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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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Immediately following the completion of the Capitalisation Issue and the Global Offering (but excluding any Shares which may be allotted and issued or sold pursuant to the exercise of the Over-allotment Option), the Controlling Shareholders will together be interested in approximately 31.7% of the post offering enlarged issued share capital of our Company.

On 31 December 2011, 29 February 2012 and 22 May 2013, Huifang Tongda, Huifang PRC, the PRC Operating Entity, Wuzhong Jiaye, Hengyue Consulting, and the PRC Shareholders entered into various agreements that constitute the Contractual Arrangements. Please refer to the section headed “Our History and Reorganisation — Contractual Arrangements” in this prospectus for details.

As Mr. Zhu is a Controlling Shareholder, individually and through his interests in BVI Co 7 and BVI Co 8 respectively, Mr. Chen Yannan and Mr. Zhuo You are both Directors, and the PRC Operating Entity is an associate of each of Mr. Zhu, Mr. Chen and Mr. Zhuo, they are connected persons of the Company under the definitions of the Listing Rules. Accordingly, certain transactions under the Contractual Arrangements would technically constitute continuing connected transactions upon the Listing and are therefore subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

In the view of the Directors (including the independent non-executive Directors) and the Sole Sponsor, the Contractual Arrangements are fundamental to our Group’s legal structure and business operations and are on normal commercial terms or terms more favourable to our Group in the ordinary and usual course of business of our Group, the terms are fair and reasonable and are in the interests of the Shareholders as a whole.

The Contractual Arrangements enable the financial position and results of the PRC Operating Entity to be consolidated into our Group’s financial statements as if it was our Group’s wholly owned subsidiary, and the economic benefits of its business to flow to our Group. Our Directors believe that our Group’s structure, as a result of the Contractual Arrangements, places our Group in a special position in relation to the connected party transaction rules. Accordingly, our Directors consider that it would not be appropriate and would be unduly burdensome and impracticable for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the connected transactions requirements set out under Chapter 14A of the Listing Rules.

In view of the above, we have applied to the Stock Exchange for, and the Stock Exchange has given, a waiver from strict compliance with the connected transaction requirements under Chapter 14A of the Listing Rules in relation to the transactions contemplated under the Contractual Arrangements for so long as the Shares are listed on the Stock Exchange. Please refer to the section headed “Connected Transactions” in this prospectus for details.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders and Directors confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

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Other businesses engaged in by our Controlling Shareholders and/or Directors include assets auctioning, pre-packaged food wholesaling, housing construction and installation, sale of jewelry and handicrafts and property management, none of which is related to the pawn loan business. Given the clear delineation between such businesses and the business of our Group, our Directors believe that our business will continue to be independent as there are no concerns regarding competition between our Group and our Controlling Shareholders and Directors.

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Controlling Shareholders and their respective associates after the Global Offering.

### **Management Independence**

The Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Each of our Directors is aware of his fiduciary duties as a director which require, among others, that he must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

### **Operational Independence**

Our organisational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal controls to facilitate the effective operation of our business.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

### **Financial Independence**

Our Group has its own financial management system and the ability to operate independently of the Controlling Shareholders from a financial perspective.

Based on the above, our Directors believe that we are able to maintain financial independence from the Controlling Shareholders.

### **NON-COMPETITION UNDERTAKING**

In order to ensure that direct competition does not develop between us and the Controlling Shareholders' other activities, each of the Controlling Shareholders has agreed to provide a non-competition undertaking (the "**Deed of Non-Competition**") in our favour, which is described below.

Each of the Controlling Shareholders has entered into a Deed of Non-Competition in favour of our Company on 6 October 2013, pursuant to which the Controlling Shareholders have unconditionally, irrevocably and severally undertaken with our Group that they shall not, and shall

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procure that all their respective members, shall not (except through our Group) directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of our Group described in this prospectus (the “**Restricted Business**”). The Controlling Shareholders have undertaken to us that:

- any business investment or other commercial opportunity relating to any Restricted Business (the “**New Opportunity**”) identified by or offered to our Controlling Shareholders or any of their associates (the “**Offeror**”) be first referred to us, and we shall be given written notice of any New Opportunity containing all information reasonably necessary, including but not limited to the financial and operating information and a description of the business involved, for us to consider whether (a) such New Opportunity would constitute competition with any Restricted Business; and (b) it is in the interest of our Group and our Shareholders as a whole to pursue such New Opportunity (the “**Offer Notice**”). Upon receipt of the Offer Notice, we will seek determinations from a committee of our Board consisting exclusively of independent non-executive Directors who do not have a material interest in the matter;
- the Offeror will be entitled to pursue the New Opportunity only if the Offeror has received a notice from us declining the New Opportunity. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity, as so revised, to us in the manner set out above;
- in the event that, during the validity period of the Deed of Non-Competition, our Controlling Shareholders or any of their associates (except any members of our Group) intend to dispose of any business to be acquired pursuant to any New Opportunity, or any interest therein, the seller shall first offer to us the right to acquire such business or interest and none of the Controlling Shareholders or any of their associates (except any members of our Group) may proceed with such disposal to any third party, unless the terms of disposal are not more favourable than those offered to us, following the written rejection of such offer by us; and
- our Group will be entitled to an option to acquire any business acquired by the Controlling Shareholders or any of their associates pursuant to any New Opportunity, or any interest therein, on and in accordance with commercial terms which shall have been opined upon by a committee of our Board consisting exclusively of independent non-executive Directors, after taking into account the advice from independent experts as being, *inter alia*, normal commercial terms, in line with the ordinary commercial practice of our Group, fair and reasonable and in the interests of our Group as a whole.

Each of the Controlling Shareholders also jointly and severally undertakes to:

- procure that all relevant corporate and financial information in his possession relating to any Restricted Business be provided to us from time to time;
- to the extent not inconsistent with any confidentiality agreements, allow the authorised persons or internal auditors of our Group to access the material financial or corporate information in relation to any third-party transaction, so as to determine whether the terms of the Deed of Non-Competition were complied with by the Controlling Shareholders and their associates; and

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- provide us, within 10 days from receipt of our written request, with a written confirmation in respect of its/his compliance with the Deed of Non-Competition, and consent to the inclusion of such confirmation in our annual report.

Such non-competition undertaking does not apply where:

- the Controlling Shareholders and their associates have interests in the shares of any member of our Group or are conducting businesses on behalf of any member of our Group;
- the Controlling Shareholders and their associates hold directly or indirectly equity interest in any company listed on a recognised stock exchange not engaged in any Restricted Business; and
- the Controlling Shareholders and their associates have interests in the shares of a company other than our Group provided that:
  - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated sales or consolidated assets, as shown in that company's latest audited accounts; and
  - (b) the total number of the shares held by the Controlling Shareholders and their associates in aggregate does not exceed 10% of the issued shares of that class of the company in question and the Controlling Shareholders and their associates are not entitled to appoint a majority of the directors of that company.

The undertakings given by the Controlling Shareholders under the Deed of Non-Competition are effective from the Listing Date and shall terminate on the earlier of (1) the date on which the relevant Controlling Shareholder and/or his/its associates ceases be our controlling shareholders and (2) the date on which the Shares cease to be listed on the Stock Exchange.