
CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

The following connected transactions will constitute exempt continuing connected transactions under Rule 14A.33 of the Listing Rules and will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

Trademark Agreement

We entered into a trademark agreement with Wuzhong Group in October 2011 whereby we have been granted a 10-year exclusive right to use a graphic trademark (with trademark number 7334814) owned by Wuzhong Group in connection with our short-term secured financing service business.

The Directors consider the duration of the agreement to be consistent with normal commercial terms to secure the long-term rights of our Group. The Directors are of the view that the agreement has been entered into on an arm's-length basis and normal commercial terms, and the terms of the agreement are fair and reasonable and in the interest of our Company and our Shareholders as a whole. As the right to use the trademark under the Trademark Agreement is granted to us by Wuzhong Group on a royalty-free basis, the arrangement under the Trademark Agreement is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules on the basis that it falls within the de minimis threshold stipulated thereunder.

Property Lease Agreement

We, with Huifang PRC as the lessee, lease an office space of approximately 150 sq.m. for our headquarters from Wuzhong Real Estate, which holds the land use rights and building ownership rights relating to such premises. The lease commenced on 16 December 2011 and will expire on 15 December 2014, and has an annual rental amount of RMB14,400. We, with Huifang Tongda as the lessee, lease an office space from Wuzhong Real Estate which have an area of 150 sq.m. and an annual rental amount of RMB14,400. Furthermore, we, with the PRC Operating Entity as the lessee, lease one property in Suzhou for office use, which have an area of approximately 720 sq.m. and an average annual rental amount of RMB210,166.

Our Directors consider that the terms of the lease agreements have been negotiated on an arm's-length basis and on normal commercial terms, and the terms of the lease agreement are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Based on the current annual rent payable by us, the transactions under the lease agreements are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules on the basis that they fall within the de minimis threshold stipulated thereunder.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

A waiver application from strict compliance with the relevant announcement and independent shareholders' approval requirements has been submitted to and granted by the Stock Exchange.

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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 (i) the announcement and independent shareholders’ approval requirements in relation to the transactions contemplated under the Contractual Arrangements; (ii) the requirement of setting a maximum aggregate annual value (i.e. annual caps) for the fees payable to Huifang Tongda under the Contractual Arrangements; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, as set out under 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 (i) the applicable disclosure and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in relation to the transactions contemplated under the Contractual Arrangements (ii) the requirement of setting a maximum aggregate annual value (i.e. annual caps) for the fees payable to Huifang Tongda under the Contractual Arrangements; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, for the reasons and on the conditions set out below:

No change without approval of independent non-executive Directors and the independent shareholders: Subject as described in the paragraph headed “Ongoing reporting and approvals” below, no changes to the terms and conditions of the contracts constituting the Contractual Arrangements shall be made without the approval of the independent non-executive Directors and the independent Shareholders.

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Economic benefits flexibility: The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the PRC Operating Entity through (a) our Group's potential right (if and when so allowed under the applicable PRC laws and regulations) to acquire the equity interests in the PRC Operating Entity; (b) the business structure under which the revenue generated by the PRC Operating Entity is substantially retained by Huifang Tongda; and (c) Huifang Tongda's right to control the management and operation of, as well as, in substance, all of the voting rights of the PRC Operating Entity.

Renewal and/or cloning without the approval of the independent non-executive Directors and the independent shareholders: The framework of the Contractual Arrangements may be renewed and/or cloned upon the expiry of the existing arrangements or, in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) that the Group might wish to establish, without obtaining the approval of the independent non-executive Directors and the independent shareholders, on substantially the same terms and conditions as the Contractual Arrangements.

Ongoing reporting and approvals: Our Group will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

- The Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that: (a) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements and have been operated so that the revenue generated by the PRC Operating Entity has been substantially retained by Huifang Tongda; (b) no dividends or other distributions have been made by the PRC Operating Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (c) any new contracts or renewed contracts have been entered into on the same terms as the existing Contractual Arrangements and are fair and reasonable so far as the Group is concerned and is in the interests of the Shareholders as a whole.
- Our Company's auditors will carry out agreed-upon procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors, with a copy to the Stock Exchange, at least ten Business Days before our Company bulk prints its annual report, reporting their findings whether the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by the PRC Operating Entity to the holders of its equity interests which are not otherwise subsequently assigned/transferred to our Group.
- For the purposes of Chapter 14A of the Listing Rules, the PRC Operating Entity will be treated as our Company's wholly owned subsidiary, but the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the PRC Operating Entity and their respective associates will be treated as our Company's "connected persons" (excluding for this purpose

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the PRC Operating Entity) and transactions between these connected persons and our Group (including for this purpose the PRC Operating Entity) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

- The PRC Operating Entity has undertaken to our Company that, for so long as the Shares are listed on the Stock Exchange, the PRC Operating Entity will provide our Group's management and our Company's auditors with full access to its relevant records for the purpose of procedures to be carried out by our Company's auditors on the relevant connected transactions.

In addition to the current Contractual Arrangements, there may be other agreements entered into between our Group and the PRC Operating Entity and its subsidiaries. Given that the financial results of the PRC Operating Entity are consolidated into our Group's financial statements as if it was our Group's wholly owned subsidiary, and given the relationship between our Group and the PRC Operating Entity created by the Contractual Arrangements, transactions between our Group and the PRC Operating Entity and its subsidiaries will be exempt from the requirements of continuing connected transactions under Chapter 14A of the Listing Rules.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that the transactions contemplated under the Contractual Arrangements are (i) entered into on normal commercial terms, in the ordinary and usual course of the Group's business; and (ii) fair and reasonable and are in the interests of our Group and Shareholders as a whole.