
WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. The business operations of the Group are located in China. Due to the business requirements of the Group, none of the executive Directors has been, is or will be based in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Wu Min, our executive Director and Miss Leung Ching Ching, our joint company secretary. The authorised representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and email by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time;
- (b) each of the authorised representatives has the means to contact all the Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;
- (c) all the Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;
- (d) Guotai Junan Capital Limited, our compliance adviser, will act as an additional channel of communication with the Stock Exchange; and
- (e) each Director will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange upon request.

COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the joint company secretaries of our Company must be individuals who, by virtue of their academic or professional qualifications or relevant experience, are, in the opinion of the Exchange, capable of discharging the functions of company secretaries.

According to Note 1 of Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a Member of The Hong Kong Institute of Chartered Secretaries;

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Further, under Note 2 of Rule 3.28 of the Listing Rules, the Stock Exchange will consider the following factors of the individual in assessing “relevant experience”:

- (a) length of employment with the issuer and other issuers and the roles he played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules (i.e. taking no less than 15 hours of relevant professional training in each financial year of the Company); and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. He Jiong as one of the joint company secretaries of the Company. Mr. He is experienced in risks control, assets quality and legal issues, as well as disclosure of information relating to the Company. Mr. He has been employed as the Head of the Risks Control Department of the PRC Operating Entity since 8 March 2010. Mr. He obtained his bachelor’s degree from Central South Industrial University (中南工業大學), currently known as Central South University (中南大學), in June 1995, majoring in English, and successfully completed the Canadian Securities Course, provided by the CSI Global Education Inc., in 2004. Prior to joining our Group, Mr. He worked in the international business department of the Zengcheng branch of the Guangdong Development Bank (now known as China Guangfa Bank) from July 1995 to December 1998. From October 2001 to May 2006, Mr. He worked in the Royal Bank of Canada, a company listed on the New York Stock Exchange (Stock Code: NYSE: RY) and Canada Stock Exchange (Stock Code: RY.TO), at which his last position was a customer service representative. However, Mr. He does not possess the qualifications as stipulated in the notes of Rule 3.28 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Nonetheless, the Company believes that, having regard to Mr. He’s knowledge and past experience in handling our corporate matters, he has a thorough understanding of the operations of the Company and is able to perform his duties as the company secretary of the Company. Therefore, we have appointed Miss Leung Ching Ching to act as another joint company secretary and to provide assistance to Mr. He for an initial period of three years from the Listing Date so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. Further, Mr. He undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company.

Miss Leung Ching Ching will work closely with Mr. He to jointly discharge the duties and responsibilities as joint company secretaries and assist Mr. He to acquire the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. In addition, we will ensure Miss Leung has access to relevant training and support to familiarize herself with the Listing Rules and the duties required for a joint company secretary of a Cayman Islands issuer listed on the Stock Exchange.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under and in respect of Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date and will be revoked immediately if Miss Leung ceases to provide assistance to Mr. He as our joint company secretary during the three years after the Listing Date. Upon the expiry of such three-year period, we will re-evaluate the qualifications and experience of Mr. He to consider whether the requirements stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied.

WAIVER IN RESPECT OF GENERAL DISCLOSURE OBLIGATION AND NOTIFIABLE TRANSACTION

Pursuant to Rule 13.13 of the Listing Rules, we are required to make disclosure where the relevant advance to an entity by the Group exceeds 8% of the total assets of the Company. Further, as the loan service provided by us as a money lending company to our customers falls within the definition of “financial assistance” under the Listing Rules, if the applicable percentage ratios in respect of a loan provided by us to our customer reach the thresholds set out in Chapter 14 of the Listing Rules, such provision of the loan constitutes a notifiable transaction under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders’ approval requirements, as applicable. The Group granted three loans secured by different portions of a commercial real estate property to an independent third-party and our largest customer in terms of interest income in the six months ended 30 June 2013 (the “**Borrower**”) with an aggregate principal amount of RMB125 million (the “**Loans**”), which amount is still outstanding as of the Latest Practicable Date (the “**Transaction**”). Each Loan was extended through the loan renewal process upon the expiration. The Borrower submitted the renewal applications pursuant to our loan renewal process. The renewal applications were reviewed and approved by the Approval Committee, as the Approval Committee believed the loan amounts were sufficiently secured by the collateral, and the Borrower was in good long-term financial positions and had good credit histories with us. For more details on the Group’s review and approval processes on a renewal application, see “Business — Short-term Secured Financing Business — Loan Process — Loan renewal” in this prospectus. Each Loan was granted and renewed on normal commercial terms. The Transaction constitutes an advance to an entity under Rule 13.13 of the Listing Rules as its value exceeds 8% of the total assets of the Company as of 30 June 2013. Further, the Transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules and upon Listing, is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of each of the loan agreements under the Transaction, respectively, are as follows:

(a) first loan agreement dated 14 November 2012 (the “First Loan Agreement”)

An amount of RMB25 million, which was initially due to be repaid on 10 May 2013 and extended to 6 November 2013 by agreement between the parties, was advanced to the Borrower under the First Loan Agreement. The monthly effective interest rate of the loan was at a rate within the range of 2.0% and 2.7% after arm’s-length negotiation with reference to the quality of the collateral provided and was within the relevant thresholds as provided by the Pawning Measures. The obligations of the Borrower under the First Loan Agreement are secured by commercial real properties with a total building area of approximately 1,600 m² located on Renmin Road, a major business district in Gusu District of Suzhou City. The collateral for the loan was valued at RMB51.5 million, for a loan-to-value ratio of 48.6%. Further, a personal guarantee and a few corporate guarantees have been provided in favour of the Group to secure the obligations of the Borrower.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

Pursuant to a standard provision of our form loan agreement, the Borrower may prepay the borrowed amount of RMB25 million before its extended due date or apply for extension of the loan through renewal upon expiration;

(b) second loan agreement dated 14 November 2012 (the “Second Loan Agreement”)

An amount of RMB50 million, which was initially due to be repaid on 10 May 2013 and extended to 6 November 2013 by agreement between the parties, was advanced to the Borrower under the Second Loan Agreement. The monthly effective interest rate of the loan was at a rate within the range of 2.0% and 2.7% after arm’s-length negotiation with reference to the quality of the collateral provided and was within the relevant thresholds as provided by the Pawning Measures. The obligations of the Borrower under the Second Loan Agreement are secured by commercial real properties on the first floor with a total building area of approximately 2,480 m² located on Renmin Road, a major business district in Gusu District of Suzhou City. The collateral for the loan was valued at RMB95.2 million, for a loan-to-value ratio of 52.6%. Further, a personal guarantee and a few corporate guarantees have been provided in favour of the Group to secure the obligations of the Borrower. Pursuant to a standard provision of our form loan agreement, the Borrower may prepay the borrowed amount of RMB50 million before its extended due date or apply for extension of the loan through renewal upon expiration; and

(c) third loan agreement dated 14 November 2012 (the “Third Loan Agreement”)

An amount of RMB50 million, which was initially due to be repaid on 10 May 2013 and extended to 6 November 2013 by agreement between the parties, was advanced to the Borrower under the Third Loan Agreement. The monthly effective interest rate of the loan was at a rate within the range of 2.0% and 2.7% after arm’s-length negotiation with reference to the quality of the collateral provided and was within the relevant thresholds as provided by the Pawning Measures. The obligations of the Borrower under the Third Loan Agreement are secured by commercial real properties on the second and third floors with a total building area of approximately 3,600 m² located on Renmin Road, a major business district in Gusu District of Suzhou City. The collateral for the loan was valued at RMB99.6 million, for a loan-to-value ratio of 50.2%. Further, a personal guarantee and a few corporate guarantees have been provided in favour of the Group to secure the obligations of the Borrower. Pursuant to a standard provision of our form loan agreement, the Borrower may prepay the borrowed amount of RMB50 million before its extended due date or apply for extension of the loan through renewal upon expiration.

Information on the Borrower

The Borrower is a limited liability company established in the PRC with a registered capital of RMB50 million. The Borrower is a local Suzhou company engaged in the development of and investment in commercial real estate, including sales and rentals. The parent company of the Borrower, which provided guarantees on the loans, is a limited liability company established in the PRC with a registered capital of RMB30 million and is involved in a range of business activities including movie theater operations, management of a boating club, trading activities and manufacturing. The Borrower was facing short-term liquidity needs and approached us for a loan. The Group’s commercial relationship with the Borrower began when they approached us based on our local reputation as there are only a limited number of pawnshop lenders in the Suzhou area who would have been able to grant loans in the amounts the Borrower required. The Borrower has had a business relationship with the Group of approximately ten months.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

Having made all reasonable inquiries, our Directors believe, to the best of their knowledge, that the Borrower has no past or present relationship, including without limitation, family, trust, employment relationship, with the Company and its subsidiaries, their shareholders, directors and senior management or any of their respectively associates, apart from the Borrower being a borrower of pawn loans from the Company.

Credit Risks

As part of the Group's risk control policy, in order to minimize risks, where a loan is secured by real estate collateral, the principal amount of the loan granted by the Group is determined based on our Group's valuation of the real estate collateral. For loan secured by real estate collateral, the Group has set a maximum appraised loan-to-value ratio as 70% so that the collateral provides over-collateralization of the loan. When assessing the value of the real estate collateral, the Group will take into consideration the location and age of the real properties as well as the market value of comparable real properties in similar location and of similar age. In addition to internal valuations, the Company will also from time to time consult independent real estate valuers who are familiar with the local real estate market for their views as to the values of the real estate collaterals. Further, as our Group's policy we engage an independent professional appraisal company to evaluate the real estate collateral value underlying all the outstanding loans every half year to ensure that there is no significant decrease in the collateral value.

Each of the Loans was granted based on the internal assessment conducted by the Group on the commercial real estate collaterals provided by the Borrower pursuant to the relevant loan agreement, with reference to the quality, location and age of those commercial real properties as well as the market value of comparable real properties in similar location and of similar age. The appraised loan-to-value ratio in respect of each of the Loans is below 70% which is in line with the Company's policy.

Further, both personal and corporate guarantee(s) were provided in favour of the Group in respect of the Transaction, which the Company believes provide further protection to the interest of the Group.

Listing Rules Implications

Pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligation arises where the relevant advance to an entity exceeds 8% of the total assets of the Company. The Loans constitute advances to an entity under Rule 13.13 of the Listing Rules as its value exceeds 8% of the total assets of the Company as of 30 June 2013. Further, while the loan service provided by us to our customers falls within the definition of "financial assistance" under the Listing Rules and is provided in our ordinary and usual course of business, under Rule 14.04(1)(e) of the Listing Rules, the term "ordinary and usual course of business", in the context of financial assistance, only applies to a banking company and not a money lending company. Hence, if the applicable percentage ratios in respect of a loan provided by us as a money lending company to our customer reach the thresholds set out in Chapter 14 of the Listing Rules, such provision of the loan will constitute a notifiable transaction under Chapter 14 of the Listing Rules and subject to the notification, announcement and shareholders' approval requirements. While the Loan was advanced to the Borrower pursuant to three separate loan agreements, namely the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement, as the advancements were made to the same borrower, we are required to aggregate the amount lent under each of the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement when we calculate the relevant percentage ratios under

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

Chapter 14 of the Listing Rules. As the asset ratio under Chapter 14 of the Listing Rules, in respect of the value of the Transaction, is more than 8%, we are required under Rule 13.13 of the Listing Rules to make disclosure, details of which are set out in this prospectus, in compliance with Rule 13.15 of the Listing Rules (save for the identity of the Borrower and the interest rates which are the subjects of a waiver granted by the Stock Exchange). Further, as the applicable ratios in respect of the value of each of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

As part of our efforts to monitor and ensure compliance with the applicable requirements under Rule 13.13 and Chapter 14 of the Listing Rules in respect of our loans, our Chief Risk Officer will review each granted loan as part of the loan approval process to ensure loans granted to a particular borrower are in compliance with the requirements under the applicable rules. Our Directors further confirm that if we intend to dispense with the disclosure obligations under Listing Rule 13.13 and Chapter 14 of the Listing Rules for a particular transaction or series of transactions, we will submit a separate application for waiver.

Directors' View on the Transaction

The Directors consider that the Transaction was entered into on normal commercial terms and in the ordinary and usual course of business of the Group on an arm's-length basis and are fair and reasonable to the Group and in the interest of the Shareholders as a whole. In addition, nothing has come to the Sole Sponsor's attention that would indicate that the loan terms were not made on normal commercial terms.

Application for Waiver

Rule 13.15 of the Listing Rules requires the details of the relevant advance to an entity including details of the balances, the nature of events or transactions giving rise to the amounts, the identity of the borrower, interest rate, repayment terms and collateral be disclosed. Rules 14.58(4) and 14.58(8) of the Listing Rules require, among others, the disclosure of the aggregate value of the consideration of the Transaction and the benefits which are expected to accrue to the Group as a result of the Transaction. As disclosing the identities of the Borrowers may cause unnecessary negative impact on the business operations of the Borrowers and the interest rates, the aggregate value of the consideration of the Transaction and the benefits which are expected to accrue to the Group as a result of the Transaction are highly commercially sensitive, the Company has applied, and the Stock Exchange has agreed to grant to us a waiver from strict compliance with the disclosure requirements under Rule 13.15 as far as the identity of the Borrowers and the applicable interest rates in respect of the Loans are concerned and with the requirements of disclosure of the aggregate value of the Transactions and the benefits which are expected to accrue to the group as a result of the Transactions under Rules 14.58(4) and 14.58(8) of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH CHAPTER 14A OF THE LISTING RULES

We have entered into certain transactions, which would constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. Details about such transactions, together with the application for a waiver from strict compliance with the relevant announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules are set out in the sections headed "Connected Transactions" and "Our History and Reorganisation — Contractual Arrangements" in this prospectus.