewed the sales of major products for the purpose of resources allocation and performance assessment and considered that the Group operates in three business units based on their products, and has three reportable and operating segments: trading of fur skins, fur skin brokerage and financing services and mink farming.

An analysis of the Group’s turnover for each reporting period is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Trading of fur skins	70,936,714	64,950,319	142,969,487	136,588,718
Fur skin brokerage and financing services	7,199,598	8,180,982	16,927,362	13,236,028
Mink farming	3,036,071	685,380	13,729,694	1,849,077
	81,172,383	73,816,681	173,626,543	151,673,823

Geographical information

An analysis of the Group’s turnover for each reporting period by geographical market is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
PRC	71,490,489	65,173,056	148,968,690	114,444,334
Europe	3,036,071	4,120,486	13,729,694	14,718,250
Russia*	—	—	—	13,490,044
Canada	—	—	—	2,086,204
Hong Kong	6,645,823	4,523,139	10,928,159	6,934,991
	81,172,383	73,816,681	173,626,543	151,673,823

* Due to the price adjustment of the fur skins, Russian garment buyers purchased fur skins from Chinese fur manufacturers instead.

4. Other income

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Bank interest income	21,620	135	42,009	497
Exchange gain, net	—	1,740,891	—	1,894,756
Rental income	38,220	50,671	78,400	57,681
Sundry income	15,599	77,383	14,406	235,204
Bonus and rebate from auction houses	10,148	—	52,190	—
	85,587	1,869,080	187,005	2,188,138

5. Finance costs

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Interest wholly repayable within five year:				
Trust receipt loan interest	676,169	567,215	1,316,039	1,011,850
Bank loans interest	481,874	83,525	641,602	112,292
Overdraft interest	1,249	4,256	34,289	4,930
Imputed interest on promissory note	920,692	285,153	1,219,642	380,204
Interest on finance lease	3,679	1,832	7,861	1,832
Corporate bond interest	137,499	137,499	274,998	274,998
Auction interest	140,319	168,038	215,117	173,636
Auction finance interest	—	520,262	—	651,434
	2,361,481	1,767,780	3,709,548	2,611,176

6. Profit before tax

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Profit before tax has been arrived at after charging:				
Cost of inventories recognized as expenses	55,943,955	53,634,054	131,465,555	114,642,736
Staff costs (including directors' remuneration)				
— Salaries and allowances	3,135,003	2,134,140	6,439,003	4,201,171
— Defined contribution retirement benefit scheme contributions	35,874	32,795	70,048	62,040
Exchange loss, net	4,412,078	—	5,079,088	—
Depreciation	929,263	679,930	1,858,559	1,169,107
Equity-settled share-based payments	886,571	1,289,793	902,816	1,823,271
Loss on fixed assets written off	1,100	15,030	1,100	15,030
Operating lease payments	208,925	143,161	419,956	268,323

7. Income tax expenses

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
The charge comprises:				
Hong Kong Profits Tax	519,766	777,017	1,890,466	1,551,829
Other jurisdictions	—	—	—	—
	519,766	777,017	1,890,466	1,551,829
Deferred taxation	(454,155)	245,947	(486,118)	(173,529)
	65,611	1,022,964	1,404,348	1,378,300

- (i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the both periods.
- (ii) The Denmark subsidiary of the Group is subject to Denmark Income Tax at 24.5% for the period (2013: 25%).
- (iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

8. Dividends

The Directors of the Company recommend the interim dividend for the six months ended 30 September 2014 of HK0.26 cents in cash per share (six months ended 30 September 2013: Nil) to shareholders whose names appear on the register of members at the close of business of 5 December 2014.

9. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)	2014 HK\$ (unaudited)	2013 HK\$ (unaudited)
Profit attributable to the shareholders of the Company for the purpose of basic and diluted earnings per share	13,206,298	11,688,076	25,688,564	20,752,318
Number of shares:				
Weighted average number of ordinary shares for the purpose of the calculation of the basic earnings per share	1,862,332,062	1,870,543,754	1,756,478,741	1,625,138,151
Effect of dilutive potential ordinary shares:				
Share options	23,529,249	26,682,970	21,432,616	22,254,437
Warrants	23,511,361	—	11,691,442	—
Weighted average number of ordinary shares for the purpose of the calculation of the diluted earnings per share	1,909,372,672	1,897,226,724	1,789,602,799	1,647,392,588

10. Property, plant and equipment

During the six months ended 30 September 2014, the Group spent HK\$3,522,681 (six months ended 30 September 2013: HK\$14,240,156) on acquisition of property, plant and equipment, not including property, plant and equipment acquired through acquisition of a subsidiary.

Items of property, plant and equipment with carrying value of HK\$9,614 (Six months ended 30 September 2013: HK\$15,030) were written off by the Group during the six months ended 30 September 2014.

11. Trade and other receivables

	30 September 2014 HK\$ (unaudited)	31 March 2014 HK\$ (audited)
Trade receivables	74,278,290	101,427,009
Commission receivables	1,285,194	—
Prepayments	1,386,525	383,858
Deposits and other receivables	5,987,338	3,169,616
	82,937,347	104,980,483

The Group offered credit periods ranging from 0 to 120 days to its trade customers. The Group did not hold any collateral over the trade receivable balances. The following is an aged analysis of trade receivables presented based on invoice date at the end of the reporting period.

	30 September 2014 HK\$ (unaudited)	31 March 2014 HK\$ (audited)
0 - 60 days	19,920,675	75,169,520
61 - 90 days	48,047,444	13,339,649
91 - 120 days	6,310,171	12,917,840
Over 120 days	—	—
	74,278,290	101,427,009

12. Loan receivables

	30 September 2014 HK\$ (unaudited)	31 March 2014 HK\$ (audited)
Loan to customers	116,129,958	96,842,633
Accrued interest receivables	5,700,038	9,899,497
	121,829,996	106,742,130

The Group offered a credit period of 180 days from the date of the advancement to its customers with the range of interest rate from 12% to 18% per annum. The Group maintained strict control over its outstanding loans to minimize the credit risk. Overdue balance is reviewed regularly by the management.

The loans to customers represented about 70% of the purchase price of the relevant fur skins purchased by the customers in the auction houses which were secured by a lien over such fur skins purchased.

13. Trade and other payables

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	30 September 2014 HK\$ (unaudited)	31 March 2014 HK\$ (audited)
0 – 60 days	1,981,608	32,070,051
61 – 90 days	57,756,892	—
91 – 120 days	—	—
Over 120 days	—	—
Trade payables	59,738,500	32,070,051
Receipt in advance	16,864,661	20,272,230
Other payables and accruals	5,842,313	2,861,854
	82,445,474	55,204,135

14. Bank borrowings

	30 September 2014 HK\$ (unaudited)	31 March 2014 HK\$ (audited)
Term loans	56,823,644	18,727,086
Trust receipt loans	103,487,036	84,646,046
	160,310,680	103,373,132

15. Corporate bond

The Group issued a corporate bond with the principal amount of HK\$10,000,000 at the interest rate of 5.5% p.a. payable annually for 7 years.

16. Promissory Note

	30 September 2014 HK\$ (unaudited)	31 March 2014 HK\$ (audited)
At beginning of the period	18,574,714	—
Issued during the period	—	17,620,146
Repaid during the period	(15,000,000)	—
Imputed interest	1,219,642	954,568
	4,794,356	18,574,714

The promissory note was issued by Trade Region Limited (“Trade Region”), a direct wholly-owned subsidiary of the Company, in connection with the acquisition of the entire issued share capital of Loyal Speed on 13 May 2013. The promissory note is non-interest bearing and is payable on maturity of two years. The fair value of the promissory note in principal amount of HK\$20,000,000 was HK\$17,620,146 as at the issue date (i.e. 13 May 2013), based on the professional valuation performed by Assets Appraisal Limited. The effective interest rate of the promissory note is determined to be 6.54% per annum.

17. Share capital

	30 September 2014		31 March 2014	
	Number of shares	Nominal value of ordinary shares HK\$	Number of shares	Nominal value of ordinary shares HK\$
Authorised:				
Ordinary shares of HK\$0.01 each	2,500,000,000	25,000,000	2,500,000,000	25,000,000
Issued and fully paid:				
At the beginning of period/year	1,651,776,000	16,517,760	1,152,000,000	11,520,000
Issue of shares upon bonus issue	330,355,200	3,303,552	235,936,000	2,359,360
Exercise of Pre-IPO share options	—	—	33,440,000	334,400
Issue of shares by placing	—	—	230,400,000	2,304,000
At the end of the reporting period	1,982,131,200	19,821,312	1,651,776,000	16,517,760

17. Share capital *(Continued)*

- (a) On 4 August 2014, the Company issued one bonus share for every five existing ordinary shares held on 25 July 2014. The issued share capital of the Company was therefore increased by HK\$3,303,552, comprising 330,355,200 shares of HK\$0.01 each accordingly.

Upon the completion of the bonus issue, the share premium for the six months ended 30 September 2014 in the sum of approximately HK\$3,303,552 was credited to share capital and the same amount was debited to the share premium account.

18. Subsequent Event

Pursuant to the announcement dated 10 September 2014, the Company has submitted a formal application to the Stock Exchange on 10 September 2014 for the transfer of listing of its shares from the Growth Enterprise Market to the Main Board of the Stock Exchange pursuant to Chapter 9A of the Rule Governing the Listing of Securities on the Stock Exchange.

Management discussion and analysis

Financial review

Turnover

The Group's turnover for the six months ended 30 September 2014 was approximately HK\$173.6 million, representing an increase of approximately 14.5% from approximately HK\$151.7 million of the corresponding period in 2013. The increase in the turnover was mainly attributable to (i) the increase in demand for fur skins resulting from a decrease in fur skins prices during the period; (ii) the enlargement of customer base of Loyal Speed; (iii) the additional sources of income of the Group from the operation of the Group's mink farms.

Cost of fur skins sold

The cost of fur skins sold amounted to approximately HK\$131.5 million for the six months ended 30 September 2014, representing an increase of approximately 14.6% from approximately HK\$114.8 million of the corresponding period in 2013. The increase in the cost of fur skins sold was mainly attributable to the increase in sales of fur skins for the six months ended 30 September 2014 as compared with the corresponding period in 2013.

Gross profit and gross profit margin

The gross profit of the Group increased by about 14.2% from approximately HK\$36.9 million for the six months ended 30 September 2013 to approximately HK\$42.2 million for the six months ended 30 September 2014. The gross profit margin of the Group stood at approximately 24.3% for both the six-month period ended 30 September 2013 and 2014. The increase in gross profit was primarily due to the increase in demand for fur skins resulting from a decrease in fur skins prices during the six months ended 30 September 2014, enlargement of customer base of Loyal Speed and the additional sources of income of the Group from the operation of the Group's mink farms.

Administrative expenses

The administrative expenses of the Group increased by approximately 45.9% from approximately HK\$15.3 million for the six months ended 30 September 2013 to approximately HK\$22.3 million for the six months ended 30 September 2014. The increase in the administrative expenses of the Group for the six months ended 30 September 2014 was primarily due to (i) the increase in exchange loss resulting from the depreciation in Danish Kroner during the period; and (ii) increase in staff salaries and depreciation in relation to the operation of the Group's five mink farms during the six months ended 30 September 2014 (2013: three mink farms).

Finance costs

The finance costs of the Group increased by approximately 42.1% from approximately HK\$2.6 million for the six months ended 30 September 2013 to approximately HK\$3.7 million for the six months ended 30 September 2014. The increase in the finance costs of the Group for the six months ended 30 September 2014 was primarily due to the increase in trust receipt loan interest, term loan interest and imputed interest on promissory note. As at 30 September 2014, the Group obtained the banking facilities of up to HK\$188.8 million; therefore, the trust receipt loan interest and term loan interest increased significantly. As part of the consideration for the acquisition of Loyal Speed on 13 May 2013, the Group issued a promissory note in an aggregate principal amount of HK\$20 million and imputed interest was therefore incurred. The fair value of the promissory note was HK\$17,620,146 as at the issue date (i.e. 13 May 2013) with the effective interest rate of 6.54% per annum. The Group repaid HK\$15,000,000 during the six months ended 30 September 2014.

Liquidity, financial resources and capital structure

The Group generally finances its operations with internally generated cash flow, bank borrowings and corporate bond. The Group maintained bank balances and cash of approximately HK\$116.4 million as at 30 September 2014 (as at 31 March 2014: approximately HK\$60.8 million). The net assets of the Group as at 30 September 2014 were approximately HK\$292.5 million (as at 31 March 2014: approximately HK\$271.5 million).

On 8 August 2014, the Group issued unlisted warrants to subscribe for a maximum of 200,000,000 Shares at the exercise price of HK\$0.199 per Share within 2 years commencing from that day. The details of the warrants have been disclosed in the announcement of the Company dated 20 July 2014. The net proceeds to be raised from the issue of Shares underlying the Warrants were intended to be used as general working capital for its newly acquired business, including the mink farms and the provision of finance for its fur skins brokerage customers.

As at 30 September 2014, the Group had bank borrowings of approximately HK\$160.3 million, which represented trust receipt loans and term loans of approximately HK\$103.5 million and approximately HK\$56.8 million respectively to finance its purchases of fur skins and general working capital. The Group has obtained the banking facilities of up to HK\$188.8 million (31 March 2014: HK\$181 million) with a corporate guarantee provided by the Company and the banking facilities are available subject to the conditions that (i) the net external gearing ratio of the Group shall not be more than 150% and (ii) the net assets of the Group shall grow by at least HK\$15 million annually. The net external gearing ratio representing the ratio of total interest bearing borrowings to the net assets of the Group, was about 60.0% as at 30 September 2014 (31 March 2014: about 48.8%).

The Directors consider that the Group can meet the conditions of the banking facilities for the six months ended 30 September 2014 and in the future.

Pledge of assets

As at 30 September 2014, the Group pledged the key management insurance contract which is classified as an available-for-sale investment of approximately HK\$10 million for bank borrowings (31 March 2014: approximately HK\$8.5 million cash deposits).

Capital commitments

As at 30 September 2014, the Group did not have any significant capital commitments (31 March 2014: Nil).

Contingent liabilities

As at 30 September 2014, the Group granted corporate guarantees to secure general banking facilities up to HK\$185.2 million. (31 March 2014: HK\$181 million).

Material acquisitions or disposals and significant investments

During the six months period ended 30 September 2014, the Group had no material acquisitions or disposals or significant investments.

Employee information

As at 30 September 2014, the Group had a total of 28 staff members including the Directors (31 March 2014: 28). Staff costs including Director's remuneration and defined contribution retirement benefit scheme contribution, amounted to approximately HK\$6.5 million for the six months ended 30 September 2014 (six months ended 30 September 2013: approximately HK\$4.3 million). Remuneration is determined based on the individual's qualification experience, position, job responsibility and market conditions. Salary adjustments and staff promotion

are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, options that may be granted under the pre-IPO Share Options (“Pre-IPO Share Option Scheme”) and share option scheme (“Share Option Scheme”) of the Company, both adopted on 1 August 2012.

Risk management

Credit Risk

Credit risk exposure represents trade receivables from customers which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Board considers that the Group’s credit risk is significant reduced.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly to ensure sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group’s liquidity requirements in the short and long term.

Foreign currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in United States dollars (“US\$”) and Danish Kroner (“DKK”). The sales and purchases transactions of the Group are exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure of foreign currency risk. During the period, the management of the Group did not consider it necessary to use foreign currency hedging policy as the Group’s assets and liabilities denominated in currencies other than the functional currency of the entity to which they related are short term foreign currency cash flows. As the HK\$ is pegged to the US\$, the Group considers the risk of fluctuation in exchange rates between the HK\$ and the US\$ to be insignificant.

During the period under review, the management of the Group did not consider it necessary to use foreign currency forward contracts to hedge the exposure to foreign currency risk arising from the operation of the overseas subsidiary in Denmark, as the exchange rate of DKK was relatively stable.

Comparison of Future Plans and Prospects with Actual Business Progress

An analysis comparing the future plans and prospects as contained in the prospectus of the Company dated 15 August 2012 ("Prospectus") with the Group's actual business progress for the period from 6 August 2012, being the latest practicable date as defined in the Prospectus, to 30 September 2014 (the "Relevant Period") is set out below:

	Future plans and prospects	Actual business progress during the Relevant Period
Expand customer network	Participate in the fur exhibitions and fairs to be held in Beijing and Hong Kong. Place advertisements on fur magazine to promote the business of the Group	The Group has participated in the fur exhibitions and fairs held in Hong Kong in February 2013 and 2014. It has also placed advertisements on fur magazine to promote the business of the Group
Enhance ability to purchase more fur skins from the Kopenhagen Fur ("KF") and Saga Furs Oyj ("Saga")	Deploy more resources in sourcing fur skins in KF and Saga	The Group sourced more fur skins at favorable price in KF and Saga in September and December 2012 and February 2013 respectively
Strengthen the source of procurement by purchasing fur skins from two additional auction houses in Canada and the United States	Participate in the auctions to be held by North American Fur Auction ("NAFA") in Canada and American Legend Cooperative ("ALC") in the United States	The Group has commenced to purchase fur skins in NAFA, Canada since September 2012
Enhance the technical skills of the staff	Arrange staff to join and attend the course on selecting sorting and distinguishing fur skins offered by Saga	The Group has arranged staff to attend the course offered by Saga and KF
Expand the business of the Group through acquisition or cooperation	Acquire or cooperate with other fur companies to further expand the business of the Group	The Group has applied HK\$7.1 million from the placing of 240,000,000 Shares on 24 August 2012 ("IPO Placing") to partly settle the total consideration of HK\$91.0 million for acquisition of the entire issue capital of Loyal Speed

The net proceeds from the IPO Placing were approximately HK\$47.4 million, which was calculated based on the final placing price of HK\$0.26 per share and the actual expenses related to the listing. Accordingly calculated, the Group adjusts the use of proceeds in the same manner and proportion as shown in the Prospectus.

The net proceeds from the IPO Placing from the date of listing (i.e. 24 August 2012) to 30 September 2014 had been applied as follows:

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus during the Relevant Period HK\$ million	Actual use of proceeds during the Relevant Period HK\$ million
Expand customer network	0.9	0.9
Enhance ability to purchase more fur skins from the Auction Houses	27.9	27.9
Strengthen the source of procurement by purchasing fur skins from two addition auction houses in Canada and the United States	8.0	8.0
Enhance the technical skills of the staff	0.4	0.4
Expand the business of the Group through acquisition or cooperation	7.1	7.1
General working capital	3.1	3.1
	47.4	47.4

Advances to the entities

Pursuant to the Rules 17.15 and 17.17 of the GEM Listing Rules, a disclosure obligation arises where the relevant advance to the entities from the Group exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules. As at 30 September 2014, Loyal Speed Limited, an indirect wholly-owned subsidiary of the Company, has advanced loans to two fur brokerage customers, namely Fur Supply (China) Limited (the "FSC Loans") and Modern Fur Company Limited (the "MF Loans"), to finance their purchase of fur skins from the auction houses and the amounts due to the Group from the above customer exceeded 8% of the total assets of the Group (approximately HK\$560.4 million).

The table below sets out the details of the FSC Loans and MF Loans as at 30 September 2014:

	FSC Loans	MF Loans
Amount due to the Group	HK\$82,950,580	HK\$33,179,377
Credit Term	180 days	180 days
Interest Rate	1.2% per month if the repayment is made within the first 90 days of the credit period;	12% per annum if the repayment is made within the first 120 days of the credit period;
	1.5% per month if the repayment is made after the first 90 days of the credit period	14.4% per annum if the repayment is made after the first 120 days of the credit period
Collateral	The fur skins purchased with the relevant part of the FSC Loan	The fur skins purchased with the relevant part of the MF Loan

Share options schemes

The Company has two share option schemes, namely the Pre-IPO Share Option Scheme and the Share Option Scheme.

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme for the purpose of providing incentives and rewards for eligible participants who contribute to the success of the Group's operations on 1 August 2012.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the six months ended 30 September 2014:

Name or category of participant	As at 1 April 2014	Granted during the period	Number of share options			As at 30 September 2014	Date of grant of share options	Exercise price of share options (Note 1) HK\$	Exercise period of share options
			Exercised during the period	Lapsed during the year	Adjusted number of share options				
<i>Directors</i>									
Mr. WONG Chun Chau	24,096,000	—	—	—	4,819,200	28,915,200	1 August 2012	0.144	(Note 2)
Ms. KWOK Yin Ning	15,840,000	—	—	—	3,168,000	19,008,000	1 August 2012	0.144	(Note 2)
<i>Consultant</i>	11,520,000	—	—	—	2,304,000	13,824,000	1 August 2012	0.181	(Note 3)
<i>Employees</i>	6,336,000	—	—	—	1,267,200	7,603,200	1 August 2012	0.181	(Note 4)
	57,792,000	—	—	—	11,558,400	69,350,400			

Note:

1. The number and the exercise price of the Pre-IPO Share Options were adjusted as a result of the issue of one bonus share for every five then existing shares held by qualifying shareholders whose name appeared on the register of members of the Company on 25 July 2014.
2. (i) Half of such share options are exercisable after the expiry of 6 months from the date of grant, (ii) outstanding share options up to all such share options are exercisable after the expiry of 18 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.
3. All such share options are exercisable after the expiry of 9 months but not later than the end of 120 months from the date of grant.
4. (i) One-third of such share options are exercisable after the expiry of 8 months from the date of grant, (ii) outstanding share options up to two-third of all such share options are exercisable after the expiry of 20 months from the date of grant, and (iii) outstanding share options up to all such share options are exercisable after the expiry of 32 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.

Share Option Scheme

The Share Option Scheme was approved by the shareholders' written resolutions of the Company and, is valid and effective for a period of 10 years. It is a share incentive scheme and is established to recognise and motivate the contribution of the eligible participants and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any Director, employee and any advisor or consultant who has contributed or is expected to contribute to the Group.

The following share options were outstanding under the Share Option Scheme during the six months ended 30 September 2014:

Name or category of participant	Number of share to be allotted and issue upon exercise of share options					As at 30 September 2014	Date of grant of share options	Exercise price of share options	Exercise period of share option
	As at 1 April 2014	Granted during the period	Exercised during the period	Lapsed during the year	Adjusted number of share options (note 1)				
HK\$									
<i>Directors</i>									
Mr. WONG Chun Chau	12,250,000	—	—	—	2,450,000	14,700,000	13 August 2013	0.340 (Note 1)	(Note 2)
	—	6,000,000	—	—	—	6,000,000	14 August 2014	0.218	(Note 2)
Ms. KWOK Ying Ning	—	13,000,000	—	—	—	13,000,000	13 August 2014	0.226	(Note 2)
<i>An employee</i>	—	480,000	—	—	—	480,000	13 August 2014	0.226	(Note 2)
	12,250,000	19,480,000	—	—	2,450,000	34,180,000			

Note:

1. The number and the exercise price of the Share Options were adjusted as a result of the issue of one bonus share for every five then existing shares held by qualifying shareholders whose name appeared on the register of members of the Company on 25 July 2014.
2. The above share options are exercisable within 24 months after the date of grant.

Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures

As at 30 September 2014, the interest and/or short position of the Directors and the chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("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) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long position in Shares

Name	Nature of Interest	Name of Shares	Approximate Percentage of Shareholding in the Company
Mr. WONG, Chun Chau (Note 1)	Interest of controlled corporation	1,044,360,000	52.69%
	Beneficial owner	23,616,000	1.19%
Ms. KWOK Ying Ning	Beneficial owner	15,552,000	0.78%
Mr. Jean-pierre PHILIPPE (Note 2)	Interest of controlled corporation	1,944,000	0.10%

Note 1: Under the SFO, Mr. Wong is deemed to be interested in 1,044,360,000 Shares which are held by Trader Global Investments Limited, a company wholly owned by Mr. Wong.

Note 2: Under the SFO, Mr. Philippe is deemed to be interested in 1,944,000 Shares which are held by Aglades Investment Pte Limited, a company wholly owned by Mr. Philippe.

Long position in underlying Shares or equity derivatives of the Company

Name	Nature of Interest	Share Options	Approximate Percentage of Shareholding in the Company	Approximate Percentage of Shareholding in the Company assuming all the options granted under the Share Option Schemes were exercised
Mr. WONG, Chun Chau	Beneficial owner	49,615,200	2.50%	2.40%
Ms. KWOK, Yin Ning	Beneficial owner	32,008,000	1.61%	1.55%

Interests in the Associated Corporation — Long position in shares of Trader Global Investments Limited (Note 2)

Name	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Associated Corporation
Mr. WONG Chun Chau	Beneficial owner	1	100%

Note:

1. Under the SFO, Mr. Wong is deemed to be interested in 870,300,000 Shares which are held by Trader Global Investments Limited, a company wholly owned by Mr. Wong.
2. Trader Global Investments Limited is the ultimate holding company of the Company.

Save as disclosed above, as at 30 September 2014, neither of the Directors nor the chief executive of the Company had interests and/or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (“SFO”)) which (i) were 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) were recorded in the register required to be kept under Section 352 of the SFO; or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial shareholders’ and other persons’ interests and short positions in shares and underlying shares

As at 30 September 2014, 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 executive of the Company) (i) had interests and/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 provision in Divisions 2 and 3 of Part XV of the SFO; and/or (ii) were interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in shares of the Company

Name	Nature of Interest	Name of Shares	Approximate Percentage of Shareholding in the Company
Trader Global Investment Limited (Notes 1 and 2)	Beneficial owner	1,044,360,000	52.69%
Carafe Investment Company Limited (Note 3)	Beneficial owner	102,897,834	5.19%

Note:

- 1 Mr. Wong Chun Chau was deemed to be interested in 1,044,360,000 shares held by Trader Global Investments Limited, a company wholly and beneficially owned by him, for the purpose of the SFO.
- 2 Mr. Wong Chun Chau is also the sole director of Trader Global Investments Limited.
- 3 Mr. Merzbacher Werner was deemed to be interested in 102,897,834 shares held by Carafe Investment Company Limited, a company wholly and beneficially owned by him, for the purpose of the SFO.

Save as disclosed above, as at 30 September 2014, the Directors were not aware of any other persons who (i) had 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 and (ii) were interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at the general meeting of any other members of the Group.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2014.

Corporate governance

The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules for the six months ended 30 September 2014.

Securities transactions by directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 September 2014.

Competing interests

None of the Directors, controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interests in any business which competes or may compete with the business of the Group or any other conflicts of interest which such person has or may have with the Group as at 30 September 2014.

Interest of compliance adviser

As notified by VC Capital Limited ("VC Capital"), the Company's compliance adviser, neither VC Capital nor any of its directors or employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2014.

Interim dividend

The Board had resolved to declare the payment of an interim of 0.26 HK cents (first half of 2013: Nil) in cash per ordinary share for the six-month period ended 30 June 2014. The interim dividend will be paid to the shareholders whose names appear on the register of members of the Company (the "Register of Members") at the close of business on 5 December 2014. The interim dividend will be paid on or about 12 December 2014.

Closure of register of members

The Register of Members will be closed on 5 December 2014. During that period, no transfer of shares can be registered. In order to qualify for the interim dividend, all transfer documents and the relevant share certificates must be lodged with Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 4 December 2014.

Audit committee

The Company has established an audit committee (the "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 comprises a total of three members, namely, Mr. Ang Wing Fung, Mr. Tang Tat Chi and Mr. Jean-pierre Philippe, all of whom are independent non-executive Directors. The Group's unaudited consolidated results for the six months ended 30 September 2014 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 10 November 2014

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

Executive Directors:

Wong Chun Chau (*Chairman*)
Kwok Yin Ning

Independent Non-executive Directors:

Ang Wing Fung
Tang Tat Chi
Jean-pierre Philippe