KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

27 February 2013

The Board of Directors
Oi Wah Pawnshop Credit Holdings Limited

Cinda International Capital Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Oi Wah Pawnshop Credit Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of financial position of the Group as at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group, for each of the years ended 28 February 2010, 28 February 2011 and 29 February 2012 and the nine months ended 30 November 2012 (the "Relevant Period"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 27 February 2013 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 5 June 2012 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Pursuant to and upon the completion of a group reorganisation on 18 February 2013 (the "Reorganisation") as detailed in the section headed "Further information about our Company — Corporate reorganisation" in Appendix IV to the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company, Oi Wah Holding Limited, Hing Wah Pawnshop, Wai Wah Pawnshop, Hing Wah Pawnshop Credit Limited and Wai Wah Pawnshop Credit Limited, as they either have not carried on any business since their respective dates of incorporation, or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

All companies now comprising the Group have adopted 28 February (or 29 February in a leap year) as their financial year end date.

Oi Wah Pawnshop Credit Limited is subject to audit during the Relevant Period and the names of the auditors are set out in Note 26 of Section C. The statutory financial statements of Oi Wah Pawnshop Credit Limited were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Prior to the financial year ended 29 February 2012, Oi Wah Pawnshop Credit Limited adopted a financial year end date based on the Chinese lunar calendar. Oi Wah Pawnshop Credit Limited has changed its financial year end date to conform with that of the Company as part of the Reorganisation.

The directors of the Company have prepared the combined financial statements of the Group for the Relevant Period (the "Underlying Financial Statements") in accordance with the basis of preparation set out in Section A below and the accounting policies set out in Section C below. The Underlying Financial Statements for each of the years ended 28 February 2010, 28 February 2011 and 29 February 2012 and the nine months ended 30 November 2012 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 November 2012.

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 November 2012.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, on the basis of preparation set out in Section A below, a true and fair view of the state of affairs of the Group as at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012 and the Group's combined results and cash flows for the Relevant Period then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the nine months ended 30 November 2011, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 5 June 2012 and became the holding company of the companies now comprising the Group pursuant to the Reorganisation completed on 18 February 2013. The Group is principally engaged in the secured financing business, including pawn loans and mortgage loans, in Hong Kong through Oi Wah Pawnshop Credit Limited, Hing Wah Pawnshop Credit Limited and Wai Wah Pawnshop Credit Limited, the Company's indirect wholly-owned subsidiaries.

During the Relevant Period, certain of the Group's pawn broking and money lending operations were originally conducted by Hing Wah Pawnshop and Wai Wah Pawnshop (the "Sole Proprietorship Businesses"), which were established in Hong Kong in 1986 and 1975 respectively, as sole proprietorships. Pursuant to and as part of the Reorganisation, all the assets, liabilities and undertakings of the Sole Proprietorship Businesses were transferred to two new incorporated companies, namely, Hing Wah Pawnshop Credit Limited and Wai Wah Pawnshop Credit Limited, respectively, on 8 June 2012. Upon completion of the transfer, the entire operations of the Sole Proprietorship Businesses are conducted by Hing Wah Pawnshop Credit Limited and Wai Wah Pawnshop Credit Limited, the Company's indirect wholly-owned subsidiaries upon completion of the Reorganisation and as at the date of this report.

Pursuant to the concert party arrangement as detailed in the section headed "Relationship with Our Controlling Shareholders" in the Prospectus, all the companies and businesses (including the Sole Proprietorship Businesses) that took part in the Reorganisation were controlled by the same group of equity owners, namely Mr. Chan Chart Man, Mr. Chan Kai Ho Edward, Ms. Chan Ying Yu, Ms. Chan Nga Yu, Ms. Chan Kit Yu, Ms. Chan Mei Fong and Ms. Mui Hang Sin (collectively referred to as the "Controlling Equity Owners").

As the Controlling Equity Owners owned or controlled the Sole Proprietorship Businesses and the companies now comprising the Group before and after the Reorganisation, there was a continuation of the risks and benefits to the Controlling Equity Owners and, therefore, the Reorganisation is considered to be a restructuring of entities and businesses under common control. The Financial Information has been prepared using the principles of merger accounting and there was no change in the economic substance of the business of the Group. Accordingly, the Financial Information has been prepared as if the Reorganisation had been completed as at the beginning of the Relevant Period and remained unchanged throughout the entire Relevant Period. The assets and liabilities of the companies and businesses (including the Sole Proprietorship Businesses) comprising the Group during the Relevant Period are combined using the existing book values from the Controlling Equity Owners' perspective.

The combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements of the Group as set out in Section B include the combined results of operations of the companies and businesses comprising the Group (including the Sole Proprietorship Businesses) for the Relevant Period (or where the companies were incorporated at a date later than 1 March 2009, for the period from the date of incorporation to 30 November 2012) as if the current group structure had been in existence throughout the Relevant period. The combined statements of financial position of the Group as at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012 as set out in Section B have been prepared to present the state of affairs of the companies and businesses comprising the Group (including the Sole Proprietorship Businesses) as at the respective dates as if the Reorganisation had occurred at the beginning of the Relevant Period.

All material intra-group transactions and balances have been eliminated on combination.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of incorporation	Issued and fully paid up capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Oi Wah Holding Limited	British Virgin Islands ("BVI") 31 May 2012	2,000 ordinary shares with no par value	100%	—	Investment holding
Oi Wah Pawnshop Credit Limited *(Note)*	Hong Kong 22 March 2000	10,000,000 ordinary shares of HK$1 each	—	100%	Pawn broking and money lending
Hing Wah Pawnshop Credit Limited	Hong Kong 12 April 2012	1 ordinary share of HK$1 each	—	100%	Pawn broking and money lending
Wai Wah Pawnshop Credit Limited	Hong Kong 12 April 2012	1 ordinary share of HK$1 each	—	100%	Pawn broking and money lending

Note: This company was first incorporated under the name of Oi Wah Estate and Investment Limited, and changed its name to Oi Wah Pawnshop Holding Limited on 26 August 2008, and was subsequently changed to its current name of Oi Wah Pawnshop Credit Limited on 8 September 2011.

B FINANCIAL INFORMATION

1 Combined statements of comprehensive income

	Section C Note	**Year ended 28 February 2010** *HK$*	**Year ended 28 February 2011** *HK$*	**Year ended 29 February 2012** *HK$*	**Nine months ended 30 November 2011** *HK$* *(unaudited)*	**Nine months ended 30 November 2012** *HK$*
Turnover	2	46,659,418	54,692,308	66,360,621	49,483,636	52,602,748
Other revenue	4	902,368	1,233,567	840,316	564,732	1,379,861
Other net income	4	325,420	73,802	123,012	123,910	234
Operating income		47,887,206	55,999,677	67,323,949	50,172,278	53,982,843
Operating expenses	5	(23,536,112)	(27,777,550)	(27,127,035)	(20,460,179)	(29,255,416)
(Charge for)/credit to impairment losses on loan receivables	6	(42,446)	91,390	(76,429)	(106,119)	937
Profit from operations		24,308,648	28,313,517	40,120,485	29,605,980	24,728,364
Finance costs	5(a)	(27,091)	(49,682)	(141,874)	(84,954)	(304,466)
Profit before taxation	5	24,281,557	28,263,835	39,978,611	29,521,026	24,423,898
Income tax	7	(4,060,085)	(4,679,961)	(6,602,556)	(4,838,402)	(5,154,326)
Profit and total comprehensive income for the year/period		20,221,472	23,583,874	33,376,055	24,682,624	19,269,572

The accompanying notes form part of the Financial Information.

2 Combined statements of financial position

	Section C Note	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Non-current assets					
Fixed assets	11	861,038	1,132,323	1,395,973	1,748,758
Loan receivables	12	1,600,000	1,154,305	6,602,930	23,429,291
Deferred tax assets	20(b)	351,533	282,934	222,612	197,501
		2,812,571	2,569,562	8,221,515	25,375,550
Current assets					
Repossessed assets		8,306,972	6,812,659	6,869,020	8,479,716
Loan receivables	12	92,747,678	124,314,886	144,350,102	170,880,511
Trade and other receivables	14	11,693,201	14,918,970	16,533,870	15,520,214
Trading securities	13	1,019,723	4,687	3,789	—
Cash and cash equivalents	15	11,337,059	4,655,794	10,423,096	7,801,705
		125,104,633	150,706,996	178,179,877	202,682,146
Current liabilities					
Accruals and other payables	17	4,592,642	3,206,552	2,427,606	7,835,238
Bank loans and overdrafts	16	645,395	2,290,266	3,351,737	22,199,550
Obligations under finance leases	18	139,347	147,869	157,845	163,560
Current taxation	20(a)	1,620,449	1,083,538	3,208,033	7,241,558
		6,997,833	6,728,225	9,145,221	37,439,906
Net current assets		118,106,800	143,978,771	169,034,656	165,242,240
Total assets less current liabilities		120,919,371	146,548,333	177,256,171	190,617,790

	Section C Note	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Non-current liabilities					
Obligations under finance leases	18	427,148	279,279	353,895	230,500
Amounts due to shareholders	21	40,507,940	43,700,897	41,958,064	44,963,406
		40,935,088	43,980,176	42,311,959	45,193,906
Net assets		79,984,283	102,568,157	134,944,212	145,423,884
Capital and reserves	22				
Capital		12,100,000	12,100,000	12,100,000	12,100,100
Retained profits		67,884,283	90,468,157	122,844,212	133,323,784
Total equity		79,984,283	102,568,157	134,944,212	145,423,884

3 Combined statements of changes in equity

	Section C Note	Capital HK$	Retained profits HK$	Total HK$
At 1 March 2009		12,100,000	48,662,811	60,762,811
Profit and total comprehensive income for the year		—	20,221,472	20,221,472
Dividend declared and paid to controlling equity owners in respect of current year	22(a)	—	(1,000,000)	(1,000,000)
At 28 February 2010 and 1 March 2010		12,100,000	67,884,283	79,984,283
Profit and total comprehensive income for the year		—	23,583,874	23,583,874
Dividend declared and paid to controlling equity owners in respect of current year	22(a)	—	(1,000,000)	(1,000,000)
At 28 February 2011 and 1 March 2011		12,100,000	90,468,157	102,568,157
Profit and total comprehensive income for the year		—	33,376,055	33,376,055
Dividend declared and paid to controlling equity owners in respect of current year	22(a)	—	(1,000,000)	(1,000,000)
At 29 February 2012 and 1 March 2012		12,100,000	122,844,212	134,944,212
At 1 March 2012		12,100,000	122,844,212	134,944,212
Profit and total comprehensive income for the period		—	19,269,572	19,269,572
Capital injection		100	—	100
Dividend declared and paid to controlling equity owners in respect of previous year	22(a)	—	(5,790,000)	(5,790,000)
Dividend declared and payable to controlling equity owners in respect of current year	22(a)	—	(3,000,000)	(3,000,000)
At 30 November 2012		12,100,100	133,323,784	145,423,884
Unaudited:				
At 1 March 2011		12,100,000	90,468,157	102,568,157
Profit and total comprehensive income for the period		—	24,682,624	24,682,624
At 30 November 2011		12,100,000	115,150,781	127,250,781

The accompanying notes form part of the Financial Information.

4 Combined cash flow statements

	Section C Note	Year ended 28 February 2010 HK$	Year ended 28 February 2011 HK$	Year ended 29 February 2012 HK$	Nine months ended 30 November 2011 HK$ (unaudited)	Nine months ended 30 November 2012 HK$
Operating activities						
Profit before taxation		24,281,557	28,263,835	39,978,611	29,521,026	24,423,898
Adjustments for:						
Depreciation		335,340	485,222	324,723	251,618	299,651
Dividend income from trading securities		(25,823)	(24,334)	(160)	(125)	(133)
Bank interest income		(1,164)	(570)	(380)	(304)	(331)
Net realised and unrealised gain on trading securities		(389,420)	(73,802)	898	—	(234)
Finance costs		27,091	49,682	141,874	84,954	304,466
Impairment loss/(recovery) on loan receivables		42,446	(91,390)	76,429	106,119	(937)
Loss/(gain) on disposal of fixed assets		64,000	—	(123,910)	(123,910)	—
Operating profit before changes in working capital		24,334,027	28,608,643	40,398,085	29,839,378	25,026,380
(Increase)/decrease in repossessed assets		(4,176,862)	1,494,313	(56,361)	789,847	(1,610,696)
Increase in loan receivables		(4,377,671)	(31,030,123)	(25,560,270)	(29,376,288)	(43,355,833)
Decrease/(increase) in trade and other receivables		322,993	(3,225,769)	(1,614,900)	(211,159)	(1,876,344)
Increase/(decrease) in accruals and other payables		2,502,648	(1,386,090)	(778,946)	121,021	2,337,620
Cash generated from operations		18,605,135	(5,539,026)	12,387,608	1,162,799	(19,478,873)
Hong Kong Profits Tax paid		(3,081,931)	(5,148,273)	(4,417,739)	(1,369,689)	(1,095,690)
Net cash generated from/(used in) operating activities		15,523,204	(10,687,299)	7,969,869	(206,890)	(20,574,563)

	Section C Note	Year ended 28 February 2010 *HK$*	Year ended 28 February 2011 *HK$*	Year ended 29 February 2012 *HK$*	Nine months ended 30 November 2011 *HK$* *(unaudited)*	Nine months ended 30 November 2012 *HK$*
Investing activities						
Dividends received from trading securities		25,823	24,334	160	125	133
Bank interest received		1,164	570	380	304	331
Proceeds from disposal of fixed assets		176,000	—	192,850	192,850	—
Proceeds from disposal of trading securities		—	1,088,838	—	—	4,023
Payment for the purchase of fixed assets		(226,816)	(756,507)	(434,461)	(318,409)	(582,424)
Payment for the purchase of trading securities		(67,092)	—	—	—	—
Net cash (used in)/ generated from investing activities		(90,921)	357,235	(241,071)	(125,130)	(577,937)
Financing activities						
Proceeds from capital injection		—	—	—	—	100
Changes in amounts due to shareholders		(12,503,533)	3,192,957	(1,742,833)	1,751,198	3,005,342
Finance costs paid		(14,948)	(21,629)	(110,495)	(68,337)	(288,081)
Proceeds from bank loans		—	—	2,500,000	2,500,000	18,500,000
Dividends paid		(1,000,000)	(1,000,000)	(1,000,000)	—	(2,900,000)
Capital element of finance lease rentals paid		(189,663)	(139,347)	(138,260)	(108,334)	(117,680)
Interest element of finance lease rentals paid		(12,143)	(28,053)	(31,379)	(16,617)	(16,385)
Net cash (used in)/ generated from financing activities		(13,720,287)	2,003,928	(522,967)	4,057,910	18,183,296
Net increase/(decrease) in cash and cash equivalents		1,711,996	(8,326,136)	7,205,831	3,725,890	(2,969,204)
Cash and cash equivalents at the beginning of year/period		8,979,668	10,691,664	2,365,528	2,365,528	9,571,359
Cash and cash equivalents at the end of year/ period	15	10,691,664	2,365,528	9,571,359	6,091,418	6,602,155

Major non-cash transaction:

Pursuant to the written resolution of the directors on 21 June 2012, an amount due from related party amounting to HK$2,890,000 (note 14) was settled with the dividend declared during the nine months ended 30 November 2012.

The accompanying notes form part of the Financial Information.

C NOTES ON THE FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted by the Group are set out in the remainder of this Section C.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs for the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period ending 28 February 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year ending 28 February 2013 are set out in note 28.

This Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the nine months ended 30 November 2011 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation of the Financial Information

The Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence, as further explained in Section A.

(c) Basis of measurement

The Financial Information is presented in Hong Kong Dollars ("HKD"). It is prepared on the historical cost basis except that financial instruments classified as trading securities (see note 1(g)) are stated at their fair value.

(d) Use of estimates and judgements

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

Interest income for all interest-bearing financial instruments is recognised in profit or loss on an accruals basis using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

For impaired financial assets, the accrual of interest income based on the original terms of the financial assets is discontinued.

(ii) Fee income

Fee income is recognised when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk are incurred or is accounted for as interest income.

(iii) Gain on disposal of repossessed assets

Disposal gain is recognised when the buyer of the repossessed assets has accepted the goods and the related risks and rewards of ownership.

(iv) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payment receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(f) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(g) Financial instruments

(i) Initial recognition

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: fair value through profit or loss, loans and receivables and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets and financial liabilities at fair value through profit or loss is recognised using trade date accounting. Other financial assets and financial liabilities are recognised using settlement date accounting. From these dates, any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

(ii) Classification

Fair value through profit or loss

This category comprises financial assets held for trading which are financial assets acquired or incurred principally for the purpose of trading.

Financial assets under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal the difference between the net sale proceeds or net payment and the carrying value is included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (1) those that the Group intends to sell immediately or in the near term, which are classified as held for trading; (2) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale; or (3) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale. Loans and receivables mainly comprise pawn loans, mortgages and unsecured loans. Pawn loans are loans provided whereby personal property such as gold, jewellery and diamonds, watches and consumer electronic products are used as collateral for the security of the loans. Mortgages are loans secured by real estates and unsecured loans are loans without collateral.

Loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any (see note 1(j)).

Other financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

The Group uses the weighted average method to determine realised gains or losses to be recognised in profit or loss on derecognition.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(i) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment loss, if any (see note 1(j)). Depreciation is calculated on a straight-line basis to write off the cost of fixed assets over their estimated useful lives as follows:

— Leasehold improvements	Over the shorter of the unexpired term of lease or 5 years
— Furniture and fixtures	5 years
— Motor vehicles	5 years

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(j) Impairment of assets

(i) Financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes observable data that comes to the attention of the Group about one or more of the following loss events which has an impact on the future cash flows on the assets that can be estimated reliably:

— significant financial difficulty of the issuer or borrower;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower.

If any such evidence exists, the carrying amount is reduced to the estimated recoverable amount by means of a charge to profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of loans and receivables, which are measured at amortised cost, whose recovery is considered doubtful but not remote. In this case, the impairment losses are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account relating to that borrower are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

Loans and receivables

Impairment losses on loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for impairment losses consists of two components: individual impairment allowances, and collective impairment allowances.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

The individual impairment allowance is based upon management's best estimate of the present value of cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management make judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits.

In assessing the need for collective impairment allowances, management uses statistical modelling and considers historical trends of factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

Where there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

(ii) Other assets

Internal and external sources of information are reviewed at each reporting date to identify indications that other assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the statement of comprehensive income in the year in which the reversals are recognised.

(k) Repossessed assets

In the recovery of impaired loan receivables granted under the Pawnbrokers Ordinance, the Group takes possession of the collateral assets from the customers. This possession takes place once a loan becomes overdue, subject to a grace period granted at the discretion of the Group in certain cases.

Repossessed assets are initially recognised at the amortised cost of the related outstanding loans on the date of repossession, which is generally below the net realisable value of the repossessed assets. Upon repossession of the assets, the related loans and advances together with the related impairment allowances, if any, are derecognised from the statement of financial position. Subsequently, repossessed assets are carried at the lower of the amount initially recognised or net realisable value and are therefore written down if and when the net realisable value falls to below the carrying amount of the asset. The excess of the net proceeds over the carrying amount of the repossessed assets is recognised as a gain upon the disposal of the assets.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Accruals and other payables

Accruals and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statement.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary difference support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— In the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

— The same taxable entity; or

— Different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Retirement benefits

Retirement benefits are provided by the Group under the Mandatory Provident Fund Scheme as defined contribution schemes. The employer's monthly contributions to the scheme are at a maximum of 5% of each employee's monthly salary, subject to a cap of monthly relevant income of HK$20,000, or HK$25,000 after 1 June 2012.

The cost of all these schemes is charged to profit or loss of the Group for the year concerned and the assets of all these schemes are held separately from those of the Group.

(iii) Long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of probable future long service payments based on the best estimate of the probable future outflow of resources which have been earned by the employees from their service to the Group at the reporting date.

(r) Related parties

(A) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the Financial Information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of businesses and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type of class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 TURNOVER

The principal activities of the Group are the granting of pawn loans and mortgage loans in Hong Kong.

Turnover represents interest income earned on pawn loans and mortgages and gain on disposal of repossessed assets. The amount of each significant category of revenue recognised in turnover during the years are as follows:

	Year ended 28 February 2010	**Year ended 28 February 2011**	**Year ended 29 February 2012**	**Nine months ended 30 November 2011**	**Nine months ended 30 November 2012**
	HK$	*HK$*	*HK$*	*HK$* *(unaudited)*	*HK$*
Interest earned on loan receivables					
— Pawn loans	40,355,990	45,270,791	52,350,742	39,266,976	42,853,013
— Mortgages	156,956	823,353	3,192,311	2,048,163	4,802,665
	40,512,946	46,094,144	55,543,053	41,315,139	47,655,678
Gain on disposal of repossessed assets	6,146,472	8,598,164	10,817,568	8,168,497	4,947,070
	46,659,418	54,692,308	66,360,621	49,483,636	52,602,748

Cost of repossessed assets disposed for the years ended 28 February 2010, 28 February 2011, 29 February 2012 and the nine months ended 30 November 2011 and 30 November 2012 amounted to HK$48,302,168, HK$47,890,055, HK$55,627,423, HK$36,131,368 (unaudited) and HK$42,689,756 respectively.

The Group's customer base is diversified and does not have customer with whom transactions have exceeded 10% of the Group's revenue during the Relevant Period.

3 SEGMENT REPORTING

The Group has one reportable segment, which is the provision of pawn broking and money lending in Hong Kong. Therefore, no additional reportable segment and geographical information have been presented.

4 OTHER REVENUE AND NET INCOME

	Year ended 28 February 2010 *HK$*	Year ended 28 February 2011 *HK$*	Year ended 29 February 2012 *HK$*	Nine months ended 30 November 2011 *HK$* *(unaudited)*	Nine months ended 30 November 2012 *HK$*
Other revenue					
Rental income	593,750	637,950	675,511	468,653	554,944
Dividend income from trading securities	25,823	24,334	160	125	133
Interest earned on unsecured loans	72,493	100,139	84,222	69,150	25,304
Credit related fee income	—	—	67,542	18,500	163,000
Bank interest income	1,164	570	380	304	331
Others	209,138	470,574	12,501	8,000	636,149
	902,368	1,233,567	840,316	564,732	1,379,861
Other net income					
Net realised and unrealised gain/(loss) on trading securities	389,420	73,802	(898)	—	234
Net (loss)/gain on disposal of fixed assets	(64,000)	—	123,910	123,910	—
	325,420	73,802	123,012	123,910	234

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Year ended 28 February 2010 HK$	Year ended 28 February 2011 HK$	Year ended 29 February 2012 HK$	Nine months ended 30 November 2011 HK$ (unaudited)	Nine months ended 30 November 2012 HK$
(a) Finance costs					
Finance charges on obligations under finance leases	12,143	28,053	31,379	16,617	16,385
Interest on bank loans and overdrafts wholly repayable within five years	14,948	21,629	110,495	68,337	288,081
	27,091	49,682	141,874	84,954	304,466
(b) Staff costs					
Salaries and other benefits	12,213,010	13,072,532	12,536,561	9,712,909	10,028,444
Directors' remuneration *(note 8)*	1,333,577	1,284,079	545,278	414,958	792,926
Contributions to defined contribution scheme	348,693	340,593	400,076	301,565	273,825
(Reversal of provision)/ provision for long service payment	(87,519)	37,358	52,278	39,209	265,616
	13,807,761	14,734,562	13,534,193	10,468,641	11,360,811
(c) Other operating expenses					
Premises and equipment expenses excluding depreciation:					
— Rental of premises	6,001,101	6,576,625	7,232,735	5,445,745	5,691,866
— maintenance, repairs and others	455,983	595,834	641,859	456,304	552,078
	6,457,084	7,172,459	7,874,594	5,902,049	6,243,944
Listing expenses	—	—	—	—	6,817,048
Auditors' remuneration	86,500	90,000	110,000	82,500	172,500
Depreciation *(note 11)*	335,340	485,222	324,723	251,618	299,651
Advertising expenses	619,332	2,576,499	2,102,228	1,455,529	1,981,150
Others	2,230,095	2,718,808	3,181,297	2,299,842	2,380,312
	3,271,267	5,870,529	5,718,248	4,089,489	11,650,661
	23,536,112	27,777,550	27,127,035	20,460,179	29,255,416

6 IMPAIRMENT LOSSES ON LOAN RECEIVABLES

	Year ended 28 February 2010 *HK$*	Year ended 28 February 2011 *HK$*	Year ended 29 February 2012 *HK$*	Nine months ended 30 November 2011 *HK$* *(unaudited)*	Nine months ended 30 November 2012 *HK$*
Impairment losses on loan receivables					
— Individual impairment losses charged/(credited) to profit or loss *(note 12(a))*	—	—	139,170	138,000	(73,105)
— Collective impairment losses charged/(credited) to profit or loss *(note 12(a))*	42,446	(91,390)	(62,741)	(31,881)	72,168
	42,446	(91,390)	76,429	106,119	(937)

7 INCOME TAX IN THE COMBINED STATEMENTS OF COMPREHENSIVE INCOME

(a) Taxation in the combined statements of comprehensive income represents:

	Year ended 28 February 2010 *HK$*	Year ended 28 February 2011 *HK$*	Year ended 29 February 2012 *HK$*	Nine months ended 30 November 2011 *HK$* *(unaudited)*	Nine months ended 30 November 2012 *HK$*
Current tax — Hong Kong Profits Tax					
Provision for the year/period *(note 20(a))*	4,060,358	4,611,362	6,542,234	4,832,862	5,129,215
Deferred tax					
Origination and reversal of temporary differences *(note 20(b))*	(273)	68,599	60,322	5,540	25,111
Tax expense	4,060,085	4,679,961	6,602,556	4,838,402	5,154,326

The provision for Hong Kong Profits Tax is calculated at 16.5% to the estimated assessable profits for the Relevant Period, except for the Sole Proprietorship Businesses which is calculated at 15% of the estimated assessable profits.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 28 February 2010 HK$	Year ended 28 February 2011 HK$	Year ended 29 February 2012 HK$	Nine months ended 30 November 2011 HK$ (unaudited)	Nine months ended 30 November 2012 HK$
Profit before taxation	24,281,557	28,263,835	39,978,611	29,521,026	24,423,898
Notional tax on profit before taxation, calculated at the rates applicable to profits in the entities concerned	3,947,749	4,591,378	6,520,049	4,805,835	4,006,330
Tax effect of non-taxable revenue	(4,453)	(4,109)	(89)	(71)	(115)
Tax effect of non-deductible expenses	116,789	92,692	118,596	59,638	1,148,111
Others	—	—	(36,000)	(27,000)	—
Actual tax expense	4,060,085	4,679,961	6,602,556	4,838,402	5,154,326

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

Year ended 28 February 2010

	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Contributions to Mandatory Provident Fund HK$	Total HK$
Executive directors					
Chan Kai Ho, Edward	—	7,600	808,927	—	816,527
Chan Ying Yu	—	42,000	—	2,100	44,100
Chan Chart Man	—	154,050	—	—	154,050
Chan Mei Fong	—	258,000	50,000	10,900	318,900
Non-executive directors					
Chan Kai Kow, Macksion	—	—	—	—	—
Independent non-executive directors					
Chan Wing Lee	—	—	—	—	—
Leung Shiu Ki	—	—	—	—	—
Yip Ngai	—	—	—	—	—
Total	—	461,650	858,927	13,000	1,333,577

Year ended 28 February 2011

	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Contributions to Mandatory Provident Fund HK$	Total HK$
Executive directors					
Chan Kai Ho, Edward	—	7,600	737,903	—	745,503
Chan Ying Yu	—	42,000	—	2,100	44,100
Chan Chart Man	—	138,850	—	—	138,850
Chan Mei Fong	—	280,000	63,626	12,000	355,626
Non-executive directors					
Chan Kai Kow, Macksion	—	—	—	—	—
Independent non-executive directors					
Chan Wing Lee	—	—	—	—	—
Leung Shiu Ki	—	—	—	—	—
Yip Ngai	—	—	—	—	—
Total	—	468,450	801,529	14,100	1,284,079

Year ended 29 February 2012

	Directors' fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Contributions to Mandatory Provident Fund HK$	Total HK$
Executive directors					
Chan Kai Ho, Edward	—	7,600	—	—	7,600
Chan Ying Yu	—	96,000	—	4,825	100,825
Chan Chart Man	—	144,853	—	—	144,853
Chan Mei Fong	—	280,000	—	12,000	292,000
Non-executive directors					
Chan Kai Kow, Macksion	—	—	—	—	—
Independent non-executive directors					
Chan Wing Lee	—	—	—	—	—
Leung Shiu Ki	—	—	—	—	—
Yip Ngai	—	—	—	—	—
Total	—	528,453	—	16,825	545,278

Nine months ended 30 November 2011 (unaudited)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Contributions to Mandatory Provident Fund	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Chan Kai Ho, Edward	—	7,600	—	—	7,600
Chan Ying Yu	—	71,000	—	2,925	73,925
Chan Chart Man	—	111,100	—	—	111,100
Chan Mei Fong	—	213,333	—	9,000	222,333
Non-executive directors					
Chan Kai Kow, Macksion	—	—	—	—	—
Independent non-executive directors					
Chan Wing Lee	—	—	—	—	—
Leung Shiu Ki	—	—	—	—	—
Yip Ngai	—	—	—	—	—
Total	—	403,033	—	11,925	414,958

Nine months ended 30 November 2012

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Contributions to Mandatory Provident Fund	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Chan Kai Ho, Edward	—	360,000	—	6,250	366,250
Chan Ying Yu	—	80,000	—	3,375	83,375
Chan Chart Man	—	120,968	—	—	120,968
Chan Mei Fong	—	213,333	—	9,000	222,333
Non-executive directors					
Chan Kai Kow, Macksion	—	—	—	—	—
Independent non-executive directors					
Chan Wing Lee	—	—	—	—	—
Leung Shiu Ki	—	—	—	—	—
Yip Ngai	—	—	—	—	—
Total	—	774,301	—	18,625	792,926

No directors waived or agreed to waive any remuneration during the Relevant Period. No remuneration was paid to the non-executive directors and independent non-executive directors during the Relevant Period as the non-executive directors and independent non-executive directors have not been appointed during the Relevant Period.

During the Relevant Period, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one, one, nil, nil and one, for the years ended 28 February 2010, 28 February 2011 and 29 February 2012 and the nine months ended 30 November 2011 and 30 November 2012 respectively, are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 28 February 2010	**Year ended 28 February 2011**	**Year ended 29 February 2012**	**Nine months ended 30 November 2011**	**Nine months ended 30 November 2012**
	HK$	*HK$*	*HK$*	*HK$* *(unaudited)*	*HK$*
Salaries and other emoluments	1,623,601	1,326,717	1,564,815	1,077,579	836,248
Discretionary bonuses	605,000	787,131	521,529	507,245	463,393
Contributions to Mandatory Provident Fund	48,000	48,000	60,000	45,000	42,000
Others	3,800	11,400	15,200	—	—
	2,280,401	2,173,248	2,161,544	1,629,824	1,341,641

The above individuals with the highest emoluments are within the following bands:

	Year ended 28 February 2010	**Year ended 28 February 2011**	**Year ended 29 February 2012**	**Nine months ended 30 November 2011**	**Nine months ended 30 November 2012**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals (unaudited)*	*Number of individuals*
HK$Nil–HK$1,000,000	4	4	5	5	4

10 EARNINGS PER SHARE

The financial information has been prepared using the merger basis of accounting as if the Group had always been in existence, as further explained in Section A. Therefore, no earnings per share information has been presented.

11 FIXED ASSETS

(a) Fixed assets

	Leasehold improvements HK$	Furniture and fixtures HK$	Motor vehicles HK$	Total HK$
Cost:				
At 1 March 2009	3,427,996	1,625,176	1,108,000	6,161,172
Additions	—	—	826,816	826,816
Disposals	—	—	(600,000)	(600,000)
At 28 February 2010	3,427,996	1,625,176	1,334,816	6,387,988
Accumulated depreciation:				
At 1 March 2009	3,312,395	1,574,415	664,800	5,551,610
Charge for the year	57,800	10,577	266,963	335,340
Write back on disposals	—	—	(360,000)	(360,000)
At 28 February 2010	3,370,195	1,584,992	571,763	5,526,950
Net book value:				
At 28 February 2010	57,801	40,184	763,053	861,038
Cost:				
At 1 March 2010	3,427,996	1,625,176	1,334,816	6,387,988
Additions	263,934	492,573	—	756,507
Disposals	—	(5,679)	—	(5,679)
At 28 February 2011	3,691,930	2,112,070	1,334,816	7,138,816
Accumulated depreciation:				
At 1 March 2010	3,370,195	1,584,992	571,763	5,526,950
Charge for the year	110,587	107,672	266,963	485,222
Write back on disposals	—	(5,679)	—	(5,679)
At 28 February 2011	3,480,782	1,686,985	838,726	6,006,493
Net book value:				
At 28 February 2011	211,148	425,085	496,090	1,132,323

	Leasehold improvements *HK$*	Furniture and fixtures *HK$*	Motor vehicles *HK$*	Total *HK$*
Cost:				
At 1 March 2011	3,691,930	2,112,070	1,334,816	7,138,816
Additions	14,394	240,068	830,000	1,084,462
Disposals	—	—	(826,816)	(826,816)
At 29 February 2012	3,706,324	2,352,138	1,338,000	7,396,462
Accumulated depreciation:				
At 1 March 2011	3,480,782	1,686,985	838,726	6,006,493
Charge for the year	55,507	117,050	152,166	324,723
Write back on disposals	—	—	(330,727)	(330,727)
At 29 February 2012	3,536,289	1,804,035	660,165	6,000,489
Net book value:				
At 29 February 2012	170,035	548,103	677,835	1,395,973
Cost:				
At 1 March 2012	3,706,324	2,352,138	1,338,000	7,396,462
Additions	381,855	270,581	—	652,436
Disposals	—	—	—	—
At 30 November 2012	4,088,179	2,622,719	1,338,000	8,048,898
Accumulated depreciation:				
At 1 March 2012	3,536,289	1,804,035	660,165	6,000,489
Charge for the period	52,390	122,761	124,500	299,651
Write back on disposals	—	—	—	—
At 30 November 2012	3,588,679	1,926,796	784,665	6,300,140
Net book value:				
At 30 November 2012	499,500	695,923	553,335	1,748,758

(b) Fixed assets held under finance leases

The Group leases motor vehicles under finance lease expiring until 2015. At the end of the lease term the Group has the option to purchase the leased equipment at a price deemed to be a bargain purchase option. None of the lease includes contingent rentals.

12 LOAN RECEIVABLES

	As at 28 February 2010 HK$	As at 28 February 2011 HK$	As at 29 February 2012 HK$	As at 30 November 2012 HK$
Pawn loans	91,057,200	102,793,430	118,017,870	123,087,160
Mortgages	2,900,000	22,193,893	32,644,515	71,416,266
Unsecured loans	600,000	600,000	485,208	—
Gross loan receivables	94,557,200	125,587,323	151,147,593	194,503,426
Less: Impairment allowance				
— Individually assessed	—	—	(139,170)	(66,065)
— Collectively assessed	(209,522)	(118,132)	(55,391)	(127,559)
	94,347,678	125,469,191	150,953,032	194,309,802
Current portion included under current assets	92,747,678	124,314,886	144,350,102	170,880,511
Amounts due after one year included under non-current assets	1,600,000	1,154,305	6,602,930	23,429,291

(a) Movement in impairment losses

	As at 28 February 2010			As at 28 February 2011			As at 29 February 2012			As at 30 November 2012		
	Individual HK$	Collective HK$	Total HK$	Individual HK$	Collective HK$	Total HK$	Individual HK$	Collective HK$	Total HK$	Individual HK$	Collective HK$	Total HK$
At 1 March	—	167,076	167,076	—	209,522	209,522	—	118,132	118,132	139,170	55,391	194,561
Impairment losses charged/ (credited) to profit or loss *(note 6)*	—	42,446	42,446	—	(91,390)	(91,390)	139,170	(62,741)	76,429	(73,105)	72,168	(937)
At 28/29 February	—	209,522	209,522	—	118,132	118,132	139,170	55,391	194,561			
At 30 November										66,065	127,559	193,624

(b) Ageing analysis

Aging analysis is prepared based on due date.

	As at 28 February 2010				As at 28 February 2011				As at 29 February 2012				As at 30 November 2012			
	Pawn loans HK$	Mortgages HK$	Unsecured loans HK$	Total HK$	Pawn loans HK$	Mortgages HK$	Unsecured loans HK$	Total HK$	Pawn loans HK$	Mortgages HK$	Unsecured loans HK$	Total HK$	Pawn loans HK$	Mortgages HK$	Unsecured loans HK$	Total HK$
Neither past due nor impaired	88,260,550	2,900,000	600,000	91,760,550	99,466,000	22,193,893	600,000	122,259,893	114,782,170	32,644,515	485,208	147,911,893	119,675,860	71,416,266	—	191,092,126
Less than 1 month past due	2,398,250	—	—	2,398,250	2,538,580	—	—	2,538,580	2,632,000	—	—	2,632,000	2,746,450	—	—	2,746,450
1 to 3 months past due	398,400	—	—	398,400	788,850	—	—	788,850	603,700	—	—	603,700	664,850	—	—	664,850
	91,057,200	2,900,000	600,000	94,557,200	102,793,430	22,193,893	600,000	125,587,323	118,017,870	32,644,515	485,208	151,147,593	123,087,160	71,416,266	—	194,503,426

Further details on the Group's credit policy are set out in note 23(a).

13 TRADING SECURITIES

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Equity securities listed in Hong Kong, at fair value	1,019,723	4,687	3,789	—

14 TRADE AND OTHER RECEIVABLES

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Trade receivables	346,000	1,523,430	2,243,050	672,400
Interest receivables	7,604,625	8,542,088	9,589,986	10,599,311
Deposits and payments in advance	1,594,760	1,654,622	1,709,334	1,943,570
Amounts due from related companies	100,000	2,992,452	2,890,000	—
Amount due from immediate holding company	—	—	—	6,083
Prepaid listing expenses	—	—	—	2,197,350
Other assets	2,047,816	206,378	101,500	101,500
	11,693,201	14,918,970	16,533,870	15,520,214

Trade receivables are due within 60 days from the date of billing. All of the trade and other receivables are not impaired and expected to be recovered within one year. Further details on the Group's credit policy are set out in note 23(a).

The amounts due from related companies are unsecured, interest free and expected to be settled within one year or repayable on demand.

(a) Ageing analysis of trade receivables

The ageing analysis of trade receivables that is neither individually nor collectively considered to be impaired is as follows:

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Neither past due nor impaired	346,000	1,523,430	2,243,050	349,100
Less than 1 month due	—	—	—	—
1 to 3 months past due	—	—	—	323,300
	346,000	1,523,430	2,243,050	672,400

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to an independent customer that has a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Cash in hand	4,557,060	2,772,058	4,489,700	5,255,328
Cash at banks	6,779,999	1,883,736	5,933,396	2,546,377
Cash and cash equivalents in the combined statements of financial position	11,337,059	4,655,794	10,423,096	7,801,705
Bank overdrafts *(note 16)*	(645,395)	(2,290,266)	(851,737)	(1,199,550)
Cash and cash equivalents in the combined cash flow statements	10,691,664	2,365,528	9,571,359	6,602,155

16 BANK LOANS AND OVERDRAFTS

At 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012, the details of the bank loans and overdrafts were as follows:

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Secured bank overdrafts	645,395	2,290,266	851,737	693,480
Unsecured bank overdrafts	—	—	—	506,070
	645,395	2,290,266	851,737	1,199,550
Bank loans, secured	—	—	—	16,000,000
Bank loans, unsecured	—	—	2,500,000	5,000,000
	—	—	2,500,000	21,000,000
Total bank loans and overdrafts — repayable within 1 year or on demand	645,395	2,290,266	3,351,737	22,199,550

At 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012, secured bank overdraft facilities of HK$7,500,000, HK$7,500,000, HK$8,000,000 and HK$7,000,000 were provided and utilised to the extent of HK$645,395, HK$2,290,266, HK$851,737 and HK$693,480, respectively. At 29 February 2012 and 30 November 2012, an unsecured bank loan facility of HK$5,000,000 was provided and utilised to the extent of HK$2,500,000 and HK$5,000,000, respectively.

During the nine months ended 30 November 2012, an uncommitted secured revolving bank loan facility of the lower of HK$55 million or a certain percentage of the aggregate principal amount of the mortgage loan receivables of the Group which are then sub-charged/sub-mortgaged to the bank was obtained. The tenor for the facility ranged from one month, two months, three months or six months as selected by the Group. As at 30 November 2012, the available uncommitted banking facility after taking into consideration of the drawdown was approximately HK$4 million which was secured by loan receivables of the Group with a carrying value of approximately HK$25 million.

As at 30 November 2012, an unsecured bank overdraft facility of HK$15,000,000 was provided and utilised to the extent of HK$506,070.

During the Relevant Period, the Group's banking facilities are not subject to the fulfilment of financial covenants.

17 ACCRUALS AND OTHER PAYABLES

	As at 28 February 2010	As at 28 February 2011	As at 29 February 2012	As at 30 November 2012
	HK$	*HK$*	*HK$*	*HK$*
Accrued expenses	3,368,326	1,699,954	576,212	2,926,880
Provision for long services payment	238,461	254,104	306,382	558,840
Dividend payable	—	—	—	3,000,000
Other payable and deposit received	985,855	1,252,494	1,545,012	1,349,518
	4,592,642	3,206,552	2,427,606	7,835,238

All of the accruals and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

18 OBLIGATIONS UNDER FINANCE LEASES

At 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012, the Group had obligations under finance leases repayable as follows:

	As at 28 February 2010		As at 28 February 2011		As at 29 February 2012		As at 30 November 2012	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Within 1 year	139,347	167,400	147,869	167,400	157,845	178,752	163,560	178,752
After 1 year but within 5 years	427,148	460,350	279,279	292,950	353,895	372,400	230,500	238,335
	566,495	627,750	427,148	460,350	511,740	551,152	394,060	417,087
Less: Total future interest expenses		(61,255)		(33,202)		(39,412)		(23,027)
Present value of lease obligations		566,495		427,148		511,740		394,060

19 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

Retirement benefits are provided by the Group under the Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administrated by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000, or HK$25,000 after 1 June 2012. Contributions to the plan vest immediately.

20 INCOME TAX IN THE COMBINED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the combined statement of financial position represents:

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Provision for Hong Kong Profits Tax for the year/ period *(note 7(a))*	4,060,358	4,611,362	6,542,234	5,129,215
Provisional Profits Tax paid	(2,439,909)	(3,252,077)	(3,287,063)	—
	1,620,449	1,359,285	3,255,171	5,129,215
Balance of Profits Tax provision relating to prior years	—	(275,747)	(47,138)	2,112,343
	1,620,449	1,083,538	3,208,033	7,241,558

(b) Deferred tax assets recognised:

The components of deferred tax assets recognised in the statement of financial position and the movements during the Relevant Period are as follows:

	The related depreciation in excess of depreciation allowances	Impairment losses on loans and advances	Total
	HK$	*HK$*	*HK$*
Deferred tax arising from:			
At 1 March 2009	323,692	27,568	351,260
(Charged)/credited to profit or loss *(note 7(a))*	(6,735)	7,008	273
At 28 February 2010	316,957	34,576	351,533
At 1 March 2010	316,957	34,576	351,533
Charged to profit or loss *(note 7(a))*	(53,515)	(15,084)	(68,599)
At 28 February 2011	263,442	19,492	282,934
At 1 March 2011	263,442	19,492	282,934
Charged to profit or loss *(note 7(a))*	(49,970)	(10,352)	(60,322)
At 29 February 2012	213,472	9,140	222,612
At 1 March 2012	213,472	9,140	222,612
(Charged)/credited to profit or loss *(note 7(a))*	(37,018)	11,907	(25,111)
At 30 November 2012	176,454	21,047	197,501

21 AMOUNTS DUE TO SHAREHOLDERS

The amounts due to shareholders were unsecured, interest-free and not repayable within one year. The balances of amounts due to shareholders have been subsequently settled by the issuance of ordinary shares of a subsidiary of the Company prior to the listing of the Company's shares on the Stock Exchange.

22 CAPITAL, RESERVES AND DIVIDENDS

The Company was incorporated on 5 June 2012 with an authorised share capital of 38,000,000 ordinary shares of no par value. The Company issued a total of one share at nominal value of HK$0.01 each to shareholders as part of the Reorganisation as detailed in the section headed "History, Reorganisation and Group Structure". Since the Reorganisation was not completed as at 30 November 2012, the capital in the combined statements of financial position as at the respective reporting date represented the aggregate amount of capital of the companies comprising the Group.

(a) Dividends

Dividends declared and paid/payable during the years ended 28 February 2010, 28 February 2011, and 29 February 2012 and the nine months ended 30 November 2012 represent dividends declared by the Company's subsidiaries.

During the year ended 28 February 2010, Oi Wah Pawnshop Credit Limited (formerly known as "Oi Wah Pawnshop Holding Limited") declared and paid interim dividends of HK$0.10 per share (totalling HK$1,000,000) to its equity holders.

During the year ended 28 February 2011, Oi Wah Pawnshop Credit Limited (formerly known as "Oi Wah Pawnshop Holding Limited") declared and paid interim dividends of HK$0.10 per share (totalling HK$1,000,000) to its equity holders.

During the year ended 29 February 2012, Oi Wah Pawnshop Credit Limited (formerly known as "Oi Wah Pawnshop Holding Limited") declared and paid interim dividends of HK$0.10 per share (totalling HK$1,000,000) to its equity holders.

During the nine months ended 30 November 2012, Oi Wah Pawnshop Credit Limited (formerly known as "Oi Wah Pawnshop Holding Limited") declared final dividends of HK$0.579 per share (totalling HK$5,790,000) in respect of previous financial year and interim dividends of HK$0.30 per share (totalling HK$3,000,000) to its equity holders.

(b) Distributable reserves

On the basis set out in Section A above, the aggregate amount of the distributable reserves at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012 of the companies comprising the Group was HK$67,884,283, HK$90,468,157, HK$122,844,212 and HK$133,323,784 respectively.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUE

As the core business of the Group is pawnshop broking and granting of loans under a money lenders' licence to the general public, the main risks associated with its business are credit risk and the need to maintain a fairly liquid position.

(a) Credit risk management

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. The Group's credit risk are primarily attributable to its loan receivables. In order to minimise the credit risk, the Group have established policies and systems for the monitoring and control of credit risk.

The Group has developed and adopted a systematic approach in running its business in an efficient way, including the adoption of internal control procedures for risk management purposes.

The Group manages its credit risk on a conservative basis by evaluating its loan portfolio in relation of quantitative risk/return criteria.

In relation to the pawn and collateral loan business, the Group has adopted internal control procedures including the identification and evaluation of ownership and obtaining an accurate valuation of personal property. The Group usually grants loans with a loan-to-value ratio ranging from 50% — 80%, depending on the type of collateral and the valuation is made at the point of granting the loan. The maximum exposure of the credit risk arising from pawn loan business at the end of each reporting period is the carrying amount of the pawn loan receivables as stated in the statement of financial position.

Different valuations are used for different types of collaterals.

- Gold prices quoted from The Chinese Gold & Silver Exchange Society
- Diamond prices quoted from latest Rapaport Diamond Report
- Watches quoted from either retail listed prices or parallel import wholesale prices
- Consumer electronic products quoted from updated pricelists of second-hand consumer electronic products

If by the end of the term of the pawn loan, a customer is considered to have defaulted in repayment of the pawn loan if they have not redeemed the collateral or renewed the pawn loan. At the Group's sole discretion, a grace period of up to six weeks may be provided to customers after the end of the loan period during which the Group may allow the customers to renew the pawn loan and/or redeem the collateral. We will take possession of the collateral if the customer has not redeemed the collateral or renewed the pawn loan by the end of the loan period or the grace period provided. Repossessed assets are accounted for in accordance with the accounting policy as set out in note 1(k) and the carrying amount of repossessed assets as at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012 was HK$8,306,972, HK$6,812,659, HK$6,869,020 and HK$8,479,716 respectively. The Group will proceed to dispose the collateral within a reasonable time after possession.

In relation to the mortgage loan business, the Group has also adopted internal control procedures for the identification and evaluation of the legal ownership and accurate valuation of property. As a matter of risk management, the Group usually grants loans with a loan-to-value ratio of no more than 70% of the value in the valuation report of the property, which is generally lower than bank's loan-to-value ratio for mortgages which can be as high as 70%. For the valuation of the property, the Group will make reference to either a third party valuer or the internet valuation services provided by banks in Hong Kong. The Group holds collateral against loan receivables in the form of mortgages over property. The Group considers that the credit risk arising from the mortgage loan receivables is significantly mitigated by the property held as collateral, with reference to the estimated market value of the property at the grant date. The Group may take possession of assets held as collateral through court proceeding or voluntary delivery of possession by the borrowers. It disposes the property by auction once receiving the possession.

Management has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's loan portfolio. In addition, management reviews the recoverable amount of loans and receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

The Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loans and advances are set out in note 12.

The Group's policy requires the reviews of individual financial assets that are above materiality thresholds on semi-annual basis. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the end of the reporting period on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account. During the years ended 28 February 2010, 28 February 2011 and 29 February 2012 and the nine months ended 30 November 2012, management assessed that no mortgage loan was determined to be impaired.

Collectively assessed impairment allowances are provided for (i) portfolios of homogenous assets that are not assessed individually; and (ii) losses incurred but no yet identified, by using the historical loss experience, experienced judgment and statistical techniques to provide.

(b) Market risk management

The Group's activities expose it primarily to the financial risks of changes in interest rate, foreign exchange currency rates and equity price risk.

Market risk exposures are unsecured using sensitively analysis there has been no change to the Group's exposure to market risks or the currencies in which it manages and measure the risk throughout for relevant period.

Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The Group's interest rate positions arise from lending activities. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also relates to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from loans and liabilities.

The majority of the Group's Loan receivables and bank loans and overdrafts are fixed rate. Although subject to interest rate risk, they are not remeasured in the financial statements in response to changes in interest rates and therefore changes in interest rate risk variables would not affect reported profit or loss in the short term.

(ii) Sensitivity analysis

At 28 February 2010, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$75,439.

At 28 February 2011, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$98,424.

At 29 February 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$294,319.

At 30 November 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$319,873.

The sensitivity analysis above indicates the instantaneous change on the Group's profit after tax (and retained profits) and other components of combined equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period.

Currency risk

The Group does not hold any material net positions or net statement positions in foreign currencies as at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012.

Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 13). All of these investments are listed.

The Group's listed investments are listed on the Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs.

At 28 February 2010, it is estimated that an increase/(decrease) of 10% in the relevant stock market index (for listed investments), with all other variables held constant, would have increased/decreased the Group's retained profits by approximately HK$85,147. At 28 February 2011 and 29 February 2012, the impact on the increased/decreased the Group's profit after tax (and retained profits) is considered insignificant. At 30 November 2012, the Group has not held any equity investments.

The sensitivity analysis above indicates the instantaneous change on the Group's profit after tax (and retained profits) that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis throughout the Relevant Period.

(c) Liquidity risk management

The Group's policy is to regularly monitor its liquidity requirements and its compliance with loan/borrowing covenants, to ensure it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and/or from other holding Group to meet its liquidity requirements in the short and long term.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay:

As at 28 February 2010

	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Accruals and other payables	4,592,642	4,592,642	4,592,642	—	—	—
Bank loans and overdrafts	645,395	645,395	645,395	—	—	—
Obligations under finance leases	566,495	627,750	167,400	167,400	292,950	—
Amounts due to shareholders	40,507,940	40,507,940	—	—	—	40,507,940
	46,312,472	46,373,727	5,405,437	167,400	292,950	40,507,940

As at 28 February 2011

	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Accruals and other payables	3,206,552	3,206,552	3,206,552	—	—	—
Bank loans and overdrafts	2,290,266	2,290,266	2,290,266	—	—	—
Obligations under finance leases	427,148	460,350	167,400	167,400	125,550	—
Amounts due to shareholders	43,700,897	43,700,897	—	—	—	43,700,897
	49,624,863	49,658,065	5,664,218	167,400	125,550	43,700,897

	As at 29 February 2012					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Accruals and other payables	2,427,606	2,427,606	2,427,606	—	—	—
Bank loans and overdrafts	3,351,737	3,363,316	3,363,316	—	—	—
Obligations under finance leases	511,740	551,152	178,752	178,752	193,648	—
Amounts due to shareholders	41,958,064	41,958,064	—	—	—	41,958,064
	48,249,147	48,300,138	5,969,674	178,752	193,648	41,958,064

	As at 30 November 2012					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Accruals and other payables	7,835,238	7,835,238	7,835,238	—	—	—
Bank loans and overdrafts	22,199,550	22,471,625	22,471,625	—	—	—
Obligations under finance leases	394,060	417,087	178,752	178,752	59,583	—
Amounts due to shareholders	44,963,406	44,963,406	—	—	—	44,963,406
	75,392,254	75,687,356	30,485,615	178,752	59,583	44,963,406

(d) Fair value

Financial instruments carries at fair value

The Group's financial instruments carries at fair value presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRSs 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

— Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

All the financial instruments carried at fair value are trading securities and categorised in Level 1. Throughout the Relevant Period, there were no significant transfers between instruments in Level 1 and Level 2.

Except for the above financial instruments, management consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the Group's financial statements approximate their fair value.

24 OPERATING LEASE COMMITMENTS

Operating lease commitments

At 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012, the total future minimum lease payments under non-cancellable operating leases of properties are payable as follows:

	As at 28 February 2010	**As at 28 February 2011**	**As at 29 February 2012**	**As at 30 November 2012**
	HK$	*HK$*	*HK$*	*HK$*
Within one year	4,556,108	5,715,065	5,479,110	7,309,505
After one year but within five years	10,298,789	10,443,802	5,023,499	6,639,125
	14,854,897	16,158,867	10,502,609	13,948,630

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 5 years. Lease payments are usually increased at the end of the lease term to reflect market rentals. None of the leases includes contingent rentals.

25 MATERIAL RELATED PARTY TRANSACTIONS

During the Relevant Period, transactions with the following parties are considered to be related party transactions:

Name of party	Relationship with the Group
Mr. Chan Chart Man	Director and one of the controlling equity owners of the Company
Mr. Chan Kai Ho Edward	Director, one of the controlling equity owners of the Company and son of Mr. Chan Chart Man
Ms. Chan Ying Yu	Director, one of the controlling equity owners of the Company and daughter of Mr. Chan Chart Man
Ms. Chan Mei Fong	Director, one of the controlling equity owners of the Company and daughter of Mr. Chan Chart Man
Ms. Chan Nga Yu	One of the controlling equity owners of the Company and daughter of Mr. Chan Chart Man
Ms. Chan Kit Yu	One of the controlling equity owners of the Company and daughter of Mr. Chan Chart Man
Ms. Mui Hang Sin	One of the controlling equity owners of the Company and spouse of Mr. Chan Chart Man
Mr. Chan Kai Kow Macksion	Non-executive Director and son of Mr. Chan Chart Man
Chart Keung Building Contractors Ltd. ("Chart Keung")	Jointly-controlled by Mr. Chan Chart Man and Mr. Chan Kai Ho Edward
Kwan Chart (Holding) Company Ltd. ("Kwan Chart Holding")	Controlled by Mr. Chan Chart Man
Kwan Chart Estate Company Ltd. ("Kwan Chart Estate")	Controlled by Mr. Chan Chart Man
Smart Hero Industries Ltd. ("Smart Hero")	Jointly controlled by Mr. Chan Chart Man, Mr. Chan Kai Ho Edward, Ms. Chan Ying Yu, Ms. Chan Mei Fong, Ms. Chan Nga Yu, Ms. Chan Kit Yu and Ms. Mui Hang Sin
New Current Investment Ltd. ("New Current")	Jointly controlled by Mr. Chan Chart Man, Mr. Chan Kai Ho Edward, Ms. Chan Ying Yu, Ms. Chan Mei Fong, Ms. Chan Nga Yu, Ms. Chan Kit Yu and Ms. Mui Hang Sin
Chow C.L. & Macksion Chan, Solicitors ("Chow C.L.")	Under significant influence of Mr. Chan Kai Kow Macksion
Kwan Lik Holding Limited	Immediate holding company and jointly controlled by Mr. Chan Chart Man, Mr. Chan Kai Ho Edward, Ms. Chan Ying Yu, Ms. Chan Mei Fong, Ms. Chan Nga Yu, Ms. Chan Kit Yu and Ms. Mui Hang Sin

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Group's directors is disclosed in note 8, and certain of the highest paid employees as disclosed in note 9.

(b) Transactions with other related parties

During the Relevant Period, the Group entered into transactions with related parties in the ordinary course of its business as follows:

	Year ended 28 February 2010	Year ended 28 February 2011	Year ended 29 February 2012	Nine months ended 30 November 2011	Nine months ended 30 November 2012
	HK$	*HK$*	*HK$*	*HK$* *(unaudited)*	*HK$*
Maintenance fee paid to Chart Keung	102,000	102,000	102,000	68,000	42,500
Legal fee paid to Chow C.L.	—	35,450	157,310	138,010	46,865
Rental expense paid to					
— Kwan Chart Holding	480,000	480,000	480,000	360,000	360,000
— Kwan Chart Estate	480,000	480,000	480,000	360,000	354,000
— Mr. Chan Chart Man	390,000	360,000	460,000	348,000	360,000

Chart Keung provided maintenance service for all the pawnshops and office of the Group.

Chow C.L. provided legal services for mortgage business of the Group.

The directors consider that all related party transactions during the Relevant Period were conducted on normal commercial terms and in the ordinary and usual course of the Group's business. Save for the maintenance services provided by Chart Keung and legal services provided by Chow C.L., the directors have confirmed that above transactions will continue in the future after the listing of the Company's shares on the SEHK.

(c) Balances with other related parties

As at 28 February 2010, 28 February 2011, 29 February 2012 and 30 November 2012, the Group had the following balances with related parties:

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Amounts due from related companies				
— New Current	100,000	—	—	—
— Smart Hero	—	2,992,452	2,890,000	—
Amounts due from immediate holding company				
— Kwan Lik Holding Limited	—	—	—	6,083

The balances with the related companies and immediate holding company are unsecured, interest-free and repayable on demand, the balance is included in trade and other receivables. The directors of the Company have confirmed that the balance of the amounts due from immediate holding company has been subsequently settled prior to the listing of the Company's shares on the Stock Exchange.

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Amounts due to Shareholders				
— Mr. Chan Chart Man	37,907,940	41,100,897	39,358,064	42,363,406
— Mr. Chan Kai Ho Edward	2,600,000	2,600,000	2,600,000	2,600,000

The amounts due to Shareholders represent cash advances to the Group to finance the Group's operations. The directors of the Company have confirmed that the balances of the amounts due to shareholders have been subsequently settled by the issuance of ordinary shares of a subsidiary of the Company prior to the listing of the Company's shares on the Stock Exchange.

(d) Personal guarantee deposits provided to the bank in respect of the Group's banking facilities

	As at 28 February 2010 *HK$*	As at 28 February 2011 *HK$*	As at 29 February 2012 *HK$*	As at 30 November 2012 *HK$*
Mr. Chan Chart Man	4,500,000	4,500,000	5,030,000	4,530,000
Ms. Mui Hang Sin	3,000,000	3,000,000	3,000,000	2,500,000

The directors of the Company have confirmed that the personal guarantee deposits will be subsequently released and replaced by a corporate guarantee by the Company upon the listing of the Company's shares on the Stock Exchange.

(e) Personal guarantees provided to the bank in respect of the Group's banking facilities

	As at 28 February 2010	As at 28 February 2011	As at 29 February 2012	As at 30 November 2012
	HK$	*HK$*	*HK$*	*HK$*
Jointly guaranteed by Mr. Chan Chart Man and Mr. Chan Kai Ho Edward	—	—	5,000,000	75,000,000

The directors of the Company have confirmed that the personal guarantees will be subsequently released and replaced by a corporate guarantee by the Company upon the listing of the Company's shares on the Stock Exchange.

(f) Personal guarantees provided to landlord in respect of the Group's rental of premises

	As at 28 February 2010	As at 28 February 2011	As at 29 February 2012	As at 30 November 2012
	HK$	*HK$*	*HK$*	*HK$*
Mr. Chan Chart Man	2,807,100	2,170,600	1,462,600	931,600
Mr. Chan Kai Ho Edward	5,779,641	4,555,174	1,914,866	3,958,428

The rental guarantees are provided to the landlords in respect of the Group's pawnshops lease contracts. The guarantees mature at the end of the related contracts.

26 SUBSIDIARIES

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of incorporation/ Establishment	Issued and fully paid up capital/ registered capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities
Oi Wah Holding Limited	British Virgin Islands ("BVI") 31 May 2012	100 ordinary shares with no par value	100%	—	Investment holding
Oi Wah Pawnshop Credit Limited	Hong Kong 22 March 2000	10,000,000 ordinary shares of HK$1 each	—	100%	Pawn broking and money lending
Hing Wah Pawnshop Credit Limited	Hong Kong 12 April 2012	1 ordinary share of HK$1 each	—	100%	Pawn broking and money lending
Wai Wah Pawnshop Credit Limited	Hong Kong 12 April 2012	1 ordinary share of HK$1 each	—	100%	Pawn broking and money lending

As at the date of this report, no audited financial statements have been prepared for the Company, Oi Wah Holding Limited, Hing Wah Pawnshop Credit Limited and Wai Wah Pawnshop Credit Limited, as they either have not carried on any business since their respective dates of incorporation, or are an investment holding company and not subject to statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

The companies now comprising the Group have adopted 28 February (or 29 February in a leap year) as their financial year end date. Oi Wah Pawnshop Credit Limited is subject to audit during the Relevant Period and the names of the respective auditors are set out below. The statutory financial statements of Oi Wah Pawnshop Credit Limited were prepared in accordance with HKFRSs issued by the HKICPA.

Name of the company	Financial period	Statutory auditor
Oi Wah Pawnshop Credit Limited (formerly known as "Oi Wah Pawnshop Holding Limited")	For the period from 26 January 2009 to 13 February 2010	Tony Kwok Tung Ng & Co.
	For the period from 14 February 2010 to 2 February 2011	Tony Kwok Tung Ng & Co.
	For the period from 3 February 2011 to 29 February 2012	KPMG

Prior to the financial year ended 29 February 2012, the Company's subsidiary in Hong Kong adopted the lunar calendar year end date as its financial year end date. As part of the Reorganisation, these subsidiaries have changed their financial year end date to conform with that of the Group.

27 KEY SOURCES OF ESTIMATION AND UNCERTAINTY

(a) Impairment losses

Loans and advances

Loan portfolios are reviewed periodically to assess whether impairment losses exist. The Group makes judgements as to whether there is any objective evidence that a loan portfolio is impaired. Objective evidence for impairment is described in accounting policy 1(j). Historical loss experience is adjusted on the basis of the current observable data. Management reviews the methodology and assumptions used in estimating impairment losses regularly to reduce any difference between loss estimates and actual loss experience.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of issue of the Financial information, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the Relevant Period and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*	1 July 2012
HKFRSs 10, *Consolidated financial statements*	1 January 2013
Revised HKAS 19, *Employee benefits*	1 January 2013
Amendments to HKFRSs 7, *Financial instruments: Disclosures — Disclosures — Offsetting financial assets and financial liabilities*	1 January 2013
HKFRSs 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's result of operations and financial position except for HKFRSs 9. The Group is presently studying the implications of applying HKFRSs 9 but it is impracticable to quantify its effect as at the date of publication of these combined financial statements.

HKFRSs 9 was issued in November 2009 and establishes new principles for the classification and measurement of financial assets. In December 2010, the HKICPA issued additions to HKFRSs 9 dealing with financial liabilities. The main changes to the requirements of HKAS 39 are summarised below.

All financial assets are classified into two measurement categories: amortised cost or fair value on the basis of both an entity's business model for managing groups of financial assets and the contractual cash flow characteristics of the individual assets. These two categories replace the four categories under the current HKAS 39, *Financial instruments: Recognition and Measurement*.

Financial assets are measured at fair value through profit or loss, if they do not meet the criteria specified for measurement at amortised cost or if doing so significantly reduces or eliminates an accounting mismatch. An entity has the option to designate all subsequent changes in fair value of an equity instrument not held for trading at fair value through other comprehensive income with no recycling of gains or losses to the income statement. Dividend income would continue to be recognised in the income statement.

Financial assets which contain embedded derivatives are to be classified in their entirety either at fair value or amortised cost depending on whether the contracts as a whole meet the relevant criteria under HKFRSs 9.

HKFRSs 9 retains all the existing requirements for derecognition of financial instruments and most of the requirements for financial liabilities, except that for financial liabilities designated under the fair value option other than loan commitments and financial guarantee contracts, fair value changes attributable to changes in own credit risk are to be presented in the statement of other comprehensive income, and are not subsequently reclassified to income statement but may be transferred within equity.

HKFRSs 9 is mandatory for annual periods beginning on or after 1 January 2015 with earlier adoption permitted. The HKICPA decided to consider making limited amendments to HKFRSs 9 to address practice and other issues. The proposal in respect of classification and measurement for assets and liabilities and impairment loss is out for consultation in November 2012 until end of March 2013. The Group has commenced the process of evaluating the potential effect of this standard but is awaiting finalisation of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have an impact on the Group's results of operation and state of affairs.

D SUBSEQUENT EVENTS

The following significant event took place subsequent to 30 November 2012:

(a) Group reorganisation

On 18 February 2013, the Group completed the Reorganisation to rationalise the Group's structure in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "Further information about our Company — Corporate reorganisation" in Appendix IV to the Prospectus. As a result of the Reorganisation, the Company became the holding Company of the Group.

(b) Capitalisation of shareholders' loan

Pursuant to the written resolution of the shareholders of the Company passed on 5 February 2013, amounts due to shareholders of the Company totaling HK$44,963,406 were settled by the issuance of ordinary shares of a subsidiary of the Company. Further details of the capitalisation of the shareholders' loan are set out in the section headed "Further information about our Company — Corporate reorganisation" in Appendix IV to the Prospectus.

(c) Share Option Scheme

Pursuant to the written resolution of the shareholders of the Company passed on 19 February 2013, the Company has conditionally adopted a share option scheme. The principal terms of the share option scheme are set out in the section headed "Share Option Scheme" in Appendix IV to the Prospectus.

(d) Increase in authorised share capital and capitalisation issue

Pursuant to the written resolution of the shareholders of the Company passed on 19 February 2013, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$1,000,000,000 by the creation of additional 99,962,000,000 shares of HK$0.01 each, such additional shares to rank pari passu in all respect with the existing shares.

Conditional on the share premium account of the Company being credited as a result of the issue of the offer shares by the Company pursuant to the public offering and placing of the Company's shares, the Company capitalises an amount of HK$2,900,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 290,000,000 shares, each of which will be allotted and issued to the shareholder of the Company.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 November 2012.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong