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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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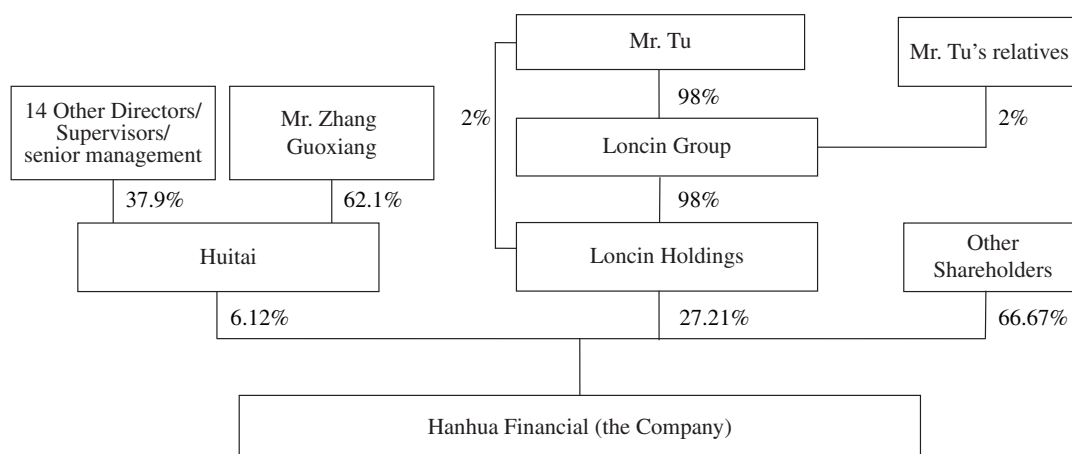
### OVERVIEW

Immediately prior to the Global Offering, Loncin Holdings and Huitai owned approximately 42.93% of our issued share capital in aggregate. Immediately following the completion of the Global Offering, Loncin Holdings and Huitai will directly own approximately 33.33% of our issued share capital (assuming the Over-allotment Option is not exercised) in aggregate.

Mr. Tu, one of our non-executive Directors, directly holds 98% of the equity interests of Loncin Group, which directly holds 98% of the equity interests of Loncin Holdings. The remaining 2% of the equity interests of Loncin Group are held by Mr. Tu's relatives. Mr. Tu also directly holds the remaining 2% of the equity interests of Loncin Holdings.

Since the implementation of the Share Incentive Scheme in 2013 and until the expiration of three years after the completion of the Global Offering, Huitai agreed to follow Loncin Holdings in exercising its voting right in respect of all matters of our Company which are subject to shareholders' approval pursuant to several agreements and confirmations entered into, among others, Huitai and Loncin Holdings. Mr. Zhang Guoxiang, our Chairman and one of our executive Directors, holds approximately 62.09% of the equity interests of Huitai, with the remaining 37.91% held by the other 14 Directors, Supervisors and senior management of the Company. See "Directors, Supervisors, Senior Management and Employees — Share Incentive Scheme."

Based on the above, Mr. Tu, Loncin Group, Loncin Holdings, Huitai and Mr. Zhang Guoxiang will continue to be our Controlling Shareholders after the Global Offering. The following chart sets out the ownership structure of our Company in respect of our Controlling Shareholders immediately after the Global Offering assuming the Over-allotment Option is not exercised:



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### DELINEATION OF BUSINESS

#### Our Businesses

We are a leading, integrated, credit-based guarantee and SME financing solutions provider in China, offering a variety of credit-based financial solutions to service the financing and business needs of SMEs and microenterprises under our two business lines: credit guarantee and SME lending.

#### Controlling Shareholders' Businesses

Mr. Tu, through Loncin Group, Loncin Holdings and their respective subsidiaries (apart from our Group) (together, the “Largest Shareholder Group”), is primarily engaged in the following industries: (i) development, production and sale of motorcycles; (ii) processing of nonferrous metal materials; (iii) operation of warehousing and logistics; (iv) development, sale and management of real estate, property management and hotel management; (v) manufacture and sale of electronic equipment; and (vi) project investment and equity investment in high and new tech enterprises.

The Largest Shareholder Group also provides investment advisory and management services only to the companies in which they have made equity investment, and investment advisory and management services are ancillary to their equity investment activities. Therefore, the Directors are of the view that the investment advisory and management services provided by the Largest Shareholder Group are distinct from those provided by our Group.

Huitai is an investment holding company and its core business is the holding of equity interests in our Company. Apart from the equity interests in our Company, neither Mr. Zhang Guoxiang nor Huitai has any interest in a business which competes with, or is likely to compete with, our Group, whether directly or indirectly, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

As illustrated above, the Directors are of the view that there is a clear delineation between the businesses operated by the Controlling Shareholders and our Group. Each of the Controlling Shareholders has confirmed that none of them has any interest in a business which competes with, or is likely to compete with, our Group, whether directly or indirectly, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

#### Non-Competition Undertaking

Our Controlling Shareholders issued a non-competition undertaking on February 17, 2014 in favor of our Group (the “Non-competition Undertaking”). Pursuant to the Non-competition Undertaking, each of the Controlling Shareholders has irrevocably undertaken that:

- it would not and will procure that its associates (except any members of our Group) would not, directly or indirectly, or as principal or agent either on their own account or in conjunction with or on behalf of any person, firm or company, among other

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things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of any member of our Group from time to time (the “Restricted Business”);

- if there is any project or new business opportunity in the Restricted Business, it shall within a reasonable period of time refer such project or new business opportunity to our Company. Such business opportunity shall have first been offered or made available to us and be considered by our Board or its committee which do not have a material interest in the business opportunity. Each of the Controlling Shareholders shall not invest, participate, be engaged in and/or operate in such business opportunity unless our Board or its committee has declined in writing or failed to respond within thirty (30) days after being notified of such opportunity;
- it will provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Undertaking; and
- it will make an annual statement on compliance with the Non-competition Undertaking in our annual report.

The above undertaking by the Controlling Shareholders would not be applicable where:

- the holding by any one of the Controlling Shareholders of interests in the shares of a company where the total number of shares held by the Controlling Shareholders does not exceed 5% of the issued shares of the company which is or whose holding company is listed on a recognized stock exchange; or
- any opportunity to invest, participate, be engaged in and/or operate any Restricted Business has first been offered or made available by the Controlling Shareholders and/or their respective associates to us, and after decision by our Board or independent board committee, who do not have a material interest in the business opportunity, has declined in writing or failed to respond within thirty (30) days after being notified of such opportunity to invest, participate, be engaged in or operate the Restricted Business.

Pursuant to the Non-competition Undertaking, the above restrictions would cease to have effect upon the earlier of: (i) the Shares of our Company ceasing to be listed on the Stock Exchange; and (ii) any one of the Controlling Shareholders ceasing to hold, directly or indirectly, in aggregate 10% or more of the entire issued share capital of our Company, or otherwise ceases to be a Controlling Shareholder.

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### Corporate Governance Measures

To further protect the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest:

- our independent non-executive Directors will review, on an annual basis, the compliance with the Non-competition Undertaking by the Controlling Shareholders; each of the Controlling Shareholders undertakes to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Undertaking;
- unless invited by a majority of the independent non-executive Directors, Mr. Tu and Mr. Zhang Guoxiang shall exclude themselves from any meeting convened to consider any issues arising under the Non-competition Undertaking. Our independent non-executive Directors may engage professional advisors at our Company's cost for advice on matters relating to the Non-competition Undertaking;
- we will disclose in the "corporate governance report" section of our annual reports on whether the Non-competition Undertaking has been complied with;
- we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance with the Non-competition Undertaking in our annual reports; and
- we will include in our annual reports whether each of the Controlling Shareholders has provided us with the required annual confirmation of compliance with the Non-competition Undertaking.

Further, any transaction that is proposed between our Group and the Controlling Shareholders and/or their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

#### Operational Independence

Our Company makes business decisions independently from the Controlling Shareholders (save for Mr. Zhang Guoxiang acting as the capacity of chief executive officer of our Company). We have established our own independent organizational structure with different operational departments, each with specific areas of responsibility. We maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business. Our operational functions, such as cash and accounting management, invoicing and billing, are run independently of the Controlling Shareholders (save for Mr. Zhang Guoxiang acting in the

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capacity of chief executive officer of our Company) and their associates. We have independent access to customers and are not dependent on the Controlling Shareholders (save for Mr. Zhang Guoxiang acting in the capacity of chief executive officer of our Company) and their associates with respect to suppliers for our business operations. We have our own employee headcount for our operations and our own management of human resources. We have obtained all material licenses, approvals and permits from appropriate regulatory authorities that are material for our business operations in the PRC.

We have provided credit guarantee and micro and small loans services to the Controlling Shareholders, their respective associates and other Connected Persons during the Track Record Period, which may continue from time to time after the completion of the Global Offering. Each of the applicable percentage ratios to be calculated in accordance with the Listing Rules will, as our Directors currently expect, be less than 0.1% on an annual basis, and thus will be automatically exempted under the Listing Rules. The Controlling Shareholders, their respective associates and other Connected Persons are also our ordinary customers and these services are provided as a part of our business and on normal commercial terms. Also, these services are provided on a non-exclusive basis and can be provided to Independent Third Parties. Furthermore, the services provided by us to the Controlling Shareholders, their respective associates and other Connected Persons only constitute a small amount of our Group's business.

Based on the above, our Directors are of the view that we are able to operate independently.

### **Management Independence**

We are able to carry on our business independently from the Controlling Shareholders from a management perspective.

Our Board comprises two executive Directors, eight non-executive Directors and five independent non-executive Directors.

#### ***1. Executive Directors and Senior Management***

As of the Latest Practicable Date, except for those as set out below, none of our executive Directors and senior management held any directorship, supervisory or senior management role within the Controlling Shareholders and their associates:

- Zhang Guoxiang holds a supervisory role in the Largest Shareholder Group; and
- all of the shareholders of Huitai hold various positions in our Company, including director, supervisor and senior management positions. See “Directors, Supervisors, Senior Management and Employees — Share Incentive Scheme.” Mr. Zhang Guoxiang, executive Director and Chairman of our Company, is also an executive Director and holds the general manager position in Huitai. Mr. Li Ruping, Supervisor of our Company, also holds the supervisor position in Huitai.

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Taking into consideration the reasons set out below, we believe our executive Directors and senior management will be able to perform their roles in our Company independently and the Company is capable of managing its business independently from the Controlling Shareholders (save for Mr. Zhang Guoxiang acting in the capacity of chief executive officer of our Company) after the completion of the Global Offering:

- Mr. Zhang Guoxiang does not participate in the corporate affairs in the Largest Shareholder Group and will continue to allocate substantially all his time to the management and operation of our Group; and
- the purpose of establishing Huitai was to provide a share incentive scheme to the senior management of our Company. Therefore, the overlap in management between our Company and Huitai arises from the special purpose of the establishment of Huitai. Furthermore, Huitai is an investment holding company and its core business is the holding of equity interests in our Company. Huitai and/or its associates do not have any interests in a business which competes with, or is likely to compete with, our Group, whether directly or indirectly. The shareholders of Huitai will only be able to receive dividends indirectly from our Company when we make profits. The interest of Huitai is in line with ours. Therefore, such overlap in management is unlikely to have adverse impact on our independence.

### **2. *Non-executive Directors***

As of the Latest Practicable Date, among our eight non-executive Directors, only Mr. Tu, as the ultimate beneficial owner of the Controlling Shareholders, and Mr. Duan Xiaohua hold certain positions within the Largest Shareholder Group and their associates. For more information, see “Directors, Supervisors, Senior Management and Employees.” However, Mr. Tu and Mr. Duan Xiaohua are not involved in the daily management and operation in our Group.

### **3. *Corporate Governance Measures***

The Directors are of the view that there are sufficient and effective control mechanisms to ensure that our Directors and senior management discharge their duties appropriately and safeguard the interests of our Shareholders as a whole on the following grounds:

- each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and do not allow any conflict between his duties as a Director and his personal interests. The decision-making mechanism of the Board set out in the Articles of Association includes provisions to avoid conflicts of interests. In the event that there is a potential conflict of interests between our Group and our Directors or their respective associates, arising out of any transaction to be entered into, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

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- our executive Directors will allocate substantially all their time to the management and operation of our Group and will only receive remuneration, benefits and rewards from our Group; and
- we have appointed five independent non-executive Directors, comprising one-third of the total Board members, with a view to promote and safeguard the interests of our Group and our Shareholders as a whole.

Based on the above, our Directors believe that our Company is capable of maintaining management independence from the Controlling Shareholders.

### **Financial Independence**

Our Group has established an independent finance department with a team of independent financial staff, as well as a sound and independent financial system, and makes independent financial decisions according to our Group's own business needs.

We have settled all amounts due to the Controlling Shareholders and their associates and released all guarantees provided to us by the Controlling Shareholders and their associates prior to the Listing.

As such, our Directors believe that we are financially independent from the Controlling Shareholders and their associates.