THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is for your information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Sino Credit Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser.

華銀控股有限公司

SINO CREDIT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 628)

(1) SUBSCRIPTION OF NEW SHARES; (2) APPLICATION FOR WHITEWASH WAIVER; (3) CONTINUING CONNECTED TRANSACTIONS – FACTORING SERVICE FRAMEWORK AGREEMENT AND FINANCIAL LEASING SERVICE FRAMEWORK AGREEMENT; (4) PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY; AND (5) NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company

瑞東 REORIENT

REORIENT Financial Markets Limited

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 9 to 68 of this circular. A letter from the CCT IBC containing its recommendation is set out on pages 69 to 70 of this circular and a letter from the Whitewash IBC containing its recommendation is set out on pages 71 to 72 of this circular. A letter from the Independent Financial Adviser, containing its advice to the CCT IBC, the Whitewash IBC and the Independent Shareholders, is set out on pages 73 to 123 of this circular.

A notice convening the SGM to be held at Suite 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 22 August 2016, Monday, at 10:30 a.m. is set out on pages 213 to 217 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

5 August 2016

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In this circular, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings:

"acting in concert"	has the same meaning as ascribed to it under the Takeovers Code
"Additional Condition"	has the same meaning as ascribed to it under the sub-section headed "Conditions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription" under the section headed "The Subscription Agreements" in the letter from the Board of this circular
"Announcement"	the announcement of the Company dated 19 February 2016 setting out, among other things, details of the Subscription Agreements and the Whitewash Waiver in accordance with the Takeovers Code and the Listing Rules
"associate(s)"	has the same meaning as ascribed to it under the Takeovers Code, unless the contexts otherwise specified
"Best Global"	Best Global Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Gate Success Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which in turn is wholly-owned by Ms. Yu
"Best Global Subscription"	the subscription of 137,756,156 new Shares by Best Global under the Best Global Subscription Agreement
"Best Global Subscription Agreement"	the subscription agreement entered into between the Company and Best Global on 29 November 2015 in respect of the Best Global Subscription (as amended by the First Best Global Supplemental Agreement and the Second Best Global Supplemental Agreement)
"Best Global Subscription Shares"	137,756,156 new Shares to be subscribed by Best Global pursuant to the Best Global Subscription Agreement
"Board"	the board of Directors
"Business Day"	a day (other than Saturday) on which licensed banks in Hong Kong are open for general banking business
"CAITEC"	Chinese Academy of International Trade and Economic Cooperation, MOFCOM (商務部國際貿易經濟合作研究院)
"CATIS"	China Association of Trade in Services (中國服務貿易協會), a national non-profit body established under the approval of the State Council of the PRC

"CCT IBC"	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue, to advise the Independent Shareholders in respect of the Framework Agreements and their respective proposed annual caps
"close associate(s)"	has the same meaning as ascribed to it under the Listing Rules
"Company"	Sino Credit Holdings Limited 華銀控股有限公司 (stock code: 628), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription, or completion of any one of them as the context may require
"Completion Date"	the date falling within ten Business Days after all of the respective conditions precedent set out in the sub-section headed "Conditions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription" under the section headed "The Subscription Agreements" in the letter from the Board of this circular having been fulfilled (or waived, if applicable) or any other date as agreed by the parties to the relevant Subscription Agreement(s)
"Connected Factoring Loans"	commercial factoring loans granted by the Group to GOME Suppliers which are conditional upon transfer of the relevant trade receivables of such GOME Suppliers to the Group
"Connected Financial Leasing"	financial leasing loans to be granted by the Group to GOME Customers to finance the purchase of goods by such GOME Customers
"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the same meaning as ascribed to it under the Listing Rules
"controlling shareholder"	has the same meaning as ascribed to it under the Listing Rules
"core connected person(s)"	has the same meaning as ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company

"Equity Transfer"	the transfer of the entire equity interests in GOME Xinda from GOME Finance to Excellent Sino in accordance with the terms of the Equity Transfer Agreement
"Equity Transfer Agreement"	the Equity Transfer agreement entered into between GOME Finance and Excellent Sino on 18 February 2016 in respect of the Equity Transfer
"Excellent Sino"	Excellent Sino Limited, a company incorporated in Hong Kong with limited liability and wholly owned by the Company
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Factoring Service Framework Agreement"	the factoring service framework agreement entered into between the Company and Swiree on 5 August 2016 in respect of provision of factoring services by the Group (which shall include GOME Xinda upon the Transfer Closing) to the GOME Suppliers
"Financial Leasing Service Framework Agreement"	the financial leasing service framework agreement entered into between the Company and Swiree on 5 August 2016 in respect of provision of financial leasing services by the Group to the GOME Customers
"First Best Global Supplemental Agreement"	the first supplemental agreement to the Best Global Subscription Agreement entered into between the Company and Best Global on 18 February 2016
"First Richlane Supplemental Agreement"	the first supplemental agreement to the Richlane Subscription Agreement entered into between the Company and Richlane on 18 February 2016
"First Supplemental Agreement(s)"	collectively, the First Swiree Supplemental Agreement, the First Richlane Supplemental Agreement and the First Best Global Supplemental Agreement, or any of them as the context may require
"First Swiree Supplemental Agreement"	the first supplemental agreement to the Swiree Subscription Agreement entered into between the Company and Swiree on 18 February 2016
"Framework Agreement(s)"	collectively, the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement, or either of them as the context may require
"GOME"	GOME Electrical Appliances Holding Limited (stock code: 493), a company incorporated in Bermuda with limited liability and the issued ordinary shares of which are listed on the main board of the Stock Exchange

"GOME Customer(s)"	wholesale and/or retail customer(s) of the GOME Group
"GOME Finance"	GOME Finance Holding Investment Co., Ltd.* (國美金控投資有限公司), a company incorporated in the PRC with limited liability and wholly-owned by GOME Group Holdings Co., Ltd.* (國美控股集團有限公司), which in turn is ultimately beneficially wholly-owned by Mr. Wong
"GOME Group"	GOME and its subsidiaries
"GOME Holdings"	GOME Group Holdings Co., Ltd. * (國美控股集團有限公司), a company incorporated in the PRC with limited liability and wholly-owned by Beijing Eagle Investment Co., Ltd* (北京鵬潤投資有限公司)
"GOME Supplier(s)"	supplier(s) of the GOME Group
"GOME Xinda"	GOME Xinda Commercial Factoring Co., Ltd.* (國美信達商業保理有限公司), a company incorporated in the PRC with limited liability and wholly-owned by GOME Finance
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Holding Announcement"	the announcement of the Company dated 8 December 2015 setting out, among other things, a summary of the possible Subscriptions and the Whitewash Waiver application
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Financial Adviser"	Somerley Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
"Independent Shareholders"	(i) as regards the Subscriptions (including the Specific Mandates) and the Whitewash Waiver, Shareholders other than: (a) the Subscribers and their respective associates (including but not limited to Mr. Ko, Ms. Ko, Peninsula Resources Limited, Rockstead Technology Limited, Omnicorp Limited and Ms. Yu) and parties acting in concert with any of them; (b) Mr. Chung Tat Fun and his associates (including but not limited to Light Tower Holding Limited) and parties acting in concert with any of them; (c) Varitronix; and (d) any other Shareholder who is interested or involved in any of the Subscriptions and/or the Whitewash Waiver

	(ii) as regards the Framework Agreements, Shareholders other than any Shareholder who has a material interest in the Framework Agreements
"Last Trading Day"	27 November 2015, being the last trading day of the Shares immediately prior to the entering into of the Subscription Agreements
"Latest Practicable Date"	1 August 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Long Stop Date"	31 October 2016 (or such other date as may be agreed by the parties to the Subscription Agreement(s) in writing)
"MOFCOM"	Ministry of Commerce of the People's Republic of China (中華人民共和國商務部) and its local branches
"Mr. Ko"	Ko Chun Shun, Johnson (高振順)
"Mr. Wong"	Wong Kwong Yu (黃光裕)
"Ms. Du"	Du Juan (杜鵑)
"Ms. Ko"	Ko Wing Yan, Samantha (高穎欣)
"Ms. Yu"	Yu Nan (余楠)
"PBOC"	the People's Bank of China
"PRC"	the People's Republic of China (which for the purpose of the Subscription Agreements, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
"Relevant Period"	the period commencing from a date falling six months before the date of the Holding Announcement, up to and including the Latest Practicable Date
"REORIENT"	REORIENT Group Limited (stock code: 376), a company incorporated in Hong Kong with limited liability and the issued ordinary shares of which are listed on the main board of the Stock Exchange
"Richlane"	Richlane Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Ko

"Richlane Subscription"	the subscription of 275,512,312 new Shares by Richlane under the Richlane Subscription Agreement
"Richlane Subscription Agreement"	the subscription agreement entered into between the Company and Richlane on 29 November 2015 in relation to the Richlane Subscription (as amended by the First Richlane Supplemental Agreement and the Second Richlane Supplemental Agreement)
"Richlane Subscription Shares"	275,512,312 new Shares to be subscribed by Richlane pursuant to the Richlane Subscription Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"SAIC"	State Administration for Industry and Commence of the PRC (國家工商行政管理總局) and its local branches
"Second Best Global Supplemental Agreement"	the second supplemental agreement to the Best Global Subscription Agreement entered into between the Company and Best Global on 5 August 2016
"Second Richlane Supplemental Agreement"	the second supplemental agreement to the Richlane Subscription Agreement entered into between the Company and Richlane on 5 August 2016
"Second Swiree Supplemental Agreement"	the second supplemental agreement to the Swiree Subscription Agreement entered into between the Company and Swiree on 5 August 2016
"Second Supplemental Agreement(s)"	collectively, the Second Swiree Supplemental Agreement, the Second Richlane Supplemental Agreement and the Second Best Global Supplemental Agreement, or any of them as the context may require
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be convened and held at Suite 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 22 August 2016, Monday, at 10:30 a.m. for the Shareholders to consider and, if thought fit, approve, among others, the Subscriptions, the Specific Mandates, the Whitewash Waiver, each of the Framework Agreements and the respective proposed annual caps thereunder
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company

"Shareholder(s)"	holder(s) of Share(s)
"Share Options"	has the same meaning as ascribed to it in the section headed "Effect on Shareholding Structure of the Company" in the letter from the Board of this circular
"Specific Mandate(s)"	the Specific Mandate(s) to be granted by the Independent Shareholders to the Directors at the SGM for the allotment and issue of the Subscription Shares under each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber(s)"	collectively, Swiree, Richlane and Best Global, or any of them as the context may require
"Subscription(s)"	collectively, the Swiree Subscription, the Richlane Subscription and the Best Global Subscription, or any of them as the context may require
"Subscription Agreement(s)"	collectively, the Swiree Subscription Agreement, the Richlane Subscription Agreement and the Best Global Subscription Agreement, or any of them as the context may require
"Subscription Price"	HK$0.77 per Subscription Share
"Subscription Shares"	2,066,342,340 new Shares in aggregate to be subscribed for by the Subscribers and issued by the Company under the Subscription Agreements
"subsidiaries"	has the same meaning as ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the same meaning as ascribed to it under the Listing Rules
"Supplemental Agreement(s)"	collectively, the First Supplemental Agreements and the Second Supplemental Agreements, or any of them as the context may require
"Swiree"	Swiree Capital Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Ms. Du
"Swiree Net Proceeds"	the net proceeds from the Swiree Subscription only (after deducting related fees and expenses)

"Swiree Subscription"	the subscription of 1,653,073,872 new Shares by Swiree pursuant to the Swiree Subscription Agreement
"Swiree Subscription Agreement"	the subscription agreement entered into between the Company and Swiree on 29 November 2015 in respect of the Swiree Subscription (as amended by the First Swiree Supplemental Agreement and the Second Swiree Supplemental Agreement)
"Swiree Subscription Shares"	1,653,073,872 new Shares to be subscribed by Swiree pursuant to the Swiree Subscription Agreement
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
"trading day"	a day on which the Shares are traded on the Stock Exchange
"Transfer Closing"	closing of the Equity Transfer in accordance with the terms and conditions of the Equity Transfer Agreement
"Varitronix"	Varitronix International Limited (stock code: 710), a company incorporated in Bermuda with limited liability and the issued ordinary shares of which are listed on the main board of the Stock Exchange
"Whitewash IBC"	an independent committee of the Board comprising all the non-executive Directors, namely Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina, and all the independent non-executive Directors, namely Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue, to advise the Independent Shareholders on the terms of the Subscriptions (including the Specific Mandates) and the Whitewash Waiver
"Whitewash Waiver"	a waiver to be obtained from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Swiree to make a mandatory general offer for all of the issued Shares and other securities of the Company not already owned or agreed to be acquired by Swiree and parties acting in concert with it which would otherwise arise as a result of the Completion of the Swiree Subscription or the Completion of all of the Subscriptions (as the case may be)
"%"	percentage

The translation of RMB into HK$ is based on the exchange rate of RMB1.00 to HK$1.175 and are provided for information purposes only.

華銀控股有限公司
SINO CREDIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

Executive Directors:
Mr. Chung Tat Fun *(Chairman)*
Mr. Chung Ho Chun
Mr. Fu Ear Ly
Mr. Huang Weibo

Non-executive Directors:
Mr. So Chak Fai, Francis
Ms. Wong Yee Shuen Regina

Independent Non-executive Directors:
Ms. Lee Shiow Yue
Mr. Poon Wai Hoi, Percy
Mr. Tang Chi Ho, Francis

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Suite 1502, 15/F.
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

5 August 2016

To the Shareholders

Dear Sir or Madam,

(1) SUBSCRIPTION OF NEW SHARES;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) CONTINUING CONNECTED TRANSACTIONS – FACTORING SERVICE FRAMEWORK AGREEMENT AND FINANCIAL LEASING SERVICE FRAMEWORK AGREEMENT;
(4) PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY; AND
(5) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Holding Announcement, the Announcement and the announcement of the Company dated 5 August 2016 in respect of, among other matters, the Framework Agreements and the Second Supplemental Agreements.

On 29 November 2015, the Company entered into the Swiree Subscription Agreement, the Richlane Subscription Agreement and the Best Global Subscription Agreement with each of Swiree, Richlane and Best Global respectively pursuant to which the Company has conditionally agreed to allot and issue, and Swiree, Richlane and Best Global have conditionally agreed to subscribe for, 1,653,073,872 Shares, 275,512,312 Shares and 137,756,156 Shares respectively, constituting a total of 2,066,342,340 Subscription Shares, in each case at an issue price of HK$0.77 per Subscription Share. On 18 February 2016, the Company entered into the First Swiree Supplemental Agreement, the First Richlane Supplemental Agreement and the First Best Global Supplemental Agreement with each of Swiree, Richlane and Best Global respectively to amend and clarify certain terms in the Subscription Agreements. On 5 August 2016, the Company entered into the Second Swiree Supplemental Agreement, the Second Richlane Supplemental Agreement and the Second Best Global Supplemental Agreement with each of Swiree, Richlane and Best Global respectively to extend the Long Stop Date as set out in the Subscription Agreements from 30 April 2016 to 31 October 2016.

On 5 August 2016, the Company and Swiree entered into (i) the Factoring Service Framework Agreement; and (ii) the Financial Leasing Service Framework Agreement, in respect of the provision of the Connected Factoring Loans and the Connected Financial Leasing, respectively.

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Subscriptions (including the Specific Mandates), the Whitewash Waiver and the Framework Agreements; (ii) recommendations of the CCT IBC to the Independent Shareholders in relation to the Framework Agreements and the respective proposed annual caps thereunder; (iii) recommendations of the Whitewash IBC to the Independent Shareholders in relation to the Subscriptions (including the Specific Mandates) and the Whitewash Waiver; (iv) the letter of advice from the Independent Financial Adviser to the CCT IBC, the Whitewash IBC and the Independent Shareholders in relation to the terms of the Subscription (including the Specific Mandates), the Whitewash Waiver, the Framework Agreements and the respective proposed annual caps thereunder; (v) certain financial information and general information of the Group; and (vi) the notice of the SGM.

THE SUBSCRIPTION AGREEMENTS

The terms of each of the Subscription Agreements (as amended by the Supplemental Agreements) are substantially the same, save for certain conditions precedent and provisions governing Completion as further described below. Their principal terms are set out below:

The Swiree Subscription Agreement

Date	:	29 November 2015 (as amended by the First Swiree Supplemental Agreement on 18 February 2016 and the Second Swiree Supplemental Agreement on 5 August 2016)
Issuer	:	The Company
Subscriber	:	Swiree

The Richlane Subscription Agreement

Date	:	29 November 2015 (as amended by the First Richlane Supplemental Agreement on 18 February 2016 and the Second Richlane Supplemental Agreement dated 5 August 2016)
Issuer	:	The Company
Subscriber	:	Richlane

The Best Global Subscription Agreement

Date	:	29 November 2015 (as amended by the First Best Global Supplemental Agreement on 18 February 2016 and the Second Best Global Supplemental Agreement dated 5 August 2016)
Issuer	:	The Company
Subscriber	:	Best Global

As at the Latest Practicable Date, Mr. Ko, who was the ultimate beneficial owner of Richlane, owned a total of 17,264,000 Shares, representing approximately 2.72% of the total issued share capital of the Company. Among such 17,264,000 Shares, Mr. Ko directly held 15,000,000 Shares and indirectly owned 2,264,000 Shares through Peninsula Resources Limited, which is a company wholly-owned by Mr. Ko. As disclosed in the Announcement, Mr. Ko was also interested in Varitronix which in turn held 17,360,000 Shares, representing approximately 2.73% of the total issued share capital of the Company as at the date of the Announcement. Mr. Ko's daughter, Ms. Ko, is an executive director of Varitronix. As at the Latest Practicable Date, Mr. Ko indirectly owned approximately 7.48% of the entire issued share capital of Varitronix through his wholly-owned companies, Rockstead Technology Limited and Omnicorp Limited, and Ms. Ko directly owned approximately 0.03% of the entire issued share capital of Varitronix. The Company understands from Richlane that Richlane does not consider Varitronix to be a party acting in concert with Richlane, and that Richlane does not consider Varitronix to be its associate, for the following reasons: (1) Mr. Ko and Ms. Ko together own or control (whether directly or indirectly) less than 10% voting rights of Varitronix in aggregate; (2) Ms. Ko is only one of the nine directors of Varitronix, and does not control the board of Varitronix; and (3) there is no agreement or understanding among Richlane, Varitronix, Mr. Ko, Ms. Ko, Peninsula Resources Limited, Rockstead Technology Limited, Omnicorp Limited and/or their respective concert parties in relation to the exercise of voting rights in the Company and/or to obtain or consolidate control of the Company by any one of them. As informed by Varitronix, it has disposed of the 17,360,000 Shares in May 2016 to a third party independent of the Subscribers and their ultimate beneficial owners. Varitronix did not hold any Share as at the Latest Practicable Date. Save for the aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscribers and their ultimate beneficial owners were third parties independent of the Company and its connected persons as at the Latest Practicable Date. Please refer to the section headed "Information on the Subscribers" in this letter for more information on the Subscribers.

The Subscription Shares

The total number of the Subscription Shares was 2,066,342,340, representing (i) approximately 325.52% of the existing entire issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 76.50% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that none of the Share Options are exercised and that there is no other change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date); and (iii) approximately 75% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and new Shares upon the exercise of the Share Options in full (assuming that there is no other change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date). The following table sets out the number of the Subscription Shares to be subscribed for by each Subscriber, the respective percentages of the enlarged issued share capital of the Company (including new Shares to be issued upon exercise of the Share Options in full) represented by the Subscription Shares to be subscribed for by each Subscriber, and the respective consideration for each of the Subscriptions:

Name of Subscriber	Number of Subscription Shares	% to the total number of Subscription Shares	% of the entire issued share capital of the Company as enlarged by the Subscription Shares (assuming that none of the Share Options are exercised and there will be no other change in the number of issued Shares)	% of the entire issued share capital of the Company as enlarged by the Subscription Shares and new Shares to be issued upon exercise of the Share Options in full	Consideration
					HK$ million
Swiree	1,653,073,872	80%	61.20%	60.00%	1,272.87
Richlane	275,512,312	13%	10.20%	10.00%	212.14
Best Global	137,756,156	7%	5.10%	5.00%	106.07
	2,066,342,340	100%	76.50%	75.00%	1,591.08

As at the Latest Practicable Date, save for Mr. Ko's existing shareholding interests in the Company as disclosed above, none of Swiree, Richlane, Best Global, their respective associates and parties acting in concert with any of them held any Shares or any other relevant securities in the Company.

The Subscription Price

The Subscription Price of HK$0.77 per Subscription Share represents:

(i) a discount of approximately 55.49% to the closing price of HK$1.73 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 56.55% to the average closing price of approximately HK$1.77 per Share for the last 5 consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 54.46% to the average closing price of approximately HK$1.69 per Share for the last 10 consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 2.04% to the audited consolidated net asset value per Share of the Company of approximately HK$0.786 as at 31 March 2016; and

(v) a discount of approximately 28.04% to the closing price per Share of HK$1.07 as quoted on the Stock Exchange on the Latest Practicable Date.

The gross proceeds from the Subscriptions are expected to be approximately HK$1,591.08 million. The aggregate nominal amount of the Subscription Shares is HK$206,634,234.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscribers after taking into account, among others, the following factors:

(i) the unaudited consolidated net asset value per Share of approximately HK$0.76 as at 30 September 2015;

(ii) the losses reported by the Group for the financial years ended 31 March 2014 and 2015 respectively and the deterioration in the operational performance of the Group as indicated by the decrease in profit after tax for the six months ended 30 September 2015 as compared with the six months ended 30 September 2014 as stated in the interim report of the Company for the corresponding periods respectively;

(iii) the increase in the gearing ratio of the Company (calculated on the basis of total liabilities exclusive of deferred tax liabilities divided by total equity) from approximately 22.1% as at 31 March 2014 to approximately 63% as at 30 September 2015 and the substantial decrease of cash and cash equivalent from approximately HK$98.5 million as at 31 March 2014 to approximately HK$26.4 million as at 30 September 2015;

(iv) the recent trading price to book ratios of comparable companies listed on the main board of the Stock Exchange which are in the financial lending industry targeting customers which/who are small to medium companies and individuals in the PRC and/or Hong Kong, which were in the range of 0.3 to 1.1, and the implied price to book ratio of the Subscriptions (based on the Subscription Price and the net asset per Share as at 30 September 2015) of 1.0 which falls within the range of the above price to book ratios of the comparable companies, indicates that the Subscription Price implies a valuation of the Company comparable to the general market;

(v) the prospect of the Group's business as a result of the Completion of the Subscriptions as further described in the section headed "Reasons for and Benefits of the Subscriptions" below in this letter; and

(vi) the average closing price of approximately HK$1.69 per Share for the last 10 consecutive trading days up to and including the Last Trading Day.

The Subscribers have considered and are well aware of the risks involved in investing in the Group which, as at the Latest Practicable Date, had a relatively weak liquidity position, a high gearing ratio and deteriorating financial performance. They also believe that given the high fluctuations in the Share price and trading volume of the Shares in recent years, the trading price of the Shares at the relevant time may only be one of the factors rather than a key factor for the determination of the Subscription Price.

On the other hand, the Directors believe that the introduction of Swiree and the other Subscribers as Shareholders will bring both strategic and financial benefits to the Group. Please refer to the section headed "Reasons for and Benefits of the Subscriptions" below in this letter for more details.

Taking into account the above factors, the Directors (excluding the members of the Whitewash IBC whose views are set out in the letter from the Whitewash IBC) consider that the Subscription Price (including the discounts to the average closing prices of the Shares prior to the date of the Subscription Agreements as described) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Specific Mandates, Ranking and Listing Application for the issue of the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandates to be sought from the Independent Shareholders at the SGM.

The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares and ex any dividend which may be declared with a record date prior to the date of allotment and issue of the Subscription Shares.

Under the Subscription Agreements, there is no restriction on the issue of further Shares or other securities by the Company after Completion, nor on the subsequent sale of the Subscription Shares by the Subscribers.

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Conditions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription

Each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription is conditional upon the fulfillment (or waiver, if applicable) of the following conditions:

(a) the passing of all necessary resolutions by the Shareholders (who are eligible to vote on the relevant resolutions under the Listing Rules, the Takeovers Code and the Company's bye-laws) in a general meeting of the Company approving, among other things, the relevant Specific Mandate, the relevant Subscription, the transactions contemplated under the relevant Subscription Agreement and the Whitewash Waiver;

(b) the Executive having granted the Whitewash Waiver to Swiree (and such grant not having been withdrawn), and any necessary conditions, if any, attached to the Whitewash Waiver having been fulfilled;

(c) the Stock Exchange having granted the listing of and permission to deal in the Subscription Shares and such approval and granting not having been revoked or withdrawn;

(d) the listing of the Company not having been cancelled or withdrawn, the Shares continuing to be listed and traded on the Stock Exchange at all times from the date of the relevant Subscription Agreement to the Completion Date (save for any temporary suspension of trading pending the issue of the Announcement or any announcement in connection with the Subscriptions) and neither the Stock Exchange nor the SFC having indicated that it will restrain, object, suspend or revoke the listing and/or trading of the issued Shares (including the Subscription Shares) on the Stock Exchange;

(e) no court having jurisdiction or governmental or regulatory body having made or granted any order, decree, injunction or decision which would restrict, prohibit or nullify the consummation of the transactions contemplated under the relevant Subscription Agreement, and no statute, rule, regulation or other requirements having been promulgated or enacted which would restrict, prohibit or nullify the consummation of the transactions contemplated under the relevant Subscription Agreement;

(f) no action or other procedures to restrain, prohibit or seek to declare that the transactions contemplated under the relevant Subscription Agreement are invalid, or to otherwise seek damages for any material loss suffered as a result of such transactions having been instituted or threatened by any person at any court or governmental body;

(g) the Company having obtained all consents from the relevant governmental or regulatory bodies or other third parties which are necessary to be obtained for the execution and performance of the relevant Subscription Agreement and any of the transactions contemplated thereunder;

(h) the warranties under the relevant Subscription Agreement given by each of the Company and the Subscribers remaining true, accurate and not misleading in all material respects at Completion by reference to the facts and circumstances subsisting as at the Completion Date;

(i) the Company having fully complied with the pre-completion undertakings set out in the relevant Subscription Agreement and otherwise having performed in all material respects all of the obligations required to be performed by it under the relevant Subscription Agreement;

(j) save as disclosed in any documents including the announcements, circulars, interim reports, annual reports and monthly returns published by the Company on the website of the Stock Exchange or as disclosed in the relevant Subscription Agreement, there being no material adverse change in respect of the Company's ability to perform its obligations under the relevant Subscription Agreement and the transactions contemplated thereunder or the business, assets and liabilities, conditions (financial or otherwise) or results of operations of the Group as a whole subsisting during the period from 30 September 2015 to the Completion Date; and

(k) the Company having procured the delivery of a legal opinion addressed to the Company and the relevant Subscriber to be issued by the Bermuda counsel of the Company on a date not earlier than ten Business Days before the Completion Date confirming that: (i) the Company has been duly incorporated and is in good standing; (ii) the Company has the authority to execute the Subscription Agreements; and (iii) the performance by the Company of its obligations under the Subscription Agreements will not violate the Company's memorandum of association or bye-laws or any applicable Bermuda laws (including but not limited to the effectiveness of any nominations of Directors by the Subscribers upon Completion).

In respect of the Richlane Subscription Agreement and the Best Global Subscription Agreement only, in addition to the conditions precedent set out above, the Completion of each of the Richlane Subscription and the Best Global Subscription is also conditional upon the other Subscription Agreements remaining effective and not having been terminated, and the fulfillment (or waiver, if applicable) of all the conditions precedent set out in the other Subscription Agreements (the "**Additional Condition**").

Each of the Subscribers may in its absolute discretion waive the conditions precedent set out in paragraphs (h) (with respect to the warranties given by the Company), (i), (j) and (k) at any time by notice in writing to the Company. In respect of the Richlane Subscription Agreement and the Best Global Subscription Agreement only, the Additional Condition cannot be waived. The other conditions precedent set out above cannot be waived by any party to the Subscription Agreements.

If any of the conditions precedent set out above (in the case of the Swiree Subscription Agreement, except for the Additional Condition) have not been fulfilled (or waived, if applicable) on or before the Long Stop Date, neither the Company nor the relevant Subscriber shall be bound to proceed with the transactions contemplated under the relevant Subscription Agreement and the relevant Subscription Agreement shall cease to be of any effect save for, among other things, as to any antecedent breach of the relevant Subscription Agreement.

As at the Latest Practicable Date, none of the conditions precedent has been fulfilled.

Completion

Completion of the Swiree Subscription shall take place on the Completion Date after all the conditions precedent of the Swiree Subscription Agreement have been fulfilled (or waived, if applicable). Completions of the Richlane Subscription and the Best Global Subscription shall take place on the Completion Date concurrently with the Completion of Swiree Subscription or after the Completion of the Swiree Subscription has taken place and after all the respective conditions precedent of the Richlane Subscription Agreement and Best Global Subscription Agreement have been fulfilled (or waived, if applicable).

Completions of the Richlane Subscription and the Best Global Subscription are inter-conditional and are each conditional upon and subject to the prior or concurrent Completion of the Swiree Subscription. Completion of the Swiree Subscription is independent of the Completion of each of, and not conditional upon the Completion of any of, the Richlane Subscription and the Best Global Subscription.

Whilst the Completion of the Swiree Subscription on the one hand and the Completions of the Richlane Subscription and the Best Global Subscription on the other hand can take place on different dates, it is the intention of the Company for the Completions of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription to take place simultaneously on the Completion Date, provided that all of the Subscription Agreements have become unconditional.

At Completion, the Subscriber(s) shall subscribe for, and the Company shall allot and issue to the Subscriber(s), their respective number of Subscription Shares. On the Completion Date, among other things, each of the Subscribers shall effect payment of the aggregate Subscription Price payable by it under the relevant Subscription Agreement in full, and the Company shall allot and issue to the Subscribers their respective number of Subscription Shares.

Completion of each of the Subscriptions is independent of and not conditional upon the Transfer Closing as described in the Equity Transfer Agreement. As at the Latest Practicable Date, none of the conditions precedent to the Transfer Closing had been fulfilled (or waived, if applicable). The conditions precedent to the Transfer Closing shall be fulfilled (or waived, if applicable) within 6 months after the date of the Equity Transfer Agreement, i.e. 18 August 2016, or on or before such other date as mutually agreed by the parties in writing. Please refer to the section headed "Discloseable Transaction in relation to the Acquisition of the Entire Equity Interests in GOME Xinda" in the Announcement for more details of the Equity Transfer.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had (i) 634,780,780 fully paid-up Shares in issue, and (ii) outstanding share options in respect of 21,000,000 Shares with an exercise price of HK$1.25 per Share and outstanding share options in respect of 33,000,000 Shares with an exercise price of HK$1.23 per Share (collectively, the "**Share Options**") granted under the share option scheme of the Company on 2 September 2014 and 30 September 2014 respectively. Save for the above, the Company had no other outstanding convertible securities, options, warrants or derivatives in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The table below sets out the effect of the Subscriptions on the shareholding structure of the Company immediately upon: (i) Completion, assuming that none of the Share Options are exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date; and (ii) Completion and exercise of the Share Options in full, assuming that there is no other change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date:

	As at the Latest Practicable Date		Immediately after Completion of the Swiree Subscription only (assuming that the Richlane Subscription and the Best Global Subscription do not complete and none of the Share Options are exercised)		Immediately after Completion of the Swiree Subscription only and the exercise of the Share Options in full (assuming that the Richlane Subscription and the Best Global Subscription do not complete)		Immediately after the Completion of all the Subscriptions (assuming that none of the Share Options are exercised)		Immediately after the Completion of all the Subscriptions and the exercise of the Share Options in full	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Non-public Shareholders										
Light Tower Holding Limited *(Note 1)*	60,000,000	9.45%	60,000,000	2.62%	60,000,000	2.55%	60,000,000	2.22%	60,000,000	2.18%
Regal Peak Development Limited *(Note 2)*	54,000,000	8.51%	–	–	–	–	–	–	–	–
Flame Global Holding Limited *(Note 3)*	60,000,000	9.45%	–	–	–	–	–	–	–	–
So Chak Fai, Francis *(Note 4)*	11,096,000	1.75%	–	–	–	–	–	–	–	–
Fu Ear Ly *(Note 5)*	30,000,000	4.73%	–	–	–	–	–	–	–	–
Chung Tat Fun *(Note 1)*	–	–	–	–	6,000,000	0.26%	–	–	6,000,000	0.22%
Subtotal	215,096,000	33.89%	60,000,000	2.62%	66,000,000	2.81%	60,000,000	2.22%	66,000,000	2.40%
Swiree and parties acting in concert with it										
Non-public shareholding										
Swiree	–	–	1,653,073,872	72.25%	1,653,073,872	70.59%	1,653,073,872	61.20%	1,653,073,872	60.00%
Richlane *(Note 6)*	–	–	–	–	–	–	275,512,312	10.20%	275,512,312	10.00%
Ko Chun Shun Johnson *(Note 6)*	–	–	–	–	–	–	15,000,000	0.56%	15,000,000	0.54%
Peninsula Resources Limited *(Note 6)*	–	–	–	–	–	–	2,264,000	0.08%	2,264,000	0.07%
							292,776,312	10.84%	292,776,312	10.61%
Subtotal	–	–	1,653,073,872	72.25%	1,653,073,872	70.59%	1,945,850,184	72.04%	1,945,850,184	70.61%
Public shareholding										
Ko Chun Shun Johnson *(Note 6)*	15,000,000	2.36%	15,000,000	0.66%	15,000,000	0.64%	–	–	–	–
Peninsula Resources Limited *(Note 6)*	2,264,000	0.36%	2,264,000	0.10%	2,264,000	0.10%	–	–	–	–
Best Global	–	–	–	–	–	–	137,756,156	5.10%	137,756,156	5.00%
Subtotal	17,264,000	2.72%	17,264,000	0.76%	17,264,000	0.74%	137,756,156	5.10%	137,756,156	5.00%
Total number of issued Shares held by Swiree and parties acting in concert with it	17,264,000	2.72%	1,670,337,872	73.01%	1,670,337,872	71.33%	2,083,606,340	77.14%	2,083,606,340	75.61%

	As at the Latest Practicable Date		Immediately after Completion of the Swiree Subscription only (assuming that the Richlane Subscription and the Best Global Subscription do not complete and none of the Share Options are exercised)		Immediately after Completion of the Swiree Subscription only and the exercise of the Share Options in full (assuming that the Richlane Subscription and the Best Global Subscription do not complete)		Immediately after the Completion of all the Subscriptions (assuming that none of the Share Options are exercised)		Immediately after the Completion of all the Subscriptions and the exercise of the Share Options in full	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Public Shareholders										
Regal Peak Development Limited *(Note 2)*	–	–	54,000,000	2.36%	54,000,000	2.31%	54,000,000	2.00%	54,000,000	1.96%
Flame Global Holding Limited *(Note 3)*	–	–	60,000,000	2.62%	60,000,000	2.56%	60,000,000	2.22%	60,000,000	2.18%
So Chak Fai, Francis *(Note 4)*	–	–	11,096,000	0.48%	11,096,000	0.47%	11,096,000	0.41%	11,096,000	0.40%
Fu Ear Ly *(Note 5)*	–	–	30,000,000	1.31%	30,000,000	1.28%	30,000,000	1.11%	30,000,000	1.09%
Wong Yee Shuen, Regina *(Note 2)*	–	–	–	–	6,000,000	0.26%	–	–	6,000,000	0.22%
Huang Weibo *(Note 3)*	–	–	–	–	6,000,000	0.26%	–	–	6,000,000	0.22%
Chung Ho Chun *(Note 8)*	–	–	–	–	6,000,000	0.26%	–	–	6,000,000	0.22%
Lam Tsz Chung *(Note 7)*	–	–	–	–	6,000,000	0.26%	–	–	6,000,000	0.22%
Other public Shareholders	402,420,780	63.39%	402,420,780	17.60%	426,420,780	18.20%	402,420,780	14.90%	426,420,780	15.48%
Subtotal	402,420,780	63.39%	557,516,780	24.37%	605,516,780	25.86%	557,516,780	20.64%	605,516,780	21.99%
Total number of issued Shares	**634,780,780**	**100.00%**	**2,287,854,652**	**100.00%**	**2,341,854,652**	**100.00%**	**2,701,123,120**	**100.00%**	**2,755,123,120**	**100.00%**

Notes:

1. As at the Latest Practicable Date, Light Tower Holding Limited was wholly and beneficially owned by Mr. Chung Tat Fun, the chairman of the Board and an executive Director who also held 6,000,000 Share Options to subscribe for 6,000,000 new Shares at HK$1.23 each.

2. As at the Latest Practicable Date, Regal Peak Development Limited was wholly and beneficially owned by Ms. Wong Yee Shuen, Regina, a non-executive Director who, together with her spouse, held 6,000,000 Share Options to subscribe for 6,000,000 new Shares at HK$1.25 each and another 6,000,000 Share Options to subscribe for 6,000,000 new Shares at HK$1.23 each. As Ms. Wong Yee Shuen, Regina intends to resign as Director with effect from Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently), both Ms. Wong Yee Shuen, Regina and Regal Peak Development Limited will no longer be core connected persons of the Company immediately after Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently). Accordingly, they will be regarded as public Shareholders upon Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently).

3. As at the Latest Practicable Date, Flame Global Holding Limited was wholly and beneficially owned by Mr. Huang Weibo, an executive Director who held 6,000,000 Share Options to subscribe for 6,000,000 new Shares at HK$1.25 each. As Mr. Huang Weibo intends to resign as Director with effect from Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently), both Mr. Huang Weibo and Flame Global Holding Limited will no longer be core connected persons of the Company immediately after Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently). Accordingly, they will be regarded as public Shareholders upon Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently).

4. Mr. So Chak Fai, Francis is a non-executive Director. As Mr. So Chak Fai intends to resign as Director with effect from Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently), he will no longer be a core connected person of the Company immediately after Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently). Accordingly, he will be regarded as a public Shareholder upon Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently).

5. Mr. Fu Ear Ly is an executive Director. As Mr. Fu Ear Ly intends to resign as Director with effect from Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently), he will no longer be a core connected person of the Company immediately after Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently). Accordingly, he will be regarded as a public Shareholder upon Completion of the Swiree Subscription (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently).

6. As at the Latest Practicable Date, Mr. Ko, who is the ultimate beneficial owner of Richlane, owned a total of 17,264,000 Shares, among which Mr. Ko directly held 15,000,000 Shares and indirectly owned 2,264,000 Shares through Peninsula Resources Limited, which is a company wholly-owned by Mr. Ko. As Richlane and Best Global are parties acting in concert with Swiree in respect of the obtaining or consolidating of the voting rights in the Company, Mr. Ko and Peninsula Resources Limited, being parties acting in concert with Richlane, are also considered to be parties acting in concert with Swiree in respect of the obtaining or consolidating of the voting rights in the Company. Upon Completion of the Swiree Subscription only, the aggregate shareholding interest of Swiree and parties acting in concert with it in the Company represents approximately 73.01% of the total issued share capital of the Company as enlarged by the issue of the Swiree Subscription Shares (assuming that the Richlane Subscription and the Best Global Subscription do not complete and that none of the Share Options are exercised), and approximately 71.33% of the issued share capital of the Company as enlarged by the issue of the Swiree Subscription Shares and the exercise of the Share Options in full (assuming that the Richlane Subscription and the Best Global Subscription do not complete). Whilst both Mr. Ko and Peninsula Resources Limited are parties acting in concert with Swiree, they will be regarded as public Shareholders upon the Completion of the Swiree Subscription assuming that the Richlane Subscription and the Best Global Subscription do not complete and that none of the Share Options are exercised, unless they, as a result of circumstances other than the Completion of the Swiree Subscription, become core connected persons of the Company. Neither Mr. Ko nor Peninsula Resources Limited will become a core connected person of the Company upon the Completion of the Swiree Subscription. As such, Mr. Ko and Peninsula Resources Limited will continue to be public Shareholders. Upon Completion of all of the Subscriptions, the aggregate shareholding interest of the Subscribers and parties acting in concert with any of them in the Company represents approximately 77.14% of the enlarged issued share capital of the Company immediately after the allotment and issue of all Subscription Shares and assuming that none of the Share Options are exercised, and approximately 75.61% of the enlarged issued share capital of the Company immediately after the allotment and issue of all Subscription Shares and assuming that the Share Options are exercised in full. Both Mr. Ko and Peninsula Resources Limited will become core connected persons and will not be regarded as public Shareholders upon Completion of all of the Subscriptions.

7. As at the Latest Practicable Date, Mr. Lam Tsz Chung, the legal consultant of the Company and spouse of Ms. Wong Yee Shuen, Regina (a non-executive Director) held 6,000,000 Share Options to subscribe for new Shares at HK$1.23 each. As Ms. Wong Yee Shuen, Regina intends to resign as Director with effect from Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently), Mr. Lam Tsz Chung will no longer be a core connected person of the Company immediately after Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently). Accordingly, he will be regarded as a public Shareholder upon Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently).

8. As at the Latest Practicable Date, Mr. Chung Ho Chun, an executive Director held 6,000,000 Share Options to subscribe for new Shares at HK$1.25 each. As Mr. Chung Ho Chun intends to resign as Director with effect from Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently), he will no longer be a core connected person of the Company immediately after Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently). Accordingly, he will be regarded as a public Shareholder upon Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently).

Each of the Subscribers confirms that (i) it was not a core connected person of the Company as at the Latest Practicable Date; (ii) its Subscription of its portion of the Subscription Shares is not financed by any core connected person of the Company; and (iii) it is not accustomed to take instructions from any core connected persons of the Company or the other Subscribers in relation to the acquisition, disposal, voting or other disposition of its portion of the Subscription Shares or any Shares registered in its name or otherwise held by it. Both Swiree and Richlane will become substantial shareholders of the Company following the Completion of the Subscriptions and thus core connected persons of the Company. On the other hand, following the Completion of the Subscriptions, Best Global will only become interested in approximately 5.10% of the total issued share capital of the Company (assuming that none of the Share Options are exercised) or approximately 5% of the total issued share capital of the Company (if the Share Options are exercised in full). Accordingly, even though Best Global is acting in concert with Swiree and Richlane in respect of the Subscriptions, Best Global will not be regarded as a core connected person of the Company following the Completion of the Subscriptions.

As Mr. Chung Ho Chun, Mr. Fu Ear Ly, Mr. Huang Weibo, Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina intend to resign as Directors with effect from Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently), Mr. Chung Ho Chun, Mr. Fu Ear Ly, Mr. Huang Weibo, Mr. So Chak Fai, Francis, Ms. Wong Yee Shuen, Regina and their respective close associates will no longer be core connected persons of the Company immediately after the Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently) and the Shares held by them will therefore be regarded as being held by public Shareholders. Upon the Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently) assuming that none of the Share Options are exercised and there are no changes to the percentage of Shares held by public Shareholders, the public float of the Company will be above the minimum 25% threshold as required under Rule 8.08(1)(a) of the Listing Rules after taking into account the Shares held by Mr. Chung Ho Chun, Mr. Fu Ear Ly, Mr. Huang Weibo, Mr. So Chak Fai, Francis, Ms. Wong Yee Shuen, Regina and their respective close associates. Also, the public float of the Company will remain above the minimum 25% threshold upon the Completion of the Swiree Completion (if it takes place before the Completions of the Richlane Subscription and the Best Global Subscription) or the Completions of all of the Subscriptions (if they take place concurrently) and the full exercise of all Share Options, assuming that there are no other changes to the percentage of Shares held by public Shareholders.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of financial services, including the provision of commercial factoring services, real estate-backed loan services, personal property pawn loan services, other loans services, financial leasing services, and financial consulting services in the PRC and money lending services in Hong Kong.

INFORMATION ON THE SUBSCRIBERS

Swiree is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Du, the spouse of Mr. Wong (who is the controlling shareholder of GOME). GOME and its subsidiaries are principally engaged in the operation and management of networks of electrical appliances, consumer electronic products retail stores and electronic products on-line sales in the PRC. As disclosed in GOME's circular dated 24 December 2015 and the GOME's announcements dated 22 January 2016 and 31 March 2016 respectively, GOME acquired a company from GOME Management Ltd., which is an associate (as defined in the Listing Rules) of Mr. Wong, its controlling shareholder, and which through such associate's subsidiaries, is also engaged in the retail sale of electrical appliances and consumer electronic products under the trademark "GOME Electrical Appliances" and related operations mainly in cities other than the cities of the PRC in which GOME and its subsidiaries already operate. As confirmed by Swiree, GOME Management Ltd. did not hold any Shares or other relevant securities of the Company as at the Latest Practicable Date. The Company understands from Swiree that Mr. Wong, through companies which he or his family members have interests, also owns a number of companies in the PRC which are engaged in microfinance, consumer credit and online finance services.

In 2010, in the Beijing Second Intermediate People's Court of the PRC, Mr. Wong was convicted of offences relating to insider dealing, illegal business and bribery and was sentenced to 14 years of imprisonment. Mr. Wong is currently serving his sentence. In the same proceedings, Ms. Du was originally sentenced to three and a half years of imprisonment for insider trading. Within 3 months thereafter, Ms. Du was reprieved and released, and her sentence had been fully served. In May 2014, Mr. Wong and Ms. Du reached settlement with the SFC in respect of the civil proceedings brought by the SFC against them in connection with certain share repurchases by GOME conducted in January and February 2008. As conditions to the settlement, Mr. Wong and Ms. Du admitted that they had negligently breached their duties as directors to act properly in the best interests of GOME and to avoid making any unauthorized or improper gain at the expense of GOME, and had paid GOME an amount of approximately HK$420 million plus interest as compensation.

Richlane is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Mr. Ko, an individual investor. Mr. Ko has extensive experience in direct investment, corporate finance, corporate restructuring, mergers and acquisitions and other financial services. He is a director and shareholder of REORIENT who held approximately 9.55% of the entire issued share capital of REORIENT as at the Latest Practicable Date. As at the Latest Practicable Date, REORIENT in turn wholly owned REORIENT Financial Markets Limited, which is the financial adviser to the Company in respect of the Subscriptions. As at the Latest Practicable Date, none of REORIENT, REORIENT Financial Markets Limited or other companies controlled by REORIENT were interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the Shares held by REORIENT Capital Markets Limited, being an indirect wholly-owned subsidiary of REORIENT, on a non-discretionary basis on behalf of its clients.

On 16 December 2015, the Group entered into a loan agreement (the "**SkyNet Loan**") with certain subsidiaries of SkyNet Group Limited ("**SkyNet**"), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8176), pursuant to which the Group accepted a cash deposit of HK$12.75 million from a subsidiary of SkyNet as a guarantee in favour of the Group for the making of a financial lease loan to another subsidiary of SkyNet in relation to the purchase of certain equipment. Under the financial lease loan, SkyNet will have to make 10 monthly lease payments totaling RMB10.73 million (equivalent to approximately HK$12.61 million) to the Group. The interest rate of the financial lease loan is 1.2% per annum. As at 30 June 2016, the outstanding deposit amount and the outstanding loan receivable amounted to approximately HK$8.29 million and approximately RMB7.07 million (equivalent to approximately HK$8.31 million) respectively. The Company considers that the SkyNet Loan is made as part of the Group's ordinary course of business and is on normal commercial terms.

Mr. Ko, through High Aim Global Limited ("**High Aim**"), owns 26,697,946 ordinary shares and 30,000,000 preferred shares (which are convertible into 30,000,000 new ordinary shares in SkyNet) in the issued share capital of SkyNet, representing approximately 6.36% and approximately 12.61% of the issued share capital of SkyNet before and after conversion of the relevant preferred shares respectively. High Aim is also a 31.22% shareholder of Success Far Holdings Limited which has made a loan to Xing Hang Limited to finance its subscription of 179,921,200 ordinary shares in SkyNet in April 2015, representing approximately 42.86% and approximately 40.00% before and after conversion of SkyNet's outstanding preferred shares (held by High Aim) respectively. Such loan from Success Far Holdings Limited to Xing Hang Limited is secured by a share charge given by Xing Hang Limited in favour of Success Far Holdings Limited over the 179,921,000 ordinary shares in SkyNet held by Xing Hang

Limited. As at the Latest Practicable Date, the loan to Xing Hang Limited had not been defaulted and the share charge has not been enforced by Success Far Holdings Limited. Mr. Ko was also deemed to have an approximately 9.55% interest in REORIENT, which through an indirectly wholly owned subsidiary is holding 13,494,090 ordinary shares in SkyNet, representing approximately 3.21% and approximately 3.00% of the issued share capital of SkyNet before and after conversion of SkyNet's outstanding preferred shares (held by High Aim) respectively. At the time when the SkyNet Loan was made and as at the Latest Practicable Date, Mr. Ko effectively has control over approximately 6.36% of the voting right in SkyNet.

Mr. Ko, though Richlane, is a subscriber under the Subscriptions and owned a total of 17,264,000 Shares, representing approximately 2.72% of the total issued share capital of the Company as at the Latest Practicable Date. The Company confirms that the terms of the SkyNet Loan shall remain the same until repayment in full around October 2016. None of Swiree, its concert parties and their respective agents was involved in the discussions or negotiations or otherwise in respect of the SkyNet Loan.

Best Global is an investment holding company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Gate Success Investments Limited, being an investment holding company incorporated in the British Virgin Islands with limited liability, and which is in turn wholly-owned by Ms. Yu, an individual investor. Ms. Yu was previously engaged in business and economic research and has extensive business connections with management of state-owned enterprises and private corporations in the PRC.

The respective ultimate beneficial owners of Swiree, Richlane and Best Global, namely Ms. Du, Mr. Ko and Ms. Yu, are business acquaintances. Mr. Wong (the spouse of Ms. Du), Mr. Ko and Ms. Yu, through their respective wholly-owned companies, subscribed for shares in Lajin Entertainment Network Group Limited (previously known as China Star Cultural Media Group Limited) (stock code: 8172) ("**Lajin**") among other subscribers. Please refer to the circular and the announcement issued by Lajin on 18 February 2015 and 19 March 2015 respectively for more details. Mr. Ko and Ms. Yu also have other co-investments in listed companies in Hong Kong. Mr. Ko was introduced to Ms. Du by an acquaintance. Ms. Du was introduced to Mr. Chung Tat Fun, the chairman and an executive Director, by Mr. Ko.

Save as disclosed in this circular, there is no other personal, family or business relationship among the Company and any of the Subscribers, and none of the Company and any of the Subscribers have entered into any agreement or arrangement (either explicit or implicit) or understanding (whether formal or informal) in connection with the Subscriptions (other than those set out in any of the Subscription Agreements).

DEALING AND INTEREST OF THE SUBSCRIBERS AND PARTIES ACTING IN CONCERT WITH THEM IN THE RELEVANT SECURITIES OF THE COMPANY

Save for the Subscriptions, the Subscribers confirm that as at the Latest Practicable Date, neither they nor any parties acting in concert with any of them:

(a) save for 17,264,000 Shares directly and indirectly owned by Mr. Ko, the ultimate beneficial owner of Richlane, being one of the Subscribers owned, controlled or had direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives or outstanding derivatives in respect of securities in the Company, or held any Shares;

(b) had received an irrevocable commitment to vote for the Subscriptions, the Whitewash Waiver and/or the Framework Agreements;

(c) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(d) had any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any of the Subscribers, with any other persons;

(e) had any agreement or arrangement to which it is a party which relates to the circumstances in which it might or might not invoke or sought to invoke a pre-condition or a condition to the Subscriptions, the Whitewash Waiver and/or the Framework Agreements; or

(f) had dealt in Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the Relevant Period.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

Expansion of the financial service business of the Group

The Group commenced its financial service business in 2013 first by offering the asset-back, personal property pawn loans in the PRC. Since then, the Group has been actively developing its financial service business by expanding into different financial product offerings, including commercial factoring, financial leasing and other consulting services. For the financial year ended 31 March 2015, the total financial service income of the Group increased by approximately 72.88% year-on-year and the revenue of the Group from the provision of asset-back, personal property pawn loans and other loans increased by approximately 54.96% year-on-year. As the Group maintained a tight policy in evaluating the credit risk associated with a slowdown in the property market in the PRC resulting in fewer loans being granted to customers during the financial year ended 31 March 2016, the total financial service income of the Group decreased by approximately 31.80% year-on-year and the respective revenue generated from the provision of asset-back, personal property pawn loans and other loans for the financial year ended 31 March 2016 decreased by approximately 26.98% compared to that of the financial year ended 31 March 2015. Notwithstanding the slowdown in current property loan market in the PRC, the Company sees many potential opportunities in the commercial factoring and the consumer financing markets. As stated in the Company's annual report for the financial year ended 31 March 2016, (i) the revenue generated from the commercial factoring segment of the Group for each of the financial years ended 31 March 2015 and 2016 amounted to approximately HK$7.0 million and approximately HK$4.7 million respectively, representing approximately 14.34% and approximately 14.05% of the Group's consolidated total financial service income for the abovementioned respective periods, and (ii) the revenue generated from the financial leasing segment for each of the financial years ended 31 March 2015 and 2016 amounted to approximately HK$2.7 million and approximately HK$1.6 million respectively, representing approximately 5.44% and approximately 4.86% of the Group's consolidated total financial service income for the abovementioned respective periods.

Leveraging on the growing consumer financing industry in the PRC

According to the Year 2014 and Year 2015 Annual Reports of the China Commercial Factoring Industry which were released and prepared by the Commercial Factoring Committee of CATIS and CAITEC in March 2015 and April 2016 respectively, the PRC was the leading factoring market in the world in 2011, 2012, 2013 and 2014 and is expected to continue to be the leading factoring market in the world in the foreseeable future. From 2009 to 2014, the compound annual growth rate of the PRC factoring market reached 11%. As stated in the Year 2015 Annual Report issued by the Commercial Factoring Committee of CATIS and CAITEC, in 2015, the PRC ranked second in the world in terms of the total retail sales of consumer goods. According to the National Bureau of Statistics of the PRC, the total retail sales of consumer goods in the PRC reached RMB30,093.1 billion in 2015 representing an annual growth of 10.7% and the amount of online retail sales reached RMB3,877.3 billion in the same year, representing an annual growth of 33.3%. Under the new normal economic environment, the Commercial Factoring Committee of CATIS and CAITEC considered that more companies in the PRC would look for factoring financing as a new financing option. After the promulgation of the Interim Measures for Administration of Factoring Business of Commercial Banks (商業銀行保理業務管理暫行辦法) by the China Banking Regulatory Commission in 2014, and due to the slowdown of the PRC economy and the overall higher risks of trade financing, the PRC banks' factoring business shrunk to a certain extent in 2014, resulting in a higher portion of the factoring business going to non-bank commercial factoring companies. According to the Year 2015 Annual Report issued by the Commercial Factoring Committee of CATIS and CAITEC, the total amount of commercial factoring transactions in the PRC reached approximately RMB200 billion in 2015.

As stated in the Guiding Opinion on the Measures to be taken by the Financial Sector to Support the Correction to and Reform of the Economic Infrastructure (國務院辦公廳關於金融支援經濟結構調整和轉型升級的指導意見) and the Guiding Opinion on the New Driving Force Fueled by the Active Promotion of Consumption (國務院關於積極發揮新消費引領作用加快培育形成新供給新動力的指導意見) issued by the General Office of the State Council of the PRC in July 2013 and the State Council of the PRC in November 2015 respectively, some of the key economic initiatives of the PRC government included the further development of the consumer financing industry in the PRC and the increased participation of non-state owned institutions in the PRC financial service industry (including, among other things, financial leasing companies). In addition, in December 2015, the State Council issued the Plan to Promote and Develop Financial Inclusion for the Years from 2016 to 2020 (推進普惠金融發展規劃 (2016-2020年)). As stated, the State Council would like to extend financial services to certain communities in society which currently have relatively limited access to traditional financial services offered by banks (such as micro-enterprises and rural enterprises in the remote areas of the PRC). The State Council aims to broaden access to financial services in the PRC by extending these services to the village level by 2020. Some of the initiatives the State Council plans to take include encouraging: (i) a wider range of institutions (including, among others, financial leasing companies) to take part in micro-financing; (ii) the introduction or use of innovative financial products other than bank loans (such as asset-back financing); and (iii) the use of internet, mobile phones and other technologies to facilitate financing.

Strategic cooperation between the Group and the GOME Group

The Group intends to work with business partners with a sizeable retail distribution network in the PRC with a view to offering the Group's financial loans and financing products to the suppliers and customers of such business partners. The Company also considers that the successful expansion of the Group's commercial factoring segment will greatly facilitate the promotion of its other financial loan products, such as financial leases to the same expanded corporate clientele.

With the right business partners identified, the Group also plans to explore opportunities in entering the third party payment business segment in the PRC.

Ms. Du, being the beneficial owner of Swiree, is the spouse of Mr. Wong, the controlling shareholder of GOME. According to the information released to the public by GOME, the GOME Group sells its products through physical stores, one-to-many (O2M) micro shops and through mobile terminals and e-commerce channels. As set out in the annual report of GOME for the year ended 31 December 2015, the total number of stores operating under the GOME Group was approximately 1,800 including approximately 430 large- and medium-sized stores in the PRC as at 31 March 2016.

Having considered the development of the market and the background of the GOME Group, the Group intends to establish a strategic business relationship with the GOME Group and leverage on the client base of the GOME Group with a view to marketing and offering the Group's various finance products, including commercial factoring products to the GOME Suppliers, and financial leasing products to the GOME Customers including both wholesale customers (which are expected to be mainly small-to-medium enterprises in various industries in the PRC) and/or retail customers who purchase goods from GOME Group's designated outlets through which such retail customers can get access to the Group's financial leasing service and products. The Company also believes that there is a great opportunity to further develop and enter the third party payment business initially targeting the various online distribution channels of the GOME Group. The Group plans to carry out a thorough study and analysis of the online distribution channels of the GOME Group and develop a most appropriate system that would meet the needs of the GOME Group and at the same time meet the expected security and consumers' convenience.

Through the Swiree Subscription, the Group plans to establish a strategic relationship with the GOME Group which in turn may enable the Group to:

(a) expand the clientele of its growing commercial factoring segment by tapping into the strong sourcing supplier network of the GOME Group and by developing and rolling out a series of supplier-oriented factoring finance and credit services with the proceeds from the Subscriptions;

(b) develop its financial leasing segment by capitalizing on the PRC government's economic reform policy and the GOME Group's strong customer network across the PRC (covering both retail and wholesale corporate customers) by designing appropriate products to different groups of customers and promote its financial service products and solutions to selected customers of the GOME Group; and

(c) enter the third party payment business by first working with the GOME Group on retail sale settlement.

Working with the GOME Group represents a major step of the Group in significantly expanding its existing financial service business. The Company expects that it will then be able to leverage its experience gained from its cooperation with the GOME Group and target other supply and distribution chain financing opportunities in the PRC.

The Group has conditionally agreed to acquire the entire equity interest in GOME Xinda, which is a commercial factoring company wholly-owned by GOME Finance. Please refer to the Announcement for more details of the Equity Transfer Agreement between the Group and GOME Finance.

The Company has also entered into the Framework Agreements with Swiree which set out the guiding principles of the proposed provision of the Connected Factoring Loans and the Connected Financial Leasing by the Group to the GOME Suppliers and the GOME Customers, respectively, after the Completion of the Subscription(s). The Stock Exchange is of the view that the Framework Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Please refer to the section headed "Continuing connected transactions – the Framework Agreements" below for more details.

The Company considers that there is no undue reliance on the GOME Group by the Group as a result of its business relationships with the GOME Group's business partners for the following reasons:

1. the Group only intends to leverage on the network of the GOME Group to expand its financial service business and both the Group's revenue and its conduct of business will not be directly driven by the business or revenue of the GOME Group;

2. the Group has been operating and will continue to operate independently from the GOME Group, and will negotiate transactions directly with the GOME Suppliers and the GOME Customers who are interested in the Group's financial services;

3. the provision of Connected Factoring Loans and Connected Financial Leasing by the Group will be subject to the Asset and Revenue Limits such that the size of the Group's connected lending business will be tied to the growth of the Group's unconnected lending business; and

4. as further described in the section headed "Use of Proceeds" in this letter below, the Group intends to allocate a significant portion of the Subscription proceeds to develop its unconnected factoring and financial leasing segments and has already entered into the memoranda of understanding and/or cooperation framework agreements with certain independent business partners.

Financial benefits of the Subscription(s)

The Company expects the Subscription(s) to bring financial benefits to the Group. Following the Completion of the Swiree Subscription (assuming that the Richlane Subscription and the Best Global Subscription do not complete): (i) both the total assets and the net assets of the Company will be increased by an amount equivalent to the Swiree Net Proceeds (i.e. approximately HK$1,259 million);

and (ii) the gearing ratio of the Company (calculated on the basis of total liabilities exclusive of deferred tax liabilities divided by total equity) will be reduced from approximately 11.96% as at 31 March 2016 (based on the audited figures set out in the Company's annual report for the financial year ended 31 March 2016) to approximately 3.39%. Following the Completion of all the Subscriptions: (i) both the total assets and the net assets of the Company will be increased by an amount equivalent to the net Subscription proceeds (i.e. approximately HK$1,577 million); and (ii) the gearing ratio of the Company (calculated on the basis of total liabilities exclusive of deferred tax liabilities divided by total equity) will be further reduced to approximately 2.87%. The net asset value per Share of the Company as at 31 March 2016 was approximately HK$0.786 (audited), and will be at approximately HK$0.76 after the Completion of the Swiree Subscription or all the Subscriptions (as the case may be) assuming that there is no change to the issued share capital of the Company other than the issue of the Swiree Subscription Shares or the Subscription Shares (as the case may be).

FUTURE INTENTION OF SWIREE REGARDING THE GROUP

Swiree and the other Subscribers intend to continue the existing business of the Group and do not intend to introduce any major changes (such as redeployment of the fixed assets of the Group) to the existing operation and business of the Group. In addition to the business plan as stated in the section headed "Reasons for and benefits of the Subscriptions" and "Information on the business model of the Group" in this letter, Swiree will, after Completion, together with the management of the Group, further review the business strategy of the Group and may possibly explore business development opportunities in other money lending and financing business segments. As at the Latest Practicable Date, save as disclosed in this circular, no agreement, definitive proposals, terms or timetable had been reached or determined for any such possible future transaction or arrangement.

Pursuant to the Subscription Agreements, the Company shall procure the appointment of candidates nominated by Swiree, Richlane and/or Best Global as new Director(s) and/or company secretary of the Company upon Completion of the relevant Subscription(s). Please refer to the section headed "Proposed change of board composition of the Company" in this letter for more details on the candidates nominated by Swiree. Save as disclosed in this circular, as at the Latest Practicable Date, Swiree and the other Subscribers had expressed that they had no intention to make any major changes to the continued employment of the existing employees of the Group. The Company does not expect the GOME Group (including its staff members) to have any material involvement in the future management and operation of the Group. The Group will operate independently from the GOME Group.

INFORMATION OF THE GROUP

Track record of the Group's money lending business

The Group has been engaging in money lending business since 2013 and has successfully built up a competent team of sales and risk management personnel. As at 31 March 2016, the Group had a portfolio of loans made to persons who were not connected persons of the Company ("**Unconnected Loan(s)**") with a carrying amount of approximately HK$436 million, representing approximately 82% of the Group's total shareholders' capital and reserves plus borrowings. During the period from October 2014 to November 2015, a significant part of the Group's capital was invested in investment properties. This diverted a substantial part of the Group's then available capital from its money lending business. The carrying amount of the Group's total loan portfolio as at 30 September 2015 was approximately

HK$162 million, still representing approximately 93% of the Group's total shareholders' capital and reserves plus borrowings less the carrying amount of the investment properties as at 30 September 2015. After the disposal of the Company's entire interest in Best Volume Investments Limited (which was a wholly-owned subsidiary of the Company holding of the Group's investment properties) in November 2015, the Group obtained cash proceeds of approximately HK$370 million (of which approximately HK$70 million was used to repay the Group's short-term borrowings and approximately HK$300 million was available to finance the making of new loans to customers of the Group). Within a short period of time, the Group was able to convert the additional available cash resources into new loans made to customers of the Group, which generated revenue for the Group. The Company believes that the Group has been efficiently optimizing its available resources of funds in making loans to customers as illustrated by the above utilization percentage of available funding for making loans.

The composition of the Group's loan portfolio may change from time to time, depending on, among other things, market conditions, demand from customers and other factors. We set out below the breakdown of the Group's loan portfolio as at 31 March 2016 and 30 June 2016:

	As at 31 March 2016		As at 30 June 2016	
Type of loan receivables	*HK$ million*	*%*	*HK$ million*	*%*
Personal property pawn loan receivables	76.95	17.16%	50.69	13.17%
Commercial factoring loan receivables	17.04	3.80%	98.14	25.51%
Financial leasing loan receivables	24.58	5.48%	18.77	4.88%
Other loans receivables	295.07	65.81%	122.71	31.89%
Real estate-backed loan receivables	34.74	7.75%	94.48	24.55%
TOTAL	**448.39**	**100.00%**	**384.79**	**100.00%**

The Company believes that it has gained sufficient market understanding in and knowledge of different financial products and is in a ready position to further expand its loan portfolio when fueled by further capital.

Money lending business is essentially capital intensive and requires ample cash resources and capital. The historical size of the Group's loan portfolio has been significantly limited by the size of its available cash resources and capital (including equity and borrowings). After the Completion of the Subscription(s), the Group will continue to expand its existing products and services including commercial factoring services and financial leasing services based on the then enlarged available resources including the Group's existing internal financial resources, external borrowings and proceeds from the Subscription(s). The Company believes that it will be able to continue its past success and make use of the proceeds from the Subscription(s) efficiently in expanding its commercial factoring and financial leasing segments.

The Group's existing business model and its proposed business model after the Completion of the Subscription(s)

A summary of the existing business model of the Group's financial service business as at the Latest Practicable Date and the target business model of the Group's financial service business after the Completion of the Subscription(s) is set out below:

	Real estate-backed loan		Personal property pawn loan		Other loans		Commercial factoring		Financial leasing	
	Existing	*After the Subscription(s)*	*Existing*	*After the Subscription(s)*	*Existing*	*After the Subscription(s)*	*Existing*	*After the Subscription(s)*	*Existing*	*After the Subscription(s)*
Geographic focus	Principally in Guangzhou	Expected to remain substantially the same	Principally in the Guangdong province	Expected to remain substantially the same	Principally in Guangzhou and Hong Kong	Expected to remain substantially the same	Principally in the Guangdong province, the Pearl River delta and other southern parts of the PRC	Expected to expand to the entire PRC	Principally in the Guangdong province	Expected to expand to the entire PRC
Customer sourcing/ identification	Potential/existing customers of the Group's pawn shops	Expected to remain substantially the same	Walk-in customers of the Group's pawn shops. Other individuals sourced by the sales and marketing team of the Company	Expected to remain substantially the same	Potential/existing customers of the Group's pawn shops	Expected to remain substantially the same	Potential customers solicited by sales and marketing team of the Company through seminars and other functions organized by the Group	• Potential customers solicited by sales and marketing team of the Company through seminars and other functions organized by the Group • GOME Suppliers • Other potential customers such as suppliers of other significant retail chains in the PRC • The respective suppliers, distributors and other business partners of the above customers	Potential customers solicited by sales and marketing team of the Company	• Potential customers solicited by sales and marketing team of the Company • GOME Customers
Marketing channels	• Online – the Company's websites, social network through WeChat • Offline – pawn shops	Expected to remain substantially the same	• Online – the Company's websites, social network through WeChat • Offline –pawn shops	Expected to remain substantially the same	• Online – the Company's websites, social network through WeChat • Offline – pawn shops	Expected to remain substantially the same	• Online – the Company's websites, social network through WeChat • Offline – seminars	• Online – the Group's websites, social network through WeChat and advertisements • Offline – seminars, advertisements in financial magazines and cable television channels	• Online – the Company's websites, social network through WeChat • Offline –seminars	• Online – the Group's websites, social network through WeChat • Offline – financial service counters to be set up in selected outlets of the GOME Group and seminars
Customer types/ target customer groups	Individuals and small-to-medium size enterprises who own real estate properties	Expected to remain substantially the same	Individuals who own valuable personal properties including gold, diamonds, watches, artworks and chinaware	Expected to remain substantially the same	Listed companies and individuals whose debts can be secured by personal or corporate guarantees.	Expected to remain substantially the same	Small-to-medium size enterprises principally engaging in the industrial and service sectors who have track record of account receivables	Mainly manufacturing and trading companies as well as enterprises in other industries.	• Potential purchasers of motor vehicles and mobile phones. • Potential corporate purchasers of machinery and equipment which are principally small-to-medium size enterprises	• Potential purchasers of motor vehicles, mobile phones, computers and other electronic products. • Potential corporate purchasers of machinery and equipment which are principally small-to-medium size enterprises

Other aspects of the existing financial service business of the Company

	Real estate-backed loan	**Personal property pawn loan**	**Other loans**	**Commercial factoring**	**Financial leasing**
Number of existing customers (as at 31 March 2016)	2	24	10	30	5 machinery and equipment financial leasing customers and 131 consumer financial leasing customers
Loan receivables as at 31 March 2016	Around HK$34.74 million	Around HK$76.95 million	Around HK$295.07 million	Around HK$17.04 million	Around HK$20.10 million granted to machinery and equipment financial leasing customers and around HK$4.48 million granted to consumer financial leasing customers
Tenure of outstanding loans as at 31 March 2016 (based on the actual number of days between the drawdown and repayment of loan)	90-365 days	88 days to 336 days	181 days to 810 days	181 days to 366 days	Machinery and equipment financial leasing 1 year to 3 years Consumer financial leasing 2 months to 3 years

After the Completion of the Subscription(s), the Group (which shall include GOME Xinda upon the Transfer Closing) will continue to adopt substantially the same lending and credit assessment policy (in terms of the range of loan size, the range of interest rate of loans, the tenure of loans, customer selection and risk management, among other things) as those currently adopted by the Group.

Commercial factoring segment and financial leasing segment

As described in the section headed "Use of proceeds" below, the Company will use a substantial part of the net proceeds as capital to expand its commercial factoring and financial leasing loan portfolios. Additional information on the commercial factoring and financial leasing business models which the Group intends to adopt after the Transfer Closing and the Completion of the Subscription(s) is set out below.

Commercial factoring segment

After the Transfer Closing, pursuant to the proposed lending policy and credit assessment policy of the Group, the Group may grant a factoring loan to a borrower either on a disclosed basis or an undisclosed basis. In both cases, the Group will enter into a factoring agreement with a borrower which governs the factoring arrangement between them and the principal amount of the factoring loan represents a discount to one or more accounts receivables of the borrower (the "**Accounts Receivable**") based on the guidelines approved by the Board from time to time. Under a disclosed factoring arrangement, the granting of the factoring loan by the Group to the borrower is conditional on the transfer of the relevant Accounts Receivable to the Group. The debtor is requested to repay the Accounts Receivable into an account designated by the Group and the Group can deduct from the account an amount up to the sum of the amount owed by the borrower under the factoring loan. Under an undisclosed factoring arrangement, the Group may request transfer of the relevant Accounts Receivable after the granting of the factoring loan. In either case, if the Group is not able to recover all outstanding sums by the due date of the factoring loan, the Group may demand repayment from the borrower and/or after the transfer of the Accounts Receivable, the debtor.

So far, the Group has not granted any factoring loans on a disclosed basis. After the Transfer Closing and the Completion of the Subscription(s), the Company plans to grant factoring loans on a disclosed basis to GOME Suppliers and other borrowers where the related accounts receivable are due from a company with an acceptable credit record and financial standing (which is the same as what GOME Xinda has been doing) as the Company considers that it will provide a more efficient way to monitor and control the default risk of the borrowers where a number of Accounts Receivable may be due from one debtor under this business model.

The Company intends to allocate approximately HK$350 million of the proceeds from the Subscriptions to finance the making of unconnected factoring loans and intends to target independent potential borrowers in the following sectors in the PRC:

- energy and minerals;
- retail;
- equipment manufacturing; and
- logistics and transportation.

The Company believes that there are significant demands for factoring services for the companies in these sectors. Based on the information published by Guosen Securities Co., Ltd. (國信証券股份有限公司) (stock code: 002736) (a Chinese financial services firm which is listed on the Shenzhen Stock Exchange) on 28 December 2015, the aggregate amount of trade receivables of PRC listed companies in these sectors as set out below were substantial:

Industries	**Aggregate amount of trade receivables of PRC listed companies** *RMB billion*
Energy and minerals	
• Exploration (採掘)	183.7
• Non-ferrous metals and steels (有色金屬、鋼鐵)	91.2
• Chemical engineering (化工)	178.7
Retail	
• Electrical appliance (家用電器)	69.3
• Trading (商業貿易)	28.5
Equipment manufacturing	
• Machinery and equipment (機械設備)	278.5
• Electrical equipment (電氣設備)	210.4
Logistics and transportation	
• Motor vehicles (汽車)	129.5
• Transportation (交通運輸)	60.1
TOTAL	**1,229.9**

The Group has already taken steps to seek to extend its factoring services to potential borrowers in the above target sectors. The Company has been assessing and evaluating various ways to expand its factoring segment and considers the “1+N” model to be the most suitable approach for such business expansion. The “1+N” model refers to the identification of a core entity in a supply chain, focusing on the evaluation of the financial position and credit risk of the core entity and providing factoring loans to the shareholders, suppliers and other business partners of such core entity. Taking the proposed business model with the GOME Suppliers as an example, the GOME Group is the core entity and the factoring loans are to be provided to the GOME Suppliers. The Company has also been exploring collaboration opportunities with 梅泰諾融資租賃有限公司(“**Miteno**”) (a subsidiary of 北京梅泰諾通信技術股份有限公司 (Beijing Miteno Communication Technology Co., Ltd) (stock code: 300038) which is listed on the Shenzhen Stock Exchange (“**Beijing Miteno**”)) and 河南中孚實業股份有限公司 (Henan Zhongfu Industry Co., Ltd.) (stock code: 600595) (“**Zhongfu**”) which is listed on the Shanghai Stock Exchange.

On 2 July 2016, the Group entered into a framework cooperation agreement with Zhongfu (the "**Zhongfu Framework Agreement**") setting out a framework of the agreed cooperation arrangement between the Group and Zhongfu. Pursuant to the agreed cooperation arrangement between the parties set out in the Zhongfu Framework Agreement, Zhongfu shall identify and introduce its suppliers which it considers as appropriate target borrowers to a factoring company appointed by the Company (that is, one of the Group's factoring subsidiaries, which would include GOME Xinda after the Transfer Closing), and the Group will then consider making factoring loans to such selected suppliers of Zhongfu on a disclosed basis. The Group will select appropriate target borrowers and the related trade receivables based on the Group's internal due diligence and credit risk management policies. Factors which will be considered by the Group include, among other things, the financial position of the target borrowers, the trading record of the target borrowers with Zhongfu, the due date of the related trade receivables and whether there are any other security arrangements with the target borrowers. The terms of a factoring loan between the Group and a selected target supplier will ultimately be subject to and governed by the legally binding definitive agreement to be agreed and entered into between the appointed factoring company and the selected target borrower.

On 8 July 2016, the Group entered into a cooperation memorandum of understanding with Miteno (the "**Miteno MOU**"), the terms of which are similar to the Zhongfu Framework Agreement. Pursuant to the Miteno MOU, it is expected that the Group may grant factoring loans to Miteno, its shareholders and/or its suppliers.

The Company is confident that Zhongfu and Miteno will provide substantial opportunities to the Group's factoring business. The table below sets out: (i) the respective trade receivables/payables (as applicable) of Zhongfu and Miteno, which provide indications of the volume of potential business opportunities (in monetary terms) that each of Zhongfu and Miteno may be able to offer to the Group; and (ii) the proposed maximum aggregate outstanding amount of factoring loans which the Group may grant to Miteno (and its shareholders) and/or the respective suppliers of Zhongfu and Miteno:

Potential factoring business partner	Target factoring borrowers	Expected type of factoring arrangement	Trade receivables of potential factoring business partner as at 31 December 2015	Trade payables of potential factoring business partner as at 31 December 2015	Proposed maximum annual aggregate outstanding amount of factoring loans which the Group may grant *(Note 1)*
Miteno *(Note 2)*	Communications equipment suppliers of Miteno, Miteno and Beijing Miteno (which will factor to the Group their respective trade receivables including those receivables from subsidiaries of China Mobile Limited and China Unicom (Hong Kong) Limited, which are major customers of Beijing Miteno in 2015)	Undisclosed (in the case of trade receivables of Beijing Miteno) Disclosed (in the case of trade receivables of the respective suppliers of Miteno and Miteno)	Approximately RMB848.90 million	Approximately RMB134.63 million	Approximately RMB500 million
Zhongfu *(Note 3)*	Suppliers of Zhongfu which based on the current understanding between the Group and Zhongfu, will mainly include a subsidiary of Zhongfu which supplies electricity to Zhongfu (which will transfer its trade receivables from Zhongfu to the Group and the related factoring loans will be further guaranteed by Zhongfu as a condition to the granting of the factoring loans)	Disclosed	N/A	Approximately RMB1,463.81 million	Approximately RMB300 million

Notes:

1) *The maximum annual aggregate outstanding amount of factoring loans that the Group may grant to the target factoring borrowers relating to each of Zhongfu and Miteno is determined by the Group primarily with reference to the amount of trade payables or trade receivables (as the case may be) of each Zhongfu and Miteno, the trading and financial position of each of Zhongfu and Miteno, the discussions the Group had with each of Zhongfu and Miteno and the Group's internal credit and risk management assessment. Such maximum annual aggregate amount represents a cap and the Group is not committed to making any lending under the Zhongfu Framework Agreement or the Miteno MOU. Any actual lending will be subject to the Group's internal due diligence and approval process and the entering into of a formal agreement with the relevant selected target borrowers. Pursuant to the Zhongfu Framework Agreement and the Miteno MOU, it is expected that both Zhongfu and Miteno will actively help identify and refer their suppliers and/or shareholders which they consider as appropriate target borrowers to the Group and the Group's sales team will then directly contact such target borrowres and seek to provide factoring loans to them subject to the Group's due diligence and credit approvals. The Company expects that Zhongfu and Miteno will be keen on helping to identify and refer their suppliers and/or shareholders to the Group as this will help their suppliers and/or shareholders improve their liquidity and financial positions and thus trading prospects. Together with Zhongfu and Miteno, the Group's sales team will seek to understand the trading position of their suppliers and/or shareholders, their funding and administrative requirements in respect of the trade receivables/payables due from/to Zhongfu or Miteno (as the case may be), and explain the benefits of the Group's factoring products to the selected target borrowers. The Group initially targets potential factoring borrowers which are listed companies, state-owned enterprises or business entities with stable financial performance and good credit record and whose business relationship with Zhongfu or Miteno (as the case may be) is more than two years.*

2) (a) *The Miteno MOU was entered into between the Group and Miteno on 8 July 2016.*

   (b) *The financial information presented relates to Beijing Miteno which is listed on the Shenzhen Stock Exchange.*

3) (a) *The Zhongfu Framework Agreement was entered into between the Group and Zhongfu on 2 July 2016.*

   (b) *The transaction amount between Zhongfu and its subsidiary which supplies electricity to Zhongfu for the financial year ended 31 December 2015 amounted to approximately RMB1,800 million.*

Should there be any implications under Rule 25 of the Takeovers Code which arise from the granting of factoring loans pursuant to the Zhongfu Framework Agreement or the Miteno MOU, the Group will fully comply with the relevant requirements under Rule 25 of the Takeovers Code before granting such loans.

Going forward, the Group will also seek to enter into business collaborations with other independent, sizeable retail chains, equipment manufacturers and logistics/transportation companies in the PRC which have an extensive supplier network.

Financial leasing segment

The Group currently operates its financial leasing segment principally in the Guangdong province of the PRC. Since the Group's financial leasing segment commenced its operation, the revenue generated from this segment has been largely attributable to the leasing of machinery and equipment, followed by the leasing of motor vehicles and other assets such as mobile phones. These financial leasing loans are asset-backed. If a borrower defaults, the Group can then sell the assets leased to the borrower and use the sale proceeds to settle the relevant loans. If the sale proceeds is not enough to cover loan amount, the Group can still demand repayment from the borrower for the remaining sum. The Group will continue this line of business after the Transfer Closing and the Completion of the Subscription(s).

As described in the section headed "Reasons for and Benefits of the Subscriptions" in this letter, the Group intends to provide financial leasing loans to the GOME Customers after the Completion of the Subscription(s) and then gradually to other independent buyers purchasing goods from other reputable distributors or retail chains. As part of the Group's business expansion plan, the Group intends to establish service counters at the GOME Group's outlets situated in Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, and other affluent parts of the PRC through which the Group's financial leasing services will be marketed to GOME Customers where the Group will lend money to such GOME Customers to finance their purchases of goods from the GOME Group. The Group will directly transfer the loan proceeds to the sellers of such goods (i.e. the GOME Group in the case of Connected Financial Leasing). These financial leasing loans will be backed by the related goods or otherwise secured. The Group can demand repayment from the borrowers when the loans become due (which may be by instalment).

The Company intends to allocate approximately HK$200 million of the proceeds from the Subscriptions to finance the making of unconnected financial leasing loans and intends to target potential independent borrowers in the following sectors who may be interested in financial leasing:

- energy;
- medical;
- retail; and
- transportation.

The businesses in the energy, medical and transportation sectors tend to be capital intensive, as their operations often involve extensive use of machinery and equipment. The financial leasing markets in these sectors are among the fastest growing financial leasing markets in the PRC. The 2015 financial leasing industry report (中國融資租賃業發展報告2015) published by the Department of Circulation Industry Development of the Ministry of Commerce of the People's Republic of China (中華人民共和國商務部流通發展司) in August 2015 sets out the amount of total assets held under financial leases in certain industries in the PRC. In terms of the aggregate amount of assets in the same class which were held under financial leases, the amount of transportation equipment (交通運輸設備), pharmaceutical manufacturing equipment (醫療制葯設備) and energy facilities (能源設備) ranked first (approximately RMB80 billion), sixth (approximately RMB35 billion) and seventh (approximately RMB30 billion) respectively in the PRC in 2014. Accordingly, the Company expects a steady demand for machinery and equipment financial leasing services from these sectors. On the other hand, the Company believes that there are good opportunities to provide financial leasing services to both wholesale distributors of significant retail chains and retail customers.

The Group plans to expand its financial leasing segment in stages. Immediately after the Completion of the Subscription(s), the Group will initially focus on the retail sector and has already identified certain suitable business partners in this sector.

The Company and Wuhan Kingold Jewelry Company Limited* (武漢金凰珠寶股份有限公司) ("**Kingold**") are exploring the possibility of entering into an arrangement regarding the financial leasing of jewelry processing machinery and equipment, office equipment and motor vehicles. On 13 July 2016, the Group and Kingold entered into a cooperation memorandum of understanding regarding the possible provision by the Group to Kingold of financial leasing loans of up to a proposed maximum annual aggregate outstanding amount of RMB300 million. The terms of any financial leasing loan which may be made by the Group to Kingold will ultimately be subject to and governed by the legally binding definitive agreements to be further agreed and entered into between the Group and Kingold. As contemplated, such financial leasing loans will be secured by Kingold's gold inventory, subject to further due diligence, negotiation and agreement. According to the annual report of Kingold Jewelry, Inc. (the controlling entity of Kingold) which is listed on NASDAQ (stock code: KGJI) for the year ended 31 December 2015, the net inventories of the Kingold group (which consisted primarily of gold) amounted to approximately US$298.3 million (equivalent to approximately RMB1,995 million) as at 31 December 2015, of which approximately US$186.1 million (equivalent to approximately RMB1,245 million) was pledged with banks as collaterals.

Recently, the Company has also been exploring opportunities to expand its financial leasing business in collaboration with an e-commerce company in respect of financing the purchase of mobile phones. The Group expects that the parties will finalise the terms of the cooperation agreement in relation to such business collaboration by the end of August 2016 and the total amount of loans which the Group may provide under the related financial leasing arrangements is proposed to be approximately RMB50 million (equivalent to approximately HK$58.75 million).

Should any implications under Rule 25 of the Takeovers Code arise from the granting of financial leasing loans pursuant to the cooperation memorandum of understanding with Kingold, the Group will fully comply with the relevant requirements under Rule 25 of the Takeovers Code before granting such loans.

The Group expects to extend its financial leasing services to leading enterprises, state-owned enterprises and listed companies in each of the other target sectors by early next year.

Third party payment service business

As the Company's initiative to broaden and complement its financial service business, a small portion of the Subscription proceeds is intended to be used for the development and promotion of a third party online payment service. The Directors believe that the third party online payment platform will allow the Group to further promote its financial service products to users of the online payment platform. The Directors do not expect the provision of third party online payment service itself to become the main focus of the Company's business.

Based on the Company's understanding of the latest industry practice, it may not be practicable for the Company to apply for a licence to conduct third party payment business in the PRC. As indicated by the "Notice of An Outline of Payment and Settlement Work for the year 2015"《關於2015年支付結算工作要點的通知》（銀辦發【2015】28號）issued by the office of the People's Bank of China (中國人民銀行辦公廳) on 2 February 2015, the PBOC has been tightening its policy in granting new third party payment business licences. The PBOC has been encouraging the consolidation and restructuring of existing third party payment businesses, and has not granted any new third party payment business licences since 26 March 2015. There is no indication that the PBOC will change its policy in the near future. Accordingly, rather than setting up a new company and then applying for the required licences in the PRC, the Company considers that it will be more time efficient to acquire a company in the PRC which already has the necessary licences to conduct third party online payments in the PRC. As at the Latest Practicable Date, the Group was in the process of identifying the right target company and no understanding or agreement (whether legally binding or not, formal or informal) has been reached in this regard. Should any implications under Rule 25 of the Takeovers Code arise from any proposed acquisition of target company(ies), the Company will comply with the requirements under the Takeovers Code.

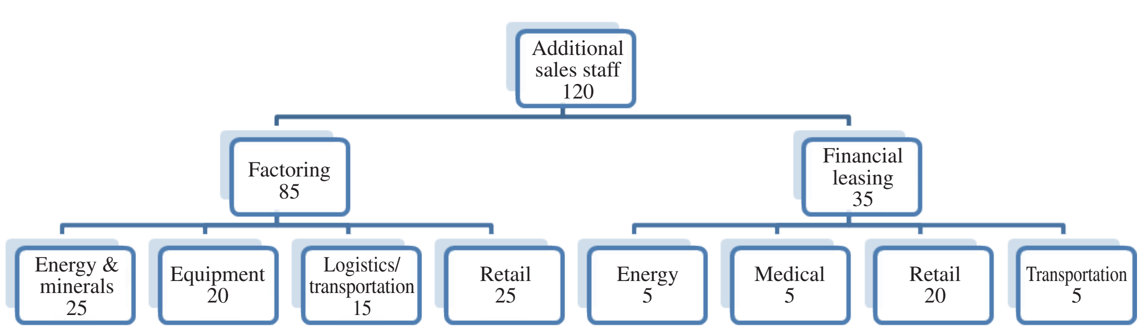
The Company intends to acquire a company which already possesses the required licences to operate the online third party payment service business. The Group intends to develop and enter the third party payment service business by initially targeting various distribution channels of the GOME Group. The Company intends to look for potential targets principally based in Beijing, Tianjin and nearby areas as its first priority since the headquarters of the GOME Group is in Beijing. However, the Company will also consider potential targets based in other affluent areas of the southern parts of the PRC. The Company noted that there are many companies with the required online payment licences. Apart from the essential prerequisite of having these licences, the Company has not yet determined other specific criteria of the business scale, model or other requirements of the potential acquisition targets. The Company will explore business opportunities with companies of various sizes and business models and at different development stages who are engaging in third party payment service business.

Marketing channels

A total of approximately HK$1,050 million from the proceeds from the Subscriptions will be used by the Group to expand the Group's factoring loans and financial leasing segments, among which approximately HK$500 million will be used for granting the Connected Factoring Loans and the Connected Financial Leasing and approximately HK$550 million will be used for granting the unconnected factoring loans and the unconnected financial leasing loans. The Group has devised a robust marketing and promotion strategy in view of the expansion of the Group's commercial factoring and financial leasing segments, the key terms of which are set out below:

A. *Recruitment of additional sales staff*

For the financial year ended 31 March 2016, financial leasing borrowers who contributed at least 90% of the Group's financial leasing interest income and factoring borrowers who contributed at least 90% of the Group's factoring interest income were sourced from the Group's sales team's network including business acquaintances and referrals from existing customers. Direct marketing and customer contacts by the Group's sales team will continue to be an important marketing channel after the Completion of the Subscriptions. After the Completion of the Subscriptions, the existing 11 sales staff of the Group will continue to work on the existing financial service business of the Group. The Group intends to hire approximately 120 additional sales staff to identify, solicit and serve potential borrowers of the Group's expanding commercial factoring and financial leasing segments by 30 September 2017. The Group currently plans to focus on potential borrowers from the specified target sectors as explained above. To make the customer sourcing process more effective and to encourage the developments of long-term business relationships, the sales staff will be assigned to dedicated industry and product groups as illustrated below:



The Group also intends to hire two new managers who have at least 5 years of experience in the money lending industry to help manage the Group's expanding commercial factoring and financial leasing segments. These two new managers will help ensure that the marketing plans will be rolled out promptly and effectively. Out of the 120 additional sales staff, 85 of them will be allocated to the Group's commercial factoring segment. About 15 sales staff allocated to the retail sector will be responsible for soliciting and serving borrowers who are GOME Suppliers. The other sales staff members will be responsible for establishing relationships and soliciting business from unconnected borrowers, including those relating to Zhongfu and Miteno (about 8 sales staff allocated to the energy and minerals sector will be responsible for soliciting and serving potential borrowers expected to be introduced by Zhongfu, and about 7 sales staff in the equipment sector will be responsible for serving Miteno and soliciting and serving potential borrowers expected to be introduced by Miteno).

The other 35 additional sales staff will be designated to the Group's financial leasing segment, of which about 10 sales staff allocated to the retail sector will be responsible for serving the GOME Customers and 10 sales staff allocated to the retail sector will be responsible for serving Kingold. The sales staff of the selected GOME outlets will promote the Group's financial leasing loans to GOME Customers including carrying out marketing activities at selected outlets of the GOME Group. The Group will provide the GOME's sales staff with training sessions on the Group's financial services, customer service and customer information collection procedures and the responsible sales staff of the Group will monitor GOME's sales staff's work on site from time to time.

The Group's sales team will work and communicate closely with the GOME Group, Zhongfu and Miteno respectively so as to obtain more referrals of potential factoring borrowers to the Group based on the Group's borrower selection criteria. The Group's sales team will meet the potential factoring borrowers through meetings, seminars and/or training sessions organized by Zhongfu and Miteno respectively and will follow up with the potential factoring borrowers by way of telephone calls and meetings in order to better seize any business opportunity subject to the Group's due diligence and approval procedures and process.

Apart from getting referrals from the GOME Group, Zhongfu and Miteno, the Group will continue to tap into new business opportunities through other channels. The Group's sales staff who have not been assigned to serve any of the above parties or the potential borrowers introduced by such parties, will be responsible for soliciting other independent potential borrowers of the Group through their own networks and/or by reaching out to new potential customers through telephone calls, meetings or the Group's functions such as product presentations as further explained below.

To motivate the sales staff, the Group will reward them with performance based bonuses.

Should any implications under Rule 25 of the Takeovers Code arise from hiring additional sales staff, the Company will fully comply with the requirements under Rule 25 of the Takeovers Code before hiring such staff.

B. Provision of training sessions and seminars to target factoring borrowers

The Group had previously participated in certain industry seminars in Guangzhou in order to promote the Group's factoring loan products. Based on the Group's past experience, each seminar may attract around 30 participants who were companies interested in factoring products. After the Completion of the Subscription(s), the Company intends to organize quarterly training sessions and seminars on the Group's factoring services either by itself or together with reputable institutions having a broad membership base in the target sectors. The Company considers such training sessions and seminars to be an effective marketing channel due to the relatively low costs involved and the ability of the Group's sales team to approach a large number of potential borrowers in the target sectors in one occasion.

As mentioned in the preceding paragraph, the Group has already taken steps to solicit potential borrowers in the target sectors. The Company intends to organize a presentation in Beijing in September 2016 to provide more information about its factoring products to potential borrowers in each target sector, including Miteno and the respective suppliers of Zhongfu and Miteno who have already expressed interest in the Group's factoring services. The Group will invite approximately 150 potential borrowers which are leading enterprises in each target sector, as well as the media (including representatives of the People Daily and the China Business News).

The Group gave seminars on its factoring services to members of the Guangdong Shipbuilding Industry information Service Platform (廣東省船舶工業協會) and the Guangzhou Association of Enterprises with Foreign Investment (廣州外商投資企業協會) in 2014 and 2015. The Guangdong Shipbuilding Industry information Service Platform (廣東省船舶工業協會) is a state-approved society which has about 120 members including state-owned enterprises and other established enterprises in the shipbuilding industry based in Guangdong. The Guangzhou Association of Enterprises with Foreign Investment (廣州外商投資企業協會), on the other hand, is a governmental entity established for the purpose of facilitating investment in Guangdong by foreign enterprises. With the selected sector focus, the Group intends to approach the Logistics Finance Committee (物流金融專業委員會) of the China Federation of Logistics & Purchasing (中國物流和采購聯合會) and the China Medical Pharmaceutical Material Association (中國醫葯物資協會) to discuss the opportunities to organize seminars and training sessions for their respective members together in September 2016. The China Federation of Logistics & Purchasing (中國物流和采購聯合會), being established by the State Council, is the only government approved chamber in the PRC logistics and purchasing industry which has about 9,000 members. The China Medical Pharmaceutical Material Association (中國醫葯物資協會), on the other hand, is a national non-profit social group directed by the State Council which has around 3,500 members in the pharmaceutical industry and other related industries in the PRC. The Company expects that it will start giving seminars and training sessions at these institutions towards the end of this year.

The Company believes that, after the Completion of the Subscription(s), the reputation it will develop in providing factoring and financial leasing products to the GOME Suppliers and the GOME Customers and the Company's advertising campaign will help attract potential target borrowers to attend the seminars and training sessions. The Group's sales team will also use their own networks to invite potential borrowers to these seminars and training sessions directly to provide appropriate and effective information to them on the Group's factoring and financial leasing services. After obtaining the contact details of potential borrowers at the seminars and training sessions, the Group's sales team will actively follow up with each potential borrower by telephone calls and meetings.

C. *Referral of potential financial leasing customers by motor vehicle show rooms and mobile phone retailer*

Notwithstanding most of the Group's financial leasing borrowers are currently sourced from certain motor vehicles show rooms and a mobile phone retailer, for the year ended 31 March 2016, the financial leasing interest income attributable to these borrowers was only less than 10% of the Group's total financial leasing interest income. For this reason, the Company does not intend to expand this marketing channel after the Completion of the Subscription(s).

Having said that, the Company considers that as this is already an established marketing channel, the Group will maintain it at its current scale after the Completion of the Subscription(s). Under the current arrangement, the Company is not required to pay any referral fee to the motor vehicles show rooms and mobile phone retailer. The motor vehicles show rooms and mobile phone retailer are willing to identify potential financial leasing customers and collect their information such as credit card details and proof of residential address for the Group for the purpose of the Group's due diligence and approval procedures and process because they consider the Group's financial leasing service to be complementary to their own business. The Group has been providing training materials on the Group's financial services and lending and credit assessment policies (including customer information required for conducting background check and due diligence) to the staff of these show rooms and mobile phone retailer. After it receives customer information collected by the show rooms and mobile phone retailer, the Group will perform its routine background check and due diligence exercise on such customers. Every lending of the Group has to be subject to the Group's stringent loan making and monitoring process.

These show rooms and mobile phone retailer began referring potential customers to the Group since around August 2015. Since the contribution of these financial leasing to the Group's financial leasing interest income has not been significant and the Company does not expect to expand this network, the Company has not entered, and does not intend to enter, into cooperation agreements with these show rooms and mobile phone retailer.

USE OF PROCEEDS

Upon the Completion of all the Subscriptions, the gross proceeds from all the Subscriptions are expected to be approximately HK$1,591.08 million. After deducting related fees and expenses, the net proceeds from all the Subscriptions are expected to be approximately HK$1,577 million. The Company intends to apply the net proceeds from all the Subscriptions in the following manner:

(a) approximately HK$1,050 million, representing approximately 66.58% of the net proceeds will be used for the expansion of the Group's existing financial service business, out of which:

  i approximately HK$700 million, representing approximately 44.39% of the net proceeds, will be used for the provision of factoring loans and the extension of its commercial factoring services to the GOME Suppliers, other potential customers such as suppliers of other significant retail chains in the PRC and the respective suppliers, distributors and other business partners of the GOME Suppliers and the other potential customers including among others, Zhongfu, Miteno and their respective suppliers and/or shareholders (among which it is preliminarily estimated that 50% will be allocated to the existing commercial factoring companies within the Group and 50% will be allocated to GOME Xinda);

ii approximately HK$350 million, representing approximately 22.19% of the net proceeds, will be used for the development and promotion of its financial leasing segment including the extension of financial leasing services to the GOME Customers, established enterprises and other buyers, purchasing goods from other reputable distributors or retail chains and the establishment of service counters at the selected outlets of the GOME Group through which consumer financial leasing services will be provided to retail customers of the GOME Group (out of which approximately HK$150 million will be allocated to finance the provision of Connected Financial Leasing and approximately HK$200 million will be allocated to finance the provision of unconnected financial leasing loans to independent borrowers);

(b) approximately HK$380 million, representing approximately 24.10% of the net proceeds, will be used for the development and promotion of the Group's third party payment service business, including a potential acquisition of an entity engaging in this business;

(c) approximately HK$100 million, representing approximately 6.34% of the net proceeds, will be used for the marketing and promotion of the Group's financial service business and the payment for additional sales personnel costs; and

(d) the remaining balance of approximately HK$47 million, representing approximately 2.98% of the net proceeds, will be used for general working capital and other general corporate purposes.

Assuming that the Richlane Subscription and the Best Global Subscription do not complete, upon the Completion of the Swiree Subscription only, the gross proceeds from the Swiree Subscription are expected to be approximately HK$1,273.08 million. After deducting related fees and expenses, the Swiree Net Proceeds are expected to be approximately HK$1,259 million. The Company intends to apply the Swiree Net Proceeds in the same manner as described in the preceding paragraphs relating to the allocation of net proceeds from all the Subscriptions, except that the amount of proceeds which will be used for acquiring a potential target engaging in the third party payment service business, is reduced from approximately HK$380 million to approximately HK$62 million. The remaining acquisition cost is intended to be funded by bank borrowings, internal resources or future equity financing.

The Company would like to emphasise that the allocation of proceeds for providing further commercial factoring and financial leasing loans will be based on the actual demand of customers in different regions. The above allocation is only an estimate based on the Company's current business targets.

As for the allocation of net proceeds from all the Subscriptions to the development and promotion of the third party payment service business, the Company has taken into account the consideration for some recent acquisitions of third party payment service businesses in Beijing, Shanghai and Zhejiang involving the target companies in the range of approximately RMB225 million to approximately RMB372 million. The Company noted that the targets in these acquisitions differ in terms of the scope, size and financial performance of their business operations. The Company has not yet identified a specific target company, and considers that these acquisitions do provide some reference as they help indicate a potential range of valuation of companies at different development stages and sizes that the Company can consider exploring acquiring, particularly when there is very limited information on the valuation of third party payment business.

Upon the Completion of all the Subscriptions, the net price per Subscription Share after deducting related fees and expenses is approximately HK$0.76 per Subscription Share. The net price per Swiree Subscription Share after deducting related fees and expenses is also approximately HK$0.76 per Swiree Subscription Share upon the Completion of the Swiree Subscription only.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the date of the Announcement.

CONTINUING CONNECTED TRANSACTIONS – THE FRAMEWORK AGREEMENTS

Factoring Service Framework Agreement

The principal terms of the Factoring Service Framework Agreement are as follows:

Date:	5 August 2016
Parties:	(i) The Company (ii) Swiree
Conditions precedent:	The Factoring Service Framework Agreement shall take effect upon the fulfilment of the following conditions precedent: (i) the Completion of the Swiree Subscription; and (ii) the terms of the Factoring Service Framework Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in accordance with the Listing Rules
Term:	The Factoring Service Framework Agreement will take effect immediately upon the fulfilment of all the above conditions precedent and will expire on 31 March 2019 (inclusive of both dates)
Subject:	Commercial factoring loans to be granted by members of the Group (which shall include GOME Xinda after the Transfer Closing) to GOME Suppliers which are conditional upon transfer of the relevant Accounts Receivable of such GOME Suppliers to the Group. GOME Suppliers shall pay interest and/or other charges (if applicable) to the relevant members of the Group for the factoring services.

Guiding principles for providing Connected Factoring Loans:

(i) The members of the Group may from time to time and in view of their business demand enter into separate factoring agreements with the GOME Suppliers ("**Individual Factoring Agreements**"), which shall comply with the terms and conditions as set out in the Factoring Service Framework Agreement. Terms of an Individual Factoring Agreement (save for the factoring agreements entered into by GOME Xinda and the GOME Suppliers prior to the effective date of the Factoring Service Framework Agreement) shall be negotiated at arm's length and determined by such member of the Group and the relevant GOME Supplier based on normal commercial terms and with reference to the terms and conditions of comparable services offered by the Group to independent third parties or with reference to the prevailing terms and conditions of other comparable factoring loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company (as described further in the paragraph headed "Loan making processes" below in this letter). The transactions contemplated thereunder shall be fair and reasonable.

(ii) Details of the terms of the Individual Factoring Agreements shall be determined in accordance with the conditions and principles set out in the Factoring Service Framework Agreement and in case there is any conflict between the Factoring Service Framework Agreement and any Individual Factoring Agreement, conditions and principles of the Factoring Service Framework Agreement shall prevail.

(iii) The aggregate principal amount of any outstanding Connected Factoring Loans which may be granted by the Group under the Individual Factoring Agreements entered/to be entered into pursuant to the Factoring Service Framework Agreement (including factoring agreements entered into between GOME Xinda and GOME Suppliers before the effective date of the Factoring Service Framework Agreement but which will remain valid during the term of the Factoring Service Framework Agreement) are subject to the following proposed annual caps:

	For the financial year ending 31 March		
	2017	**2018**	**2019**
Connected Factoring Loans	RMB600 million	RMB600 million	RMB600 million

The Company will also limit (i) the aggregate principal amount of any outstanding Connected Factoring Loans and Connected Financial Leasing to not more than 40% of the Group's latest published total assets from time to time as adjusted by any issue of new Shares where sufficient information has been given to the Shareholders regarding the impact of the new issue on the Group's total assets; and (ii) the aggregate revenue generated from the Connected Factoring Loans and the Connected Financial Leasing to not more than 50% of the Group's total revenue in each financial year (the "**Asset and Revenue Limits**").

Undertakings given by Swiree:

(i) Swiree acknowledges and agrees to the conditions and principles in respect of the commercial factoring services offered by the Group to GOME Suppliers and agrees and undertakes that Swiree shall not charge any fees in respect of the commercial factoring services provided by the Group to GOME Suppliers and shall not participate in any activities which may influence the negotiation or the price offered in relation to the factoring business. Swiree further agrees and undertakes to procure that the associates (as defined in the Listing Rules) and the concert parties of Swiree, the GOME Group and the associates (as defined in the Listing Rules) of the GOME Group will not engage in any of the above conducts.

(ii) Swiree undertakes that it shall procure the GOME Group will provide reasonable assistance to the Group in order to enable (a) the auditor appointed by the Company to issue reports in respect of the transactions contemplated under the Factoring Service Framework Agreement as required by the Listing Rules and (b) the Company to comply with the requirements set out in Chapter 14A of the Listing Rules (including but not limited to Rule 14A.39).

Financial Leasing Service Framework Agreement

The principal terms of the Financial Leasing Service Framework Agreement are as follows:

Date: 5 August 2016

Parties:

(i) The Company

(ii) Swiree

Conditions precedent: The Financial Leasing Service Framework Agreement shall take effect upon the fulfilment of the following conditions precedent:

(i) the Completion of the Swiree Subscription; and

(ii) the terms of the Financial Leasing Service Framework Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in accordance with the Listing Rules

Term: The Financial Leasing Service Framework Agreement will take effect immediately upon the fulfilment of all the above conditions precedent and will expire on 31 March 2019 (inclusive of both dates)

Subject: Financial leasing loans to be granted by members of the Group to GOME Customers where the proceeds from the relevant loans are used by GOME Customers to purchase goods by wholesale from the GOME Group or purchase goods by retail from GOME Group's designated outlets through which such retail customers can get access to the Group's financial leasing service and products. GOME Customers shall pay rents, interest and/or other charges (if applicable) to the relevant members of the Group for the financial leasing services.

Guiding principles for providing Connected Financial Leasing:

(i) The members of the Group may from time to time and in view of their business demand enter into separate financial leasing agreements with the GOME Customers ("**Individual Financial Leasing Agreements**") which shall comply with the terms and conditions as set out in the Financial Leasing Service Framework Agreement. Terms of an Individual Financial Leasing Agreement shall be negotiated at arm's length and determined by such member of the Group and the relevant GOME Customer based on normal commercial terms and with reference to the market price and terms of comparable financial leasing services offered by the Group to independent third parties or with reference to the prevailing terms and conditions of other comparable financial leasing loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company (as described further in the paragraph headed "Loan making processes" below in this letter). The transactions contemplated thereunder shall be fair and reasonable.

(ii) Details of the terms of the Individual Financial Leasing Agreements shall be determined in accordance with the conditions and principles set out in the Financial Leasing Service Framework Agreement and in case there is any conflict between the Financial Leasing Service Framework Agreement and any Individual Financial Leasing Agreement, conditions and principles of the Financial Leasing Service Framework Agreement shall prevail.

(iii) The aggregate principal amount of any outstanding Connected Financial Leasing which may be granted by the Group under the Individual Financial Leasing Agreements to be entered into pursuant to the Financial Leasing Service Framework Agreement are subject to the following proposed annual caps:

	For the financial year ending 31 March		
	2017	**2018**	**2019**
Connected Financial Leasing	RMB100 million	RMB120 million	RMB120 million

The Company will also be subject to the Asset and Revenue Limits.

Undertakings given by Swiree:

(i) Swiree acknowledges and agrees to the conditions and principles in respect of the financial leasing services offered by the Group to GOME Customers and agrees and undertakes that Swiree shall not charge any fees in respect of the financial leasing services provided by the Group to GOME Customers and shall not participate in any activities which may influence the negotiation or the price offered in relation to the financial leasing services. Swiree further agrees and undertakes to procure that the associates (as defined in the Listing Rules) and the concert parties of Swiree, the GOME Group and the associates (as defined in the Listing Rules) of the GOME Group will not engage in any of the above conducts.

(ii) Swiree undertakes that it shall procure the GOME Group will provide reasonable assistance to the Group in order to enable (a) the auditor appointed by the Company to issue reports in respect of the transactions contemplated under the Financial Leasing Service Framework Agreement as required by the Listing Rules and (b) the Company to comply with the requirements set out in Chapter 14A of the Listing Rules (including but not limited to Rule 14A.39).

Background of and reasons for the Framework Agreements

Immediately upon Completion of the Subscriptions(s), each of Swiree and Ms. Du, who will be interested, directly or indirectly, in more than 30% of the total issued share capital of the Company, will become a controlling shareholder of the Company. As at 31 March 2016, Ms. Du, Mr. Wong (who is the spouse of Ms. Du) and companies which were ultimately wholly owned by Ms. Du and/or Mr. Wong together held more than 30% of GOME's total issued share capital. Accordingly, immediately upon Completion of the Subscription(s), each member of the GOME Group by virtue of being an associate of Ms. Du, will become a connected person of the Company.

After the Transfer Closing and the Completion of the Subscription(s), the Group plans to expand its money lending business and targets to tap into the opportunity of granting the Connected Factoring Loans and the Connected Financial Leasing to the GOME Suppliers or the GOME Customers. Whilst the GOME Suppliers and the GOME Customers do not fall into the categories of connected persons of the Company as described in Rule 14A.07(1) to (5) of the Listing Rules, the Stock Exchange has deemed the Connected Factoring Loans and the Connected Financial Leasing to be continuing connected transactions of the Company under Rule 14A.20 of the Listing Rules on the ground that benefit may be conferred on the GOME Group from the granting of the commercial factoring loans and the financial leasing loans by the Group to the GOME Suppliers, or the GOME Customers. GOME Xinda has provided commercial factoring loans to certain GOME Suppliers, the granting of which is conditional upon the transfer of Accounts Receivable of such GOME Suppliers to GOME Xinda. Upon the Transfer Closing and the Completion of the Subscription(s), these commercial factoring loans will become the Connected Factoring Loans and constitute continuing connected transactions for the Company. None of the Directors has a material interest in the Framework Agreements.

Implications under the Listing Rules

Based on the proposed annual caps of the transactions contemplated under the Framework Agreements and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Framework Agreements are subject to the reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Any Shareholders who have a material interest in the Framework Agreements shall abstain from voting on the resolutions in relation thereto to be proposed at the SGM. As at the Latest Practicable Date, none of the Shareholders had a material interest in the Framework Agreements and the transactions contemplated thereunder. Accordingly, no Shareholders will be required to abstain from voting on the resolutions in relation to the Framework Agreements to be proposed at the SGM.

Loan making processes

The Group has established internal procedures and workflow in assessing, approving and monitoring loan applications, and loans granted, including but not limited to the Connected Factoring Loans and the Connected Financial Leasing.

All key management of the Group who are responsible for managing the Group's financial service business (which shall include the key management members of GOME Xinda upon the Transfer Closing) are independent from the GOME Group.

Further details of the procedures and workflow are explained below.

Loan application and due diligence

Upon the Transfer Closing and Completion of the Subscription(s), the Business Department of the Group will approach potential customers (including the GOME Suppliers and GOME Customers). The GOME Group may introduce GOME Suppliers to the Group by helping with the arrangement of meetings, seminars and training sessions between the Group and the GOME Suppliers. Borrowers, other than those which are GOME Suppliers who will transfer their Accounts Receivable due from the GOME Group to the Group, are required to apply for loans from the Group directly through the Business Department of the Group. The Company has not yet identified any GOME Suppliers and/or GOME Customers to whom the Group proposes to provide Connected Factoring Loans and/or Connected Financial Leasing. Before the Group enters into any Connected Factoring Loan or Connected Financial Leasing, the Group will require the potential borrower to confirm, and will endeavor to check, whether such potential borrower is a Shareholder. Should any implications under Rule 25 of the Takeovers Code arise from the granting of the Connected Factoring Loans, the Connected Financial Leasing and the unconnected loans, the Group will fully comply with the relevant requirements under Rule 25 of the Takeovers Code before granting such loans.

Upon the Transfer Closing and Completion of the Subscription(s), the borrowers which are GOME Suppliers who will transfer their Accounts Receivable due from the GOME Group to the Group may also apply for the Connected Factoring Loans via the Group's online lending platform (using the information system of GOME Xinda).

The Business Department of the Group will collect: (1) information on a borrower and the guarantor (if applicable) including his/their identification card(s) or passport(s) and proof(s) of residential address (where the borrower(s)/guarantor(s) is/are individual(s)) or its/their business licence(s) and constitutional document(s) (where the borrower(s)/guarantor(s) are entity(ies)), its/his/their proof(s) of social security account, telephone/mobile phone number(s), financial information, tax record(s) and other business or income source information, etc; (2) background check on a borrower's/guarantor's major shareholders; (3) information on the credit history of a borrower from the credit reference centres of PBOC or other institutions; and/or (4) information on the collateral/security, such as machinery or equipment in connection with financial leasing application or the Accounts Receivables of which the loan application relates and the underlying supply contract entered into by a borrower in connection with the Connected Factoring Loans, depending on the types to the loan application including an asset valuation report prepared by a professional valuer as approved by the Group and the sale and purchase contract and invoices in relation to the machinery or equipment in connection with financial leasing applications. The Group will carry out the above due diligence work independently of GOME, regardless of whether the borrower is a GOME Supplier or not.

The Business Department will categorize the borrowers into different grades according to their credit risk based on the above assessment and analysis of the loan applications and the internal risk grading system as approved by the Board principally with reference to their financial performance, nature and size of business, the business relationship with the Group, credit policy, repayment history, repayment ability, value and recoverability of collateral or other security. The Business Department will then present a report to the Risk Management Department of the Group which will set out a summary of its due diligence findings, the internal credit risk grading assigned to a borrower and the key terms of a loan tentatively set by the Business Department including the principal amount, interest rate, security arrangements and tenure of the loans.

The Business Department will not accept a loan application if a borrower and/or the security do not meet the Group's requirements based on the results of its due diligence finding including the repayment history and default risk of a borrower.

Review and approval

The Risk Management Department of the Group will review and analyse the report presented by the Business Department of the Group and may ask for further information and documents from the borrower if considered necessary. The Risk Management Department may also review other records of the borrower, such as past loan applications and outstanding loans with the Group.

With regard to those borrowers and security for loans which meet the Group's basic requirements, the Risk Management Department of the Group will tentatively assess the key terms of all loans including the Connected Factoring Loans and the Connected Financial Leasing. All loans will then be reviewed and approved by the Micro Finance Department of the Group. If the amount of the loan exceeds a certain threshold as set by the Board, the Risk Management Department will then present the report to the Board which sets out its recommendations on the key terms of the loans for the Board's review and approval.

Signing and closing

Once a loan application has been approved, a loan agreement will be entered into between the Group and the borrower.

After signing of the loan agreement and the meeting of other conditions, such as the transfer of an Accounts Receivable in the case of a disclosed factoring loan or purchase evidence in respect of a financial leasing, the Finance Department of the Group will then be responsible for transferring the funds to the borrower or the sellers of the goods in the case of certain financial leasing.

Collection and recovery

The Group adopts a standardized collection and recovery procedure. The Finance Department of the Group is responsible for collecting the repayment funds from a borrower. However, if a borrower defaults or delays in repaying any of the outstanding sums, the Finance Department will inform the Business Department of the Group which will be responsible for following up and collecting the repayment funds from the borrower. In the case of a proposed extension of a loan, such proposal will be regarded as a new loan application subject to the due diligence and approval process described above. In accordance with the terms of the relevant loan agreement, the Group, among other remedies, will be entitled to charge default interest on the total outstanding balance of the principal amount of a loan and the interest payments accrued thereto. If a borrower fails to repay the loan including any part of the principal amount and/or accrued interest, the Group may initiate legal proceedings against such borrower to enforce the Group's right to recover the outstanding sums from such borrower after the Group have sought to recover the outstanding sums through other means but to no avail.

Terms of a loan

The Group's policy for determining the principal amount of a loan (including the Connected Factoring Loan or the Connected Financial Leasing) is set out below:

1. terms of a loan shall be determined in accordance with the Group's pricing policy (which covers the range of interest rates and the term and credit limit of a loan) applicable to both connected and unconnected loans as formulated and updated by the Micro Finance Department every quarter, with reference to the terms of comparable types of products offered by identified major competitors of the Group, such terms to which the Company may have access through publicly available sources and other market research by the Group and the terms of comparable types of financial leasing products offered by other finance companies that had previously cooperated with the GOME Group in providing financial leasing services to the GOME Customers, the credit risk grading of the borrower (which, among other factors, is to be assessed based on the business relationship between the borrower and the Group and the repayment history of the borrower as described in the paragraph headed "Loan application and due diligence" above), the trend of the premium of the market interest rate over the twelve month lending rate as published by PBOC from time to time, the interest rate cap of any private lending under the applicable PRC laws (being 24% per annum) and the Group's funding cost as affected by the financial market liquidity and approved by the Board;

2. the credit risk grading of the borrower as assessed by the Risk Management Department of the Group, based on the system and guidelines approved by the Board; and

3. in the case of a Connected Factoring Loan or a Connected Financial Leasing, the terms of which shall be on normal commercial terms negotiated on an arm's length basis in the ordinary and usual course of business and shall not be less favourable to the Company as compared to the terms of comparable transactions (in terms of similar credit risk and term) to be entered into by the Group with third parties which do not constitute connected transactions.

In accordance with the applicable PRC law, the interest rates (and other charges) charged for private lending in the PRC may not exceed a certain threshold as determined by the PRC Supreme Court.

GOME Xinda

Since GOME Xinda commenced its commercial factoring business in July 2015, GOME Xinda has been granting all factoring loans on a disclosed basis. It has been charging all borrowers who are the GOME Suppliers and using Accounts Receivable due from the GOME Group a uniform daily interest rate ranging from 0.024% to 0.03% of the principal amount of the Connected Factoring Loans. It was considered that the default risk of the related loans all fall under the same risk profile as they are all secured by Accounts Receivable due from the GOME Group on a disclosed basis and the Group will be able to request payment from the GOME Group under the Accounts Receivable. This is consistent with the pricing approach as described above. The interest rates charged by GOME Xinda are comparable to the market rates offered by its competitors which also provide online commercial factoring services to suppliers of retailers in the PRC.

The Company understands from GOME Xinda that GOME Xinda has adopted a robust risk management policy and will make sure that GOME Xinda will adopt the lending policy and procedures as described above after the Transfer Closing.

As at the Latest Practicable Date, none of GOME Xinda and the immediate, intermediate and ultimate shareholders of GOME Xinda held any Shares.

Historical transaction amounts

As at and up to the Latest Practicable Date, the Group had not granted any factoring loan or financial leasing loan which is related or associated with the GOME Group.

The Company understands from GOME Xinda that during the period from 21 July 2015 (being the date of incorporation of GOME Xinda) to 31 January 2016, GOME Xinda has granted disclosed factoring loans to 158 borrowers in total, of whom 157 borrowers were the GOME Suppliers and one borrower was not a GOME Supplier (the "**Non-GOME Supplier**"). As at the Latest Practicable Date, the Non-GOME Supplier was owned as to approximately 94% by Beijing Centergate Technologies (Holding) Co., Ltd.* (北京中關村科技發展(控股)股份有限公司) (stock code: 000931) ("**Centergate**"), a company incorporated under the laws of the PRC whose shares are listed on the Shenzhen Stock Exchange and which in turn was owned as to approximately 24% by GOME Holdings.

The Company has enquired each of the 158 borrowers as to whether they or their respective owners (immediate/intermediate/ultimate) are Shareholders. The 158 borrowers have confirmed that none of them is Shareholder but they were not able to confirm whether their respective owners are Shareholders as the 158 borrowers do not have such information. The Company has checked the names of the 158 borrowers against the Company's register of shareholders and confirms that none of their names appear on the Company's register of shareholders.

The Company has checked, to the extent publicly available, the shareholding information of each of the 158 borrowers through the website "全國企業信用信息公示系統" (http://gsxt.saic.gov.cn/). The Company has checked the owners (immediate/intermediate/ultimate) of the 158 borrowers (to the extent available in the abovementioned website) against the Company's register of shareholders and confirms that none of their names appear on the Company's register of shareholders. The website "全國企業信用信息公示系統" is governed under the relevant laws and regulations of "Regulation of the People's Republic of China on the Disclosure of Government Information" and "Interim Regulation on Enterprise Information Disclosure". It provides information about national enterprises, farmers' professional cooperatives, individual industrial and commercial entities.

In the case where any of the 158 borrowers' respective owners are listed companies (the "**Listed Owners**"), the Company has requested the relevant borrowers to provide their list of shareholders. However, the relevant borrowers were not willing to provide such information due to confidentiality reasons. Based on publicly available information, the Company is only able to ascertain the identities of and obtain information about the top 10 shareholders of the Listed Owners listed on various stock exchanges in the PRC and the substantial shareholders (as defined in the SFO) of the Listed Owners listed on the Stock Exchange. The Company has checked the top 10 shareholders (in the case of PRC companies) and the substantial shareholders (as defined in the SFO) (in the case of Hong Kong companies) as disclosed by the Listed Owners against the Company's register of Shareholders and confirm that none of their names appear on the Company's register of shareholders.

In the case of the Non-GOME Supplier, the Company has requested Centergate to provide its list of shareholders. However, Centergate was not willing to provide such information due to confidentiality reasons. Based on publicly available information, the Company is only able to ascertain the identities of and obtain information about the top 10 shareholders of Centergate. According to such public information, GOME Holding is the largest shareholder of Centergate. Swiree has confirmed to the Company that GOME Holding and its beneficial owners are not Shareholders. The Company has used its best endeavours to reach out to the other top 9 shareholders list where it can establish a contact and one of them has confirmed to the Company that it has no shareholding in the Company. The Company has checked the other top 9 shareholders of Centergate against the Company's register of Shareholders and confirm that none of their names appear on the Company's register of shareholders.

The Company has also enquired all directors and senior staff members of the Group, who are also Shareholders, as to whether he/she or his/her associates have any direct or indirect ownership interest in any of the 158 borrowers, and each of such directors and senior staff members have confirmed that none of them nor their respective associates have any direct or indirect ownership interest in any of the 158 borrowers.

Based on the above checking and enquiry, the Company, based on its best endeavours, is not aware that any of the 158 borrowers or their respective owners (immediate/intermediate/ultimate) holds any Shares as at the Latest Practicable Date.

As confirmed by GOME Xinda, the terms of the loans granted to the 157 borrowers who were the GOME Suppliers and the Non-GOME Supplier were on normal commercial terms based on arm's length negotiation and the credit assessment and lending policy of GOME Xinda that applies to all borrowers. Provision of commercial factoring loans is GOME Xinda's ordinary course of business. After the Transfer Closing, GOME Xinda shall apply the same parameters in granting loans to all borrowers.

During the period from 21 July 2015 (being the date of incorporation of GOME Xinda) to 31 January 2016, the unaudited total revenue of GOME Xinda amounted to approximately RMB713,000. As at 31 January 2016, the unaudited total loan receivable of GOME Xinda amounted to approximately RMB183.7 million.

PROPOSED ANNUAL CAPS

As stated in the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement, the aggregate principal amount of any outstanding Connected Factoring Loans and Connected Financial Leasing which may be granted by the Group for the three financial years ending 31 March 2019 are subject to the following proposed annual caps:

	For the financial year ending 31 March		
	2017 *(Note)*	**2018**	**2019**
Connected Factoring Loans	RMB600 million	RMB600 million	RMB600 million
Connected Financial Leasing	RMB100 million	RMB120 million	RMB120 million

Note:

It covers the period commencing from the date of the Completion of the Swiree Subscription to 31 March 2017.

Pursuant to the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement, the Company will also be subject to the Asset and Revenue Limits. In order to stay within the Asset and Revenue Limits anytime during the financial year, the Group has to make actual loans which are not Connected Factoring Loans or Connected Financial Leasing (the "**Unconnected Loan(s)**") from time to time. To illustrate the concept, the Group will have to make an Unconnected Loan which will generate revenue of HK$1 before the Group can make a connected loan which will generate revenue of HK$1, i.e. the Group will not make any connected loan until the Group can generate sufficient revenue from Unconnected Loans during the relevant financial year.

The above proposed annual caps are determined principally by reference to the following factors:

1. the historical revenue of the GOME Group (inclusive of the companies which GOME acquired in March 2016) which amounted to approximately RMB81.4 billion for the financial year ended 31 December 2014 as disclosed in GOME's circular dated 24 December 2015;

2. the historical balance of trade payables of the GOME Group (inclusive of the companies which GOME acquired in March 2016) which amounted to approximately RMB9.8 billion as at 31 December 2014 as disclosed in GOME's circular dated 24 December 2015;

3. the demand from the GOME Customers on financial leasing services as estimated with reference to, based on the information available to the Company, the aggregate principal amount of financial leasing loans granted to the GOME Customers by other finance companies relating to purchases by the GOME Customers from the GOME Group for the financial year ended 31 December 2015 of approximately RMB150 million;

4. the estimated potential market size and demand from the GOME Suppliers of approximately RMB2 billion based on the Company's understanding that the target borrowers will mainly be small-to-medium enterprises which, based on the information available to the Company, together contributed to approximately 20% of the aggregate audited trade payables of the GOME Group (inclusive of the companies which GOME acquired in March 2016) as at 31 December 2014;

5. the aggregate sum of the proceeds from the Subscription(s) of HK$350 million (equivalent to approximately RMB297.87 million) which, among other sources of financing which may be available from time to time, will be used to finance the expansion of the portfolio of Connected Factoring Loans and the internal financial resources of GOME Xinda (which had unaudited cash and loan receivables of approximately RMB48 million and RMB183.7 million respectively as at 31 January 2016);

6. the amount of the proceeds from the Subscription(s) of HK$150 million (equivalent to approximately RMB127.66 million) will be used to increase the capital to finance the expansion of the portfolio of Connected Financial Leasing; and

7. the assumption that the size of the Group's Connected Factoring Loan portfolio for years 2017, 2018 and 2019 will be substantially the same.

Internal control and risk management policy of the Group

The Group has set up different departments with sufficient and appropriate segregation of duties and authorities in all the business processes. The Group has also established an internal audit department to detect any control errors/deficiency reporting to the Board and, the Board will be closely involved in the policy setting and management process to ensure an effective supervision and proper business conducts.

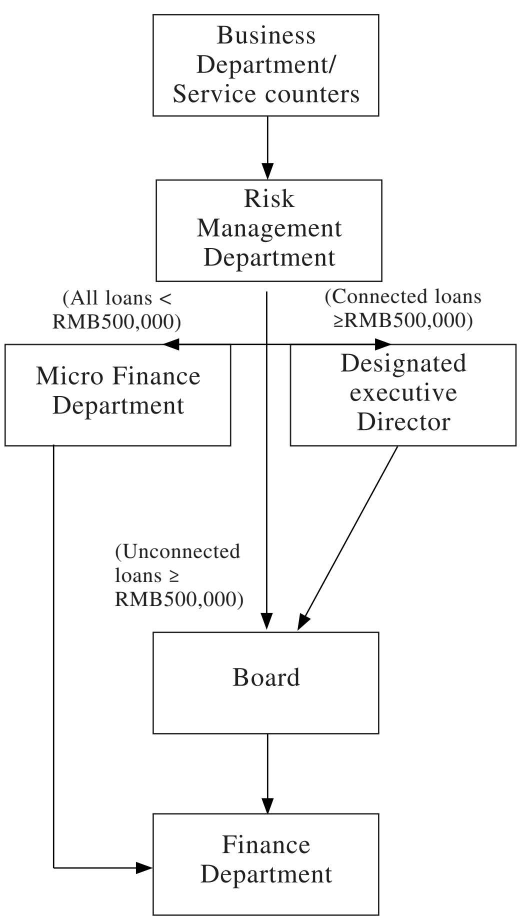
The responsibilities of the departments involving in the key loan making processes are as follows:

Department/Personnel	**Roles**
Business Department/Service counter	– liaising and contacting the borrowers – initial screening and due diligence – collection of overdue loans
Risk Management Department	– reviewing loan applications and assessing the terms of each loan and any security arrangement – formulating credit control/risk management policy to be considered and approved by the Board – recommending to the Board the credit control/risk management policy
Micro Finance Department	– approving loan applications within the thresholds approved by the Board
Finance Department	– releasing of funding to borrowers – monitoring collection of the loans and carrying out necessary follow up work
Internal Audit Department	– formulating internal audit plan in accordance with the result of risk assessment – carrying out review and checking to evaluate the effectiveness in risk management
Board	– setting the interest rates terms and credit limit applicable to different types of loans – approving credit control/risk management/loan approval policy – approving larger loan applications beyond the approval threshold of the Micro Finance Department
Audit Committee	– reviewing the internal audit function and the continuing connected transactions

As at the Latest Practicable Date, and after the Transfer Closing and the Completion of the Subscription(s), none of the Group's staff involving in the loan review, approval and execution processes will hold any position at the GOME Group. Mr. Ding Donghua who will oversee the factoring segment together with Mr. Chung Tat Fun and Mr. Leung Yuen Ming, Henry after the Completion of the Subscription(s), will resign from his position at GOME Finance immediately before his appointment to the Board. Each of the existing Directors and the proposed Directors will undertake to the Company that he/she has not entered into any agreement, arrangement or understanding whether formal or informal, written or unwritten, with Swiree, Ms. Du or their respective associates (as defined in the Listing Rules) (including Mr. Wong) that he/she is required to take instructions from Swiree, Ms. Du or their respective associates (as defined under the Listing Rules) (including Mr. Wong).

In addition, after the Transfer Closing, the Company will keep track of the amounts of Accounts Receivables and the credit periods based on which the principal amounts of the factoring loans and the tenure of the factoring loans are determined. Pursuant to existing factoring agreements between GOME Xinda and its borrowers, the parties to an underlying supply contract may only amend the terms of the supply contract including the amount of the Accounts Receivable and the credit period with GOME Xinda's prior consent. The Company will ensure that a similar provision will be included in every factoring agreement to be entered into between the Group and its borrowers (including the Individual Factoring Agreement) after the Transfer Closing.

Set out below is a chart showing the reporting hierarchy within the Group in respect of loan approval:



Business Department/Service counters

- receive loan application
- initial screen loan application

Risk Management Department

- review and check loan application initially screened by the Business Department or service counters

Designated executive Director

- review and check connected loan application of RMB500,000 or more

Micro Finance Department

- approve loan application under RMB500,000 (both connected and unconnected loans)

Board

- approve loan application of RMB500,000 or more

Finance Department

- review and check all connected loan application are within the Connected Loan Limits
- release of funds for all approved loan application

The Group will also designate an executive Director to monitor the Assets and Revenue Limits imposed on the amount of Connected Factoring Loans and Connected Financial Leasing and ensure that such limits are not exceeded. The Finance Department will prepare a schedule showing the indicative maximum amounts of new Connected Factoring Loans and Connected Financial Leasing which can be made each month without exceeding the Asset and Revenue Limits based on the actual loans made. The monthly schedule shall include, among other things, (i) the latest published total assets of the Company; (ii) the actual total outstanding principal amount as at the latest practicable date for the purpose of preparing the monthly schedule (with a breakdown of the principal amounts of connected and unconnected loans granted by the Group); (iii) the total revenue of the Group that would be recorded in the current financial year based on the actual loan portfolio up to the latest practicable date for the purpose of preparing the monthly schedule (with a breakdown of the principal amounts of connected and unconnected loans); and (iv) the maximum amount for connected loans that can be granted by the Group in the following month without exceeding the Asset and Revenue Limits. The designated executive Director will be responsible for reviewing the above schedule and determining the quota for the making of connected loans that month principally based on the actual loans made and the indicative amounts set out in the monthly schedule described above. The head of the Micro Finance Department will be responsible for allocating the monthly quota in respect of connected loans to individual sale teams/service counters at GOME retail stores. The Business Department (including the sale teams/service counters) and the Risk Management Department will then be informed of their respective quota limits. The individual sale teams/service counters will not be allowed to grant any connected loans over their respective allocated quota.

If a Connected Factoring Loan or Connected Financial Leasing that is equal to or exceeds the internal threshold, i.e. currently RMB500,000, set by the Board from time to time (applicable to all loans including both connected and unconnected loans) (the "**Threshold**"), the Risk Management Department will submit such connected loan application to the designated executive Director for review and checking. The designated executive Director will obtain the latest available unutilized proposed annual cap amount for the relevant connected loan and Asset and Revenue Limits for the relevant financial year and latest available unutilized monthly quota from the Finance Department (collectively, the "**Connected Loan Limits**") to ensure that these limits will not be exceeded if such connected loan is granted. After the designated executive Director has conducted the above checks and confirmed that the granting of such connected loan will not result in any of the Connected Loan Limits being exceeded, the designated executive Director will then submit such loan application to the Board for approval. If after conducting the above checks, the executive Director considers that the granting of such connected loan may result in any of the Connected Loan Limits being exceeded, the designated executive Director will reject such connected loan application.

In respect of a Connected Factoring Loan and a Connected Financial Leasing that is below the Threshold, the same procedures apply, except that such connected loan will be reviewed and approved by the Micro Finance Department.

After a Connected Factoring Loan/Connected Financial Leasing is approved, the Finance Department will be responsible for second reviewing and checking that the amounts of such connected loans, if granted, are within the Connected Loan Limits before releasing the relevant funds to the relevant loan applicants. As such, the Group will not grant any connected loan, if granting such loan will lead to any of the Connected Loan Limits being exceeded.

The Company intends to disclose (i) the size of the connected and unconnected loan portfolios; and (ii) the respective revenues derived from these portfolios in its annual results announcements and interim results announcements after Completion of the Subscriptions.

Based on the above, the Directors consider that the internal control procedures are adequate and sufficient to ensure that the proposed annual caps (including (i) the aggregate principal amount of any outstanding connected loans to not more than 40% of the Group's latest published total assets; and (ii) the aggregate revenue generated from the connected loans to not more than 50% of the Group's total revenue in each financial year) will not be exceeded.

APPLICATION FOR WHITEWASH WAIVER

Upon Completion of the Swiree Subscription only, the aggregate shareholding interest of Swiree and parties acting in concert with it in the Company represents approximately 73.01% of the total issued share capital of the Company as enlarged by the issue of the Swiree Subscription Shares (assuming that the Richlane Subscription and the Best Global Subscription do not complete and that none of the Share Options are exercised), and approximately 71.33% of the issued share capital of the Company as enlarged by the issue of the Swiree Subscription Shares and the exercise of the Share Options in full (assuming that the Richlane Subscription and the Best Global Subscription do not complete).

Upon Completion of all of the Subscriptions, the aggregate shareholding interest of Swiree and parties acting in concert with it in the Company represents approximately 77.14% of the enlarged issued share capital of the Company immediately after the allotment and issue of all Subscription Shares and assuming that none of the Share Options are exercised, and approximately 75.61% of the enlarged issued share capital of the Company immediately after the allotment and issue of all Subscription Shares and assuming that the Share Options are exercised in full.

Under Rule 26.1 of the Takeovers Code, Swiree would be obliged to make an unconditional mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Swiree and parties acting in concert with it which would otherwise arise as a result of the Completion of the Swiree Subscription or the Completion of all of the Subscriptions (as the case may be), unless the Whitewash Waiver is obtained from the Executive. In this regard, Swiree has made an application to the Executive for the Whitewash Waiver which, if granted, will be subject to, among other things, approval of the Swiree Subscription (Completion of which is also conditional upon the satisfaction (if applicable, waiver) of the other conditions precedent set out in the sub-section headed "Conditions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription" in the section headed "The Subscription Agreements" in this letter) and the Whitewash Waiver by the Independent Shareholders at the SGM by way of poll.

The table below sets out the shareholding interest of Swiree and parties acting in concert with it in the Company's issued share capital (i) as at the Latest Practicable Date; (ii) immediately after the Completion of the Swiree Subscription only (assuming that the Richlane Subscription and the Best Global Subscription do not complete and none of the Share Options are exercised); (iii) immediately after the Completion of the Swiree Subscription only and the exercise of the Share Options in full (assuming that the Richlane Subscription and the Best Global Subscription do not complete); (iv) immediately after the Completion of all the Subscriptions (assuming that none of the Share Options are exercised); and (v) immediately after the Completion of all the Subscriptions and the exercise of the Share Options in full:

	As at the Latest Practicable Date		Immediately after the Completion of the Swiree Subscription only (assuming that the Richlane Subscription and the Best Global Subscription do not complete and none of the Share Options are exercised)		Immediately after the Completion of the Swiree Subscription only and the exercise of the Share Options in full (assuming that the Richlane Subscription and the Best Global Subscription do not complete)		Immediately after the Completion of all the Subscriptions (assuming that none of the Share Options are exercised)		Immediately after the Completion of all the Subscriptions and the exercise of the Share Options in full	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Swiree	–	–	1,653,073,872	72.25%	1,653,073,872	70.59%	1,653,073,872	61.20%	1,653,073,872	60.00%
Parties acting in concert with Swiree										
Richlane	–	–	–	–	–	–	275,512,312	10.20%	275,512,312	10.00%
Best Global	–	–	–	–	–	–	137,756,156	5.10%	137,756,156	5.00%
Ko Chun Shun Johnson	15,000,000	2.36%	15,000,000	0.66%	15,000,000	0.64%	15,000,000	0.56%	15,000,000	0.54%
Peninsula Resources Limited	2,264,000	0.36%	2,264,000	0.10%	2,264,000	0.10%	2,264,000	0.08%	2,264,000	0.07%
Subtotal	17,264,000	2.72%	17,264,000	0.76%	17,264,000	0.74%	430,532,468	15.94%	430,532,468	15.61%
Swiree and parties acting in concert with it	**17,264,000**	**2.72%**	**1,670,337,872**	**73.01%**	**1,670,337,872**	**71.33%**	**2,083,606,340**	**77.14%**	**2,083,606,340**	**75.61%**

As regards the Subscription and the Whitewash Waiver, (i) the Subscribers and their respective associates (including but not limited to Mr. Ko, Ms. Ko, Peninsula Resources Limited, Rockstead Technology Limited, Omnicorp Limited and Ms. Yu) and parties acting in concert with any of them; (ii) Mr. Chung Tat Fun (an executive Director who was involved in the negotiation of the Subscriptions for and on behalf of the Company) and his associates (including but not limited to Light Tower Holding Limited which is wholly-owned by Mr. Chung Tat Fun) and parties acting in concert with any of them; (iii) Varitronix (of which Mr. Ko's daughter, Ms. Ko, is an executive director); and (iv) any other Shareholder who is interested or involved in any of the Subscriptions and/or the Whitewash Waiver, shall abstain from voting on the relevant resolutions to approve the Subscriptions and the Whitewash Waiver to be proposed at the SGM. Among the aforesaid persons, Mr. Ko, Peninsula Resources Limited and Light Tower Holding Limited were existing Shareholders as at the Latest Practicable Date. Mr. Ko, being the ultimate beneficial owner of Richlane and Peninsula Resources Limited (both of which are wholly-owned by Mr. Ko) and Varitronix (of which Mr. Ko's daughter, Ms. Ko, is an executive director), are considered to be interested and involved in the Subscriptions and the Whitewash Waiver and therefore shall abstain from voting on the resolutions to approve the Subscriptions and the Whitewash Waiver to be proposed at the SGM. Further, Light Tower Holding Limited which held approximately 9.45% of the entire issued share capital of the Company as at the Latest Practicable Date, is wholly-owned by Mr. Chung Tat Fun, an executive Director who was involved in the negotiation of the Subscriptions for and on behalf of the Company. Therefore, Light Tower Holding Limited will also abstain from voting at the SGM in respect of the resolutions relating to the Subscriptions and the Whitewash Waiver.

As at the Latest Practicable Date, the Company does not believe that the Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the publication of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible. The Company notes that the Executive may not grant the whitewash waiver if the Subscription does not comply with other applicable rules and regulations.

If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders, after the Completion of the Swiree Subscription (whether or not the Completion of the Richlane Subscription and/or the Best Global Subscription takes place), the shareholding of Swiree in the Company will exceed 50%. Swiree may further increase its shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised four executive Directors, two non-executive Directors and three independent non-executive Directors. Immediately upon Completion, Mr. Chung Tat Fun who is a key Director responsible for the operation of the Group's financial service business, will continue to act as executive Director, and Mr. Chung Ho Chun will resign as Director but he will continue to be responsible for the operation of the Group's financial service business as part of the management team. The other current Directors (except for Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue who are the independent non-executive Directors) intend to resign as Directors with effect from Completion.

Pursuant to the Subscription Agreements, the Company shall procure the appointment of candidates nominated by Swiree, Richlane and/or Best Global as new Director(s) of the Company upon Completion of the relevant Subscription(s). Swiree has nominated Mr. Ding Donghua (丁東華) and Mr. Zhang Jun (張軍) to be appointed as executive Directors, Ms. Wei Qiuli (魏秋立) to be appointed as non-executive Director and Mr. Zhang Liqing (張禮卿) and Mr. Li Liangwen (李良溫) to be appointed as independent non-executive Directors (together, the "**Proposed Incoming Directors**") effective upon the Completion of the Swiree Subscription or all the Subscriptions (as the case may be), subject to the approval of the Shareholders by way of ordinary resolutions at the SGM. As at the Latest Practicable Date, neither Richlane nor Best Global intended to nominate any candidate to the Board.

The biographical details of the Proposed Incoming Directors and their respective responsibilities immediately upon Completion of the Swiree Subscription or all the Subscriptions (as the case may be) are set out below:

Mr. Ding Donghua (丁東華), aged 37, joined the GOME Group in 1999 and has extensive experience in handling the financial and business affairs of GOME and its subsidiaries including Shenyang GOME Electrical Appliance Co., Ltd.* (瀋陽國美電器有限公司) and Kuba Technology (Beijing) Co., Ltd.* (庫巴科技(北京)有限公司) ("**Kuba**"). From July to November 2015, Mr. Ding acted as the deputy vice president of GOME Finance (of which Mr. Wong is the ultimate beneficial owner, the spouse of Ms. Du who in turn wholly owns Swiree) responsible for overseeing the commercial factoring/microfinance business of GOME Finance and since November 2015, Mr. Ding has been acting as senior vice president of GOME Finance responsible for the overall business operation and financial affairs of GOME Finance and overseeing the supplier-oriented/consumer finance business of GOME Finance. Mr. Ding has acted as the manager of GOME Xinda since 2015. GOME Xinda is a commercial factoring company wholly owned by GOME Finance and will become a wholly owned subsidiary of the Company immediately upon the Transfer Closing. From 2012 to 2014, he acted as chief executive officer of Kuba which operated an online electrical appliance store in the PRC. Mr. Ding obtained a Master of Business Administration degree from the Guanghua School of Management of Peking University in 2010.

Immediately upon Completion of the Swiree Subscription or all the Subscriptions (as the case may be), it is intended that Mr. Ding will be responsible for overseeing the operation and management of the Group's commercial factoring segment together with Mr. Chung Tat Fun and Mr. Leung Yuen Ming, Henry (who is a Marketing Director of the Micro Finance Department of the Group). He will resign from his position at GOME Finance immediately before his appointment to the Board which will take effect from the Completion of the Subscription(s). Save for the Group, he then will not have any employment role with the GOME Group or other associates of Mr. Wong or Ms. Du.

Mr. Zhang Jun (張軍), aged 42, joined GOME Finance in September 2015. Since January 2016, Mr. Zhang Jun has been acting as the vice president of GOME Finance responsible for the overall information technology management of GOME Finance. Immediately before joining GOME Finance, he had worked in Beijing Sohu New Media Information Technology Co., Ltd.* (北京搜狐新媒體信息技術有限公司), a wholly-owned subsidiary of Sohu.com Inc. (NASDAQ: SOHU) for about 9 years, at which his last position was the head of the payment centre of the group headquarter. He obtained a Doctorate degree in Forest Management from the Beijing Forestry University in 2002 and a Master of Business Administration degree from the China Europe International Business School in 2015.

Immediately upon Completion of the Swiree Subscription, it is intended that Mr. Zhang Jun will be responsible for the Group's overall information technology management. He will resign from his position at GOME Finance immediately before his appointment to the Board which will take effect from the Completion of the Subscription(s). Save for the Group, he then will not have any employment role with the GOME Group or other associates of Mr. Wong or Ms. Du.

Ms. Wei Qiuli (魏秋立), aged 48, has been acting as the executive vice president of GOME Group Holdings (which is controlled by Mr. Wong, the spouse of Ms. Du who in turn wholly owns Swiree) since June 2015, responsible for assisting Ms. Du, who is the chief executive officer of GOME Holdings in various areas including administration and brand management and she has also acted as the senior vice president of GOME Home Appliance Co., Ltd.* (國美電器有限公司) ("**GOME Home Appliance**"), a wholly-owned subsidiary of GOME since March 2012. She previously acted as the head of both the administration centre and the management centre of the headquarter of GOME Home Appliance and a vice president of GOME Home Appliance responsible for administrative system work. During the period from 2000 to 2006, she worked at Beijing Eagle Investment Co. Ltd* (北京鵬潤投資有限公司) (which is controlled by Mr. Wong), initially as a manager at the human resources department and then as the head of the administration centre. Ms. Wei is a director of Sanlian Trading Company Holding Limited* (三聯商社股份有限公司) (stock code: 600898) which is listed on the Shanghai Stock Exchange and in which Mr. Wong indirectly held more than 10% of the issued share capital as at the Latest Practicable Date. She obtained a Bachelor of Philosophy degree from Capital Normal University in 1990 and a Master of Business Administration degree from the China Europe International Business School in 2013.

Immediately upon Completion of the Swiree Subscription or all the Subscriptions (as the case may be), it is intended that Ms. Wei will be responsible for overseeing the management and strategic development of the Group.

Mr. Zhang Liqing (張禮卿), aged 52, joined Central University of Finance and Economics in 1987. He is a professor of Central University of Finance and Economics. Mr. Zhang Liqing is the author and editor of numerous publications on international economics and finance issues. He is an executive member of the council of the fifth executive council of the China International Finance Society (中國國際金融學會), an executive member of the council of the fifth executive council of China Urban Financial Society (中國城市金融學會) and the current vice president of China Society of World Economics (中國世界經濟學會). He served as the member of the 12th Main Board Market Issuance Examination Committee of the China Securities Regulation Commission in 2010. Mr. Zhang Liqing is currently an independent director of Poly Real Estate Group Co., Ltd* (保利房地產（集團）股份有限公司) (stock code: 600048), a company listed on the Shanghai Stock Exchange.

Mr. Zhang Liqing obtained a Doctor degree in Global Economics at Renmin University of China in 2003 and a Master of Economics degree from the Finance Graduate School of People's Bank of China in 1987.

Immediately upon Completion of the Swiree Subscription or all the Subscriptions (as the case may be), it is intended that Mr. Zhang Liqing will be responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct.

Mr. Li Liangwen (李良温), aged 64, has over 40 years of experience in the insurance industry. In 1975, he joined The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) (stock code: 1339) ("**PICC Group**") which is listed on the main board of the Stock Exchange. From August 2007 to March 2012, he was appointed as the deputy general manager (vice president) of PICC Group and from September 2009 to December 2013, he acted as executive director of PICC Group. In April 2007, he was appointed as the vice chairman of the board of directors and president of PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司). In December 2006, he was appointed as director and president of China Life Property and Casualty Insurance Company Limited (中國人壽財產保險股份有限公司). He is an independent director of Shanghai New Huangpu Real Estate Co., Ltd.* (上海新黃浦置业股份有限公司) (stock code: 600638) which is listed on the Shanghai Stock Exchange. From December 2013 to April 2016, he acted as the non-executive director of Industrial Bank Co., Ltd. (興業銀行) (stock code: 601166) which is listed on the Shanghai Stock Exchange.

Mr. Li Liangwen graduated from Hebei Normal University in July 1975 with a university level qualification majoring in English.

Immediately upon Completion of the Swiree Subscription or all the Subscriptions (as the case may be), it is intended that Mr. Li Liangwen will be responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct.

The Proposed Incoming Directors will enter into service contracts with the Company upon their appointments being approved by the Shareholders at the SGM, and are subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. As at the Latest Practicable Date, the Proposed Incoming Directors did not have any interest in the securities of the Company within the meaning of Part XV of the SFO and save as disclosed in their biographies above had not held any other directorships in any public listed companies in the past three years, did not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company, and had confirmed that there is no other information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in connection with the proposed appointments that need to be brought to the attention of the Shareholders.

In considering the appointment of new Directors, the Board will ensure the candidates are eligible to act as directors in accordance with Rule 3.09 of the Listing Rules.

The Company considers that the proposed appointments of the Proposed Incoming Directors will be beneficial to the Group and the Group will have sufficient human resources and competent personnel to manage the expansion of its existing financial service business immediately upon Completion of the Subscription(s). As stated above, it is intended that Mr. Ding Donghua, who has over 15 years of experience in the financial industry, will oversee the commercial factoring segment with Mr. Chung Tat Fun and Mr. Leung Yuen Ming, Henry immediately upon Completion of the Subscription(s). Mr. Chung, who has more than 20 years of experience in the financial industry, is the leader of the Group responsible for corporate development, overall planning, strategies and policies making. Mr. Leung, who has more than 12 years of experience in the financial industry, is responsible for managing financial services of the Group. Both Mr. Chung and Mr. Leung have been overseeing the commercial factoring segment of the Group. Also, Mr. Leung, who has been responsible for overseeing the financial leasing segment of the Group, will continue to do so immediately upon Completion of the Subscription(s).

The biographical details of Mr. Chung Tat Fun and Mr. Leung Yuen Ming, Henry are set out below:

Mr. Chung Tat Fun (鍾達歡), aged 55, is the Chairman of the Company. Mr. Chung Tat Fun was appointed as an executive Director in February 2014. He is a director of several major operating subsidiaries of the Group. Mr. Chung has extensive operation and management experience in businesses of various industries, including financing services, assets management, equity investment and property investment for over 20 years. Mr. Chung Tat Fun is a member of the committee of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會), a vice president of China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會), a member of the standing committee of Guangdong Province Returned Overseas Chinese Association (廣東省歸國華僑聯合會), a standing executive vice president of Guangdong International Overseas Chinese Chamber of Commerce (廣東省國際華商會), a member of the Guangzhou Yuexiu District Committee of Chinese People's Political Consultative Conference of Yuexiu (廣州市越秀區政協委員會). Mr. Chung Tat Fun has sponsored various charity activities in Mainland China. He is the father of Mr. Chung Ho Chun.

Mr. Leung Yuen Ming, Henry (梁遠銘), aged 37, joined the Group as a Marketing Director of Micro Finance Department in May 2014. He graduated from Honolulu University with a Bachelor of Business Administration degree. Mr. Leung has more than 15 years of experience in the banking sector and previously worked for Wing Hang Bank (China) Limited and OCBC Wing Hang Bank Limited and micro-credit company in Hong Kong and the PRC. He has extensive experience in consumer loans, mortgages loans, car loans and loans granted to small-to-medium size enterprises in the PRC.

Even though Mr. Chung Ho Chun will resign as Director immediately upon Completion of the Subscription(s), he will continue to oversee the other money lending segments of the Group as part of the management team. Mr. Chung Ho Chun has more than 3 years of experience in the financial industry.

The biographical details of Mr. Chung Ho Chun are set out below:

Mr. Chung Ho Chun (鍾浩俊), aged 27, was appointed as an executive Director in February 2014. Mr. Chung Ho Chun is responsible for the business development of the Group. He graduated from Purdue University with a double degree in Actuarial Science and Applied Statistics and passed the financial mathematics examination organized by the Society of Actuaries. Mr. Chung Ho Chun previously worked for Bravo Group and Hopefluent Group Holdings Limited (stock code: 733), which shares are listed on the Stock Exchange. He is the son of Mr. Chung Tat Fun.

The number of the Group's employees will grow in tandem with the expansion of the Group's financial service business. Please refer to the section headed "Information on the business model of the Group" in this letter for more details of the Group's recruitment plan after the Completion of the Subscription(s).

INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER

The CCT IBC comprises all the independent non-executive Directors, namely Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue, has been established to give recommendation to the Independent Shareholders in respect of the Framework Agreements.

The Whitewash IBC comprises all the non-executive Directors, namely Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina, and all the independent non-executive Directors, namely Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue, has been established to give recommendation to the Independent Shareholders in respect of the Subscriptions (including the Specific Mandates) and the Whitewash Waiver.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the CCT IBC, the Whitewash IBC and the Independent Shareholders in respect of the Subscriptions (including the Specific Mandates), the Whitewash Waiver and the Framework Agreements.

SGM

The SGM will be convened and held at Suite 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 22 August 2016, Monday, at 10:30 a.m. for the purposes of considering and, if thought fit, approving, among other things, the Subscription, the Specific Mandates, the Whitewash Waiver and the Framework Agreements. The voting in relation to the Subscription (including the Specific Mandates), the Whitewash Waiver and the Framework Agreements at the SGM will be conducted by way of a poll.

A notice convening the SGM is set out on pages 213 to 217 of this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

RECOMMENDATION

The Directors (excluding the members of the CCT IBC and the Whitewash IBC whose views are set out in the letters from the CCT IBC and the Whitewash IBC (as the case may be)) considers that (i) the Subscriptions (including the Specific Mandates) and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole ; and (ii) the terms of the Framework Agreements and their respective proposed annual caps are fair and reasonable and the transactions contemplated under the Framework Agreements are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and recommends that the Shareholders vote in favour of the resolutions relating to the foregoing matters at the SGM.

Your attention is drawn to (i) the letter from the CCT IBC which contains its recommendation to the Independent Shareholders in respect of the Framework Agreements, (ii) the letter from the Whitewash IBC which contains its recommendation to the Independent Shareholders in respect of the Subscriptions (including the Specific Mandates) and the Whitewash Waiver, and (iii) the letter from the Independent Financial Adviser which contains its advice to the CCT IBC, the Whitewash IBC and the Independent Shareholders in respect of the terms of the Subscriptions (including the Specific Mandates), the Whitewash Waiver and the Framework Agreements.

The Directors consider that the proposed change of the board composition of the Company is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
SINO CREDIT HOLDINGS LIMITED
Chung Tat Fun
Chairman

華銀控股有限公司
SINO CREDIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS – FACTORING SERVICE FRAMEWORK AGREEMENT AND FINANCIAL LEASING SERVICE FRAMEWORK AGREEMENT

5 August 2016

We refer to the circular (the "**Circular**") of the Company dated 5 August 2016, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to form the CCT IBC to advise the Independent Shareholders as to whether, in our opinion, the respective terms of the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement and the respective proposed annual caps are fair and reasonable and the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to make recommendations as to whether the Shareholders as a whole, should vote in favour of the resolutions relating to the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement and the respective proposed annual caps.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise on the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement and the respective proposed annual caps. Such appointment has been approved by the CCT IBC.

We wish to draw your attention to the letter from the Board, as set out on pages 9 to 68 of the Circular, and the letter of advice from the Independent Financial Adviser, as set out on pages 73 to 123 of the Circular, both of which provide details of the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement.

Having considered the advice rendered by the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the terms of the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement and their respective proposed annual caps are fair and reasonable and the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the SGM to approve the respective terms of the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement and their respective proposed annual caps.

Yours faithfully,
For and on behalf of
the CCT IBC of
SINO CREDIT HOLDINGS LIMITED
Mr. Poon Wai Hoi, Percy,
Mr. Tang Chi Ho, Francis and
Ms. Lee Shiow Yue
Independent non-executive Directors

華銀控股有限公司
SINO CREDIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

To the Independent Shareholders

Dear Sir or Madam,

SUBSCRIPTION OF NEW SHARES AND APPLICATION FOR WHITEWASH WAIVER

5 August 2016

We refer to the circular (the "**Circular**") of the Company dated 5 August 2016, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to form the Whitewash IBC under the Takeovers Code to advise the Independent Shareholders as to whether, in our opinion, the respective terms of the Subscription Agreements (including the Specific Mandates) and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and the Subscription (including the Specific Mandates) and the Whitewash Waiver are in the interests of the Company and the Independent Shareholders and to make recommendations as to whether the Independent Shareholders should vote in favour of the resolutions relating to the Subscription Agreements (including the Specific Mandates) and the Whitewash Waiver.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise on the Subscription Agreements and the Whitewash Waiver. Such appointment has been approved by the Whitewash IBC.

We wish to draw your attention to the letter from the Board, as set out on pages 9 to 68 of the Circular, and the letter of advice from the Independent Financial Adviser, as set out on pages 73 to 123 of the Circular, both of which provide details of the Subscriptions (including the Specific Mandates) and the Whitewash Waiver.

Having considered the advice rendered by the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the terms of the Subscriptions (including the Specific Mandates) and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and the Subscription (including the Specific Mandates) and the Whitewash Waiver are in the interests of the Company and the Independent Shareholders. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the SGM to approve the Subscriptions (including the Specific Mandates) and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
the Whitewash IBC of
SINO CREDIT HOLDINGS LIMITED
Mr. Poon Wai Hoi, Percy,
Mr. Tang Chi Ho, Francis and
Ms. Lee Shiow Yue
Independent non-executive Directors
Mr. So Chak Fai, Francis and
Ms. Wong Yee Shuen, Regina
Non-executive Directors

The following is a letter of advice from the Independent Financial Adviser, Somerley Capital Limited, to the Whitewash IBC, the CCT IBC and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

5 August 2016

To: the Whitewash IBC, the CCT IBC and
the Independent Shareholders

Dear Sirs,

(1) SUBSCRIPTION OF NEW SHARES;
(2) APPLICATION FOR WHITEWASH WAIVER; AND
(3) CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as independent financial adviser to advise (A) the Whitewash IBC and the Independent Shareholders in connection with (i) the Subscriptions; and (ii) the Whitewash Waiver; and (B) the CCT IBC and the Independent Shareholders in connection with the Framework Agreements (collectively, the "**Transactions**"). Details of the Transactions are set out in the "Letter from the Board" contained in the circular of the Company to the Shareholders dated 5 August 2016 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

On 29 November 2015, the Company entered into the Swiree Subscription Agreement, the Richlane Subscription Agreement and the Best Global Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Swiree, Richlane and Best Global have conditionally agreed to subscribe for 1,653,073,872 Shares, 275,512,312 Shares and 137,756,156 Shares respectively, constituting a total of 2,066,342,340 Subscription Shares, in each case at the Subscription Price of HK$0.77 per Share.

As at the Latest Practicable Date, Swiree and parties acting in concert with it are in aggregate interested in approximately 2.72% of the total issued share capital of the Company. Upon completion of the Swiree Subscription only, the aggregate shareholding interest of Swiree and parties acting in concert with it in the Company represents approximately 73.01% of the total issued share capital of the Company as enlarged by the issue of the Swiree Subscription Shares (assuming that the Richlane Subscription and the Best Global Subscription do not complete and that none of the Share Options are exercised). Upon completion of all the Subscriptions, Swiree and parties acting in concert with Swiree will be interested in approximately 77.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date). Under Rule 26.1 of the Takeovers Code, Swiree would be obliged to make an unconditional mandatory general offer to the Shareholders for all the issued shares and other securities of the Company not already owned or agreed to be acquired by Swiree and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, Swiree has made an application to the Executive for the Whitewash Waiver which, if granted, will be subject to, among other things, approval by the Independent Shareholders at the SGM by a way of poll.

Pursuant to the Takeovers Code, (i) the Subscribers and their respective associates (including, but not limited to, Mr. Ko, Ms. Ko, Peninsula Resources Limited, Rockstead Technology Limited, Omnicorp Limited and Ms. Yu) and parties acting in concert with any of them; (ii) Mr. Chung Tat Fun (an executive Director who was involved in the negotiation of the Subscriptions for and on behalf of the Company) and his associates (including, but not limited to, Light Tower Holding Limited which is wholly-owned by Mr. Chung Tat Fun) and parties acting in concert with any of them; (iii) Varitronix (of which Ms. Ko is an executive director); and (iv) any other Shareholders who is interested or involved in any of the Subscriptions and/or the Whitewash Waiver, shall abstain from voting on the relevant resolutions to approve the Subscriptions and the Whitewash Waiver to be proposed at the SGM. Among the aforesaid persons, Mr. Ko, Peninsula Resources Limited and Light Tower Holding Limited were existing Shareholders as at the Latest Practicable Date. Mr. Ko, being the ultimate beneficial owner of Richlane and Peninsula Resources Limited, both of which are wholly-owned by Mr. Ko, and Varitronix (of which Ms. Ko is an executive director), are considered to be interested and involved in the Subscriptions and the Whitewash Waiver and therefore shall abstain from voting on the resolutions to approve the Subscriptions and the Whitewash Waiver to be proposed at the SGM. Furthermore, Light Tower Holding Limited, which held approximately 9.45% of the entire issued share capital of the Company as at the Latest Practicable Date, is wholly-owned by Mr. Chung Tat Fun, an executive Director who was involved in the negotiation of the Subscriptions for and on behalf of the Company, will also abstain from voting at the SGM in respect of the resolutions relating to the Subscriptions and the Whitewash Waiver.

On 5 August 2016, the Company and Swiree entered into (i) the Factoring Service Framework Agreement; and (ii) the Financial Leasing Service Framework Agreement, in respect of the provision of the Connected Factoring Loans and the Connected Financial Leasing, respectively. After the Transfer Closing and the completion of the Subscription(s), the Group plans to expand its money lending business and targets to tap into the opportunity of granting the Connected Factoring Loans and the Connected Financial Leasing loans to the GOME Suppliers or the GOME Customers. Whilst the GOME Suppliers and the GOME Customers do not fall into the categories of connected persons of the Company as described in Rule 14A.07(1) to (5) of the Listing Rules, the Stock Exchange has deemed the Connected Factoring Loans and the Connected Financial Leasing to be continuing connected transactions of the Company under Rule 14A.20 of the Listing Rules on the ground that the GOME Group may benefit from the granting of the commercial factoring loans and the financial leasing loans by the Group to the GOME Suppliers or the GOME Customers. GOME Xinda has provided commercial factoring loans to certain GOME Suppliers the granting of which is conditional upon the transfer of Accounts Receivable of such GOME Suppliers to GOME Xinda. Upon the Transfer Closing and the completion of the Subscription(s), these commercial factoring loans will become the Connected Factoring Loans and constitute continuing connected transactions for the Company. Based on the proposed annual cap of the transactions contemplated under the Framework Agreements and the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the transactions contemplated under the Framework Agreements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Whitewash IBC comprising all of the non-executive Directors and independent non-executive Directors, namely Mr. So Chak Fai, Francis, Ms. Wong Yee Shuen, Regina, Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue, has been established to advise the Independent Shareholders on (1) whether the Whitewash Waiver and the terms of the Subscriptions are fair and reasonable so far as the Independent Shareholders are concerned; (2) whether the Subscriptions and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and (3) the voting action that should be taken by the Independent Shareholders at the SGM. The CCT IBC comprising all of the independent non-executive Directors namely Mr. Poon Wai Hoi, Percy, Mr. Tang Chi Ho, Francis and Ms. Lee Shiow Yue, has been established to give recommendation to the Independent Shareholders on whether the terms of the Framework Agreements and their respective proposed annual caps are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. The Whitewash IBC and the CCT IBC have approved our appointment as the Independent Financial Adviser to advise the Whitewash IBC and the CCT IBC and the Independent Shareholders in these regards.

We are not associated or connected with the Company, its directors, its controlling shareholder (if any), the Subscribers or any party acting, or presumed to be acting, in concert with any of them and accordingly, we are considered eligible to give independent advice to (A) the Whitewash IBC and the Independent Shareholders on the Subscription Agreements and the Whitewash Waiver; and (B) the CCT IBC and the Independent Shareholders on the Framework Agreements. Apart from normal professional fees paid or payable to us in connection with our appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, its directors, its controlling shareholder (if any), the Subscribers or any of their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

As at the Latest Practicable Date, Somerley Capital Limited does not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Somerley Capital Limited. In the last two years, there has been no other engagement between the Company and Somerley Capital Limited. Accordingly, we do not consider any conflict of interest arises for Somerley Capital Limited in acting as the independent financial adviser of the Transactions.

In formulating our opinion, we have reviewed, among other things, the Subscription Agreements, the Supplemental Agreements, the annual report of the Company for the year ended 31 March 2015 (the "**2015 Annual Report**") and for the year ended 31 March 2016 (the "**2016 Annual Report**"), the Framework Agreements and information set out in the Circular. We have relied on the information and facts supplied by the Company, and the opinions expressed by the Directors, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the Latest Practicable Date. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Subscribers or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the Latest Practicable Date and will continue to be true up to the time of the SGM, and that the Independent Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such information provided and representations made.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering (1) whether the Whitewash Waiver and the terms of the Subscriptions are fair and reasonable so far as the Independent Shareholders are concerned; (2) whether the Subscriptions and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and (3) whether the terms of the Framework Agreements and their respective proposed annual caps are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, we have taken into account the principal factors and reasons set out below:

BACKGROUND TO AND REASONS FOR THE SUBSCRIPTIONS

1. Reasons for the Subscriptions

The Group was previously engaged in operations which revenue generating from gaming and entertainment related sector. Considering the limited room for long term growth of the Group with the gaming business in Macau, the Group entered in the financial services sector in Hong Kong and the PRC in 2013 by acquiring Ability Wealth Holdings Limited (together with its subsidiaries, the "**Ability Wealth Group**"). Ability Wealth Group was principally engaged in the provision of pawn loan services, real estate-backed loan services, other loan services and financial consulting services in the PRC. The Group discontinued its operations in the gaming and entertainment related sector in 2013. Taking into account that the Group is relatively new to the financial services industry, establishing strategic business relationships with large retail groups is considered to be beneficial to the Company in expanding its customer base and achieving long term growth.

Current business – real-estate and property loans

The Group focused mainly on financing services including real-estate backed loan and personal property pawn loan in the PRC at the early stage of its financial services business in 2013. The recent fluctuations of the PRC property market have been affecting the availability of credit and hence hinder the growth and development of the Group.

On the one hand, property market in the PRC is undergoing a recovery, according to analysis and statistics published by National Bureau of Statistics of China, sales of commodity housing increased by approximately 42.1% in the first six months of 2016 as compared to the same period in 2015 and sales of commodity housing increased by approximately 14.4% in 2015 as compared to 2014 while sales of commodity housing recorded a decrease of approximately 6.3% in 2014 from 2013.

On the other hand, the growth rate of investment in the real estate development in the PRC, according to the National Bureau of Statistics of the PRC, dropped to approximately 1.0% in 2015 from approximately 10.5% in 2014 and 19.8% in 2013 even though the growth rate for the first half of 2016 increased to approximately 6.1% as compared to the corresponding period in 2015. Floor area of housing put under construction during the six months ended 30 June 2016 increased by approximately 14.9% as compared to the same period in 2015 but it declined by approximately 14.0% in 2015 as compared to the decline of 10.7% in 2014 and growth of 13.5% in 2013.

The fluctuations demonstrate that the outlook for the growth of the real estate market in China remains mixed. Such uncertainty in the PRC property market potentially increases operational risks of the Group in this product line as the Group relies on the properties as collaterals. As a result, the Group has tightened its credit policy in evaluating property-related loan applications.

To maintain growth and development of the Group, the management of the Company (the "**Management**") is of the view that diversification to other money-lending products is necessary while maintaining its existing real-estate backed loan business and personal property pawn loan business. As such, the Company started providing commercial factoring services and financial leasing services in 2014 by setting up subsidiaries in Shenzhen and Guangzhou specialising in commercial factoring and financial leasing.

Current business – commercial factoring and consumer financing

The Company tapped into commercial factoring and consumer financing businesses by providing commercial factoring solutions including receivables factoring and trade finance to small and medium-sized enterprises. The Group intends to work with business partners with sizeable retail distribution networks in the PRC with a view to offering the Group's financing loans and products to suppliers and customers of such business partners. With such intention, the Directors consider that the introduction of the GOME Group, owning one of the largest electrical appliances and consumer electronic products retail store networks in the PRC with over 1,800 stores in the PRC, as a strategic partner will benefit the Group's long term development.

As set out in the "Letter from the Board" contained in the Circular, the General Office of the State Council of the PRC issued the Guiding Opinion on the Measures to be taken by the Financial Sector to Support the Correction to and Reform of the Economic Infrastructure (國務院辦公廳關於金融支援經濟結構調整和轉型升級的指導意見) in July 2013 (the "**2013 Guiding Opinion**") and the State Council of the PRC issued the Guiding Opinion on the New Driving Force Fueled by the Active Promotion of Consumption (國務院關於積極發揮新消費引領作用加快培育形成新供給新動力的指導意見) in November 2015 (the "**2015 Guiding Opinion**"). The 2013 Guiding Opinion has its focus on the structural reform of financial services sector and optimisation of the relevant government policies to improve the efficiency of the financial services sector. The 2015 Guiding Opinion mainly focuses on plans to promote consumption and has mentioned the government's support on consumer finance market with the expansion of pilot areas for consumer financing companies, the PRC government also encourages establishment of qualified consumer financing companies and it intends to raise the availability and flexibility of financing in the country. As such, the Directors are of the view that there will be further developments of consumer financing industry in the PRC and it is expected that there will be an increasing participation of non-state-owned institutions in the PRC financial services industry, including, among other things, financial leasing companies.

Commercial factoring

According to Year 2014 Annual Report of China Commercial Factoring Industry published in March 2015 by Commercial Factoring Expertise Committee of CATIS, a national non-profit social body established under the approval of the State Council, the turnover of commercial factoring (i.e. factoring by non-financial institutions) surged approximately 400% from approximately RMB20 billion to approximately RMB80 billion from 2013 to 2014. According to Year 2015 Annual Report of China Commercial Factoring Industry published in March 2016 by Commercial Factoring Expertise Committee of CATIS, the total amount of commercial factoring transactions reached approximately RMB200 billion in 2015.

Given the favourable market outlook as a result of the significant increase in the total amount of commercial factoring transactions from approximately RMB20 billion in 2013 to RMB200 billion in 2015, the Management considers that exploring further development in the commercial factoring segment is beneficial to the Company. The Subscriptions allow the Company to leverage the supplier network and business relationships of the GOME Group in providing commercial factoring services and expanding the Group's potential customer base. Meetings, seminars and training sessions can be arranged with the GOME Group's suppliers and business partners by the GOME Group and the Company to introduce potential customers to the Group.

Financial leasing and consumer financing

Financial leasing is a segment of business the Group has been exploring since 2014. Financial leasing for consumer goods is part of the consumer financing market. In relation to growth of financial leasing in the past, with reference to "China Financial Leasing Industry Development Report 2015" (中國融資租賃業發展報告2015) issued by the Department of Circulation Industry Development of the Ministry of Commerce of the People's Republic of China, the annual volume of financial leasing in China was approximately RMB537.4 billion in 2014, representing an increment of approximately 39.1% from 2013. Expansion of the financial leasing industry was noted with the increase in number of financial leasing companies by 959 to 2,045 in 2014 and level of total assets of financial leasing companies increased by approximately 26.2% as at 31 December 2014 as compared to 2013.

In respect of consumer financing, according to data released by National Bureau of Statistics of China, consumer loans from financial institutions amounted to approximately RMB15,366 billion in 2014, representing an increase of approximately 18.5% from 2013. Consumer loans from financial institutions further increased to approximately RMB18,952 billion in 2015, representing a growth of approximately 23.3%. It is expected that the growth of consumer financing market will continue in the future.

Apart from the industrial growth in consumer financing as illustrated above, the Company also considers that the successful expansion of the Group's commercial factoring segment will greatly facilitate the promotion of its other financial loan products, such as financial leasing to the GOME Customers including both wholesale customers (which are expected to be mainly small to medium enterprises in various industries in the PRC) and/or retail customers of the GOME Group who purchase goods from the GOME Group's designated outlets through which such retail customers can get access to the Group's financial leasing services and products.

Third party online payment

With the right business partners identified, the Group plans to explore opportunities in entering third party payment business segment in the PRC, the Directors believe that third party online payment platform would allow the Group to further promote its financial services products to users of online payment platform.

In accordance with the National Bureau of Statistics of China, the total amount of e-commerce transactions reached approximately RMB16.39 trillion in 2014, representing a growth of approximately 59.4% as compared to 2013. The increasing propensity of consumers shopping online demonstrated that an online payment platform could be an effective promotion channel for the Group's financial services products. Customers of the GOME Group's online distribution channels offer a large base of potential users of the Group's third party online payment platform.

As advised by the Management based on their understanding of the latest industry practice, it may not be practicable for it to apply for a licence to conduct third party payment business in the PRC as no approval of licence was granted by the relevant authority since the first half of 2015 and up to the Latest Practicable Date. Accordingly, instead of setting up a new company and then applying for the required licences in the PRC, the Company considers that it will be more time efficient to acquire a company in the PRC, with the necessary licences, to conduct third party online payment platform business in the PRC.

As at the Latest Practicable Date, the Group is in the process of identifying the right target company and no understanding or agreement (whether legally binding or not, formal or informal) has been reached in this regard. Should there be any implications under Rule 25 of the Takeovers Code as a result of any proposed acquisition of any target company(ies), the Company will comply with the requirements under the Takeovers Code.

Strategic partnership with GOME through the Subscriptions

In developing the Group's commercial factoring business, the Company entered into the Equity Transfer Agreement to purchase the entire equity interests in GOME Xinda, a company which is engaged in the commercial factoring business in the PRC incorporated on 21 July 2015. GOME Xinda has successfully entered into a number of commercial factoring transactions with the GOME Suppliers which enables the Group to leverage on the GOME Group's existing resources such as its connection of suppliers, other business partners and retail customers in order to expand the Group's client base. The acquisition of GOME Xinda is in line with the Group's strategic planning on expansion of its commercial factoring business. As at the Latest Practicable Date, none of the conditions precedent to the Transfer Closing have been fulfilled (or waived, if applicable). However, in the circumstances where the Transfer Closing could not be done, it is still expected that a strategic relationship with the GOME Group could be established through the Swiree Subscription alone so as to allow the Group to derive similar benefits. Details of future business model of the Group and GOME Xinda are set out in the section headed "Information on the business model of the Group" in the "Letter from the Board" contained in the Circular.

Through the Subscriptions and acquisition of GOME Xinda, the Group plans to establish a strategic relationship with the GOME Group which in turn may enable the Group to (a) expand the clientele of its growing commercial factoring segment by tapping into the strong sourcing supplier network of the GOME Group and by developing and rolling out a series of supplier-oriented factoring finance and credit services with the proceeds from the Subscriptions; (b) develop its financial leasing segment by capitalising on the PRC government's economic reform policy and the GOME Group's strong customer network across the PRC (covering both retail and wholesale corporate customers) by designing appropriate products to different groups of customers and promote its financial services products and solutions to selected customers of the GOME Group; and (c) enter the third party payment business by first working with the GOME Group for retail sales settlement. Working with the GOME Group represents a major step of the Group in significantly expanding its existing financial services business. The Group expects that it will then be able to leverage its experience gained from its cooperation with the GOME Group and target other supply and distribution chain financing opportunities in the PRC. For further details of the GOME Group, please refer to the sub-section headed "7. Background of Swiree and the GOME Group" below. We understand from the Company that the strategic cooperation with GOME comes along with the Subscription(s) given the relationship between Swiree and GOME.

In conclusion, based on the industrial perspectives on the commercial factoring, financial leasing and online payment businesses elaborated above, we concur with the Directors that, with the outlook for these industries in the PRC remaining positive in the near future, it is in the interests of the Company to focus on developing these business segments by establishing a strategic partnership with GOME through the Subscriptions. In terms of financial benefits to the Group, the Subscriptions will enable the Group to raise additional funds and improve its financial position and liquidity as well as provide the Company with the financial flexibility to develop its financial services business and capture prospective business opportunities as and when they arise. As such, we agree with the Directors' view that the Subscriptions are in the interests of the Company and the Shareholders as a whole.

2. Background of the Group

The Group is principally engaged in the provision of financial services, including the provision of commercial factoring services, real estate-backed loan services, personal property pawn loan services, other loan services, financial leasing services, and financial consulting services in the PRC and money lending services in Hong Kong. For the year ended 31 March 2016, the Group was operating in two major segments, (i) financing services segment; and (ii) properties leasing segment. Financing services segment relates to the provision of financial services mentioned above. Properties leasing segment represents revenue generating from leasing retail premises in the PRC. As disclosed in the 2016 Annual Report, the Company completed the disposal of the Company's entire interest in Best Volume Investments Limited ("**Best Volume**", together with its subsidiaries, the "**Best Volume Group**") on 12 November 2015 for a total consideration of HK$400 million. Best Volume was a wholly-owned subsidiary of the Company owning a commercial property in Guangzhou. The Group has been focusing on its principal businesses in providing financial services subsequent to the disposal of Best Volume.

3. Financial information of the Group

Set out below are the consolidated statements of profit or loss of the Group for each of the three years ended 31 March 2016 as extracted from the 2015 Annual Report and the 2016 Annual Report:

	Year ended 31 March		
	2016	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Continuing operations			
Revenue	33,370	48,932	28,304
Other income	1,577	165	288
Other gains and losses, net	(1,007)	(27,214)	(4,229)
Administrative expenses	(25,828)	(28,835)	(14,263)
Impairment loss on loans receivable	(6,131)	(7,246)	(10,101)
Share-based compensation	–	(23,357)	–
Finance costs	(6,564)	(6,528)	(766)
Loss before taxation	(4,583)	(44,083)	(767)
Taxation	(2,591)	(6,593)	(2,186)
Loss for the year	(7,174)	(50,676)	(2,953)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	11,080	8,893	(89,275)
Profit/(loss) for the year	3,906	(41,783)	(92,228)

Composition of revenue of the Group for each of the three years ended 31 March 2016 is set out below.

	Year ended 31 March		
	2016	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Real estate-backed loan income	3,383	8,446	14,358
Personal property pawn loan income	5,431	10,820	3,483
Financial leasing income	1,623	2,660	–
Commercial factoring income	4,687	7,019	–
Other loan income	17,934	17,365	5,798
Financial consultancy service income	312	2,622	4,665
Total financial services income	33,370	48,932	28,304
Rental income *(note)*	19,503	6,947	–
Revenue	52,873	55,879	28,304

Note: The Company completed the disposal of Best Volume on 12 November 2015. Subsequent to the disposal of Best Volume, no rental income was generated by the Group.

(a) 2016 compared to 2015

Continuing operations

Revenue from the financial services business for the year ended 31 March 2016 decreased by approximately 31.8% to approximately HK$33.4 million, as compared to approximately HK$48.9 million in 2015.

During the year, the Group continued to maintain a tight policy in evaluating credit risk and engage in the provision of loans to low-risk customers, leading to a decrease in income from financial services business. As disclosed in the 2016 Annual Report, total return on loans in the PRC, being revenue divided by average gross loan balance, decreased from approximately 15.8% for the year ended 31 March 2015 to approximately 12.0% for the year ended 31 March 2016. It was mainly due to provision of loans to low-risk customers which generated lower interest income. Income from commercial factoring and financial leasing represented approximately 20% of the total financial services income over the years ended 31 March 2016 and 2015.

Loss for the year ended 31 March 2016 was approximately HK$7.2 million, as compared to approximately HK$50.7 million in 2015. Such decrease in loss was mainly attributable to the decrease in share-based compensation; and other net losses during the year. The decrease in other net losses was mainly attributable to a loss incurred on early repayment of promissory note of approximately HK$40.3 million in 2015 and there was no such loss during the year ended 31 March 2016, partially offset by the decrease in reversal of impairment loss on loans receivable of approximately HK$1.0 million in 2016 when the customers repaid the loans during the year as compared to a reversal of impairment loss of approximately HK$10.1 million in 2015. No share-based compensation was recorded during the year as compared to approximately HK$23.4 million in 2015 in relation to the grant of share options, the Company has not granted any share options during the year ended 31 March 2016.

Discontinued operations

Discontinued operations for the years ended 31 March 2016 and 2015 represented revenue generating from Best Volume Group, i.e. the property leasing business of the Group. The gain from discontinued operations in 2016 was mainly attributable to the gain on disposal of Best Volume Group of approximately HK$3.2 million recorded during the year. The disposal of Best Volume was completed on 12 November 2015 and the Group no longer generated rental income subsequent to the disposal.

(b) 2015 compared to 2014

Continuing operations

Revenue increased by approximately 72.9% from approximately HK$28.3 million in 2014 to approximately HK$48.9 million in 2015, mainly contributed by the significant increase in revenue from the financial services business. The increase was mainly attributable to the increased interest income from various loan provision services with expansion in client base and development of new loan products, i.e. commercial factoring services and financial leasing services. The Group had expanded into the commercial factoring and financial leasing segments during the year ended 31 March 2015, income from commercial factoring and financial leasing represented approximately 19.8% of the total financial services income.

Despite the revenue growth during the year, loss for the year increased from approximately HK$3.0 million to approximately HK$50.7 million. It was mainly due to the non-cash accounting loss of approximately HK$40.3 million with the early redemption of the promissory notes with maturity in October 2019 to improve the balance sheet structure and gearing ratio of the Group. The accounting loss was due to the difference between the carrying amount of liabilities in relation to the promissory notes of approximately HK$199.7 million and the consideration for repayment of approximately HK$240.0 million, leading to an increase in other losses for the year ended 31 March 2015 as compared to the previous year.

The share-based compensation of approximately HK$23.4 million was due to share options granted by the Company to its eligible grantees, consisting mainly senior management of the Company, under the share option scheme in September 2014, which enables the grantees to subscribe for a total of 60,000,000 ordinary shares of the Company. Administrative expenses increased by approximately 102.2% from approximately HK$14.3 million in 2014 to approximately HK$28.8 million in 2015, mainly attributable to the increase in staff cost with the recruitment of additional management and staff for the Group, the increase in office rental expenses, and the increase in legal and professional fees for the expansion and operation of money lending business. The significant increase in finance costs from approximately HK$0.8 million to approximately HK$6.5 million is mainly due to fund raising from a financial institution during the year, resulting an increase in borrowings and interest expenses.

An one-off acquisition-related cost, mainly representing legal and professional fees, of approximately HK$1.7 million in relation to the acquisition of Virtue Crest Investments Limited ("**Virtue Crest**", together with its subsidiaries, the "**Virtue Crest Group**") by Best Volume, which owned an investment property in the PRC, was incurred during the year ended 31 March 2015. If the accounting loss in relation to the early redemption of the promissory notes amounted to approximately HK$40.3 million and the acquisition-related cost are excluded, the loss for the year would be approximately HK$8.7 million for the year ended 31 March 2015.

Discontinued operations

Discontinued operations for the year ended 31 March 2014 represented revenue generating from the gaming and entertainment related business in Macau pursuant to the agreement (the "**Nove Profit Agreement**") dated 23 August 2007 entered into between Nove Sociedade Unipessoal Limitada ("**Nove**") and a subsidiary of the Company. The Nove Profit Agreement was related to the acquisition of 100% interest in the rolling turnover generated by Nove at the gaming rooms of Venetian Macau, S.A. ("**Venetian**") pursuant to a junket representative agreement entered into between Venetian and Nove. The loss was due to an impairment loss of approximately HK$113.5 million recognised in respect of the intangible assets of rights in sharing of profit streams upon the termination of the junket representative agreement on 31 December 2013, and the Group ceased to receive any profit from the Nove Profit Agreement.

4. Financial position of the Group

Set out below are the consolidated statements of financial position of the Group as at 31 March 2016, 31 March 2015 and 31 March 2014 as extracted from the 2015 Annual Report and 2016 Annual Report:

	As at 31 March		
	2016	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Non-current assets	34,895	694,925	18,275
Current assets	524,835	237,205	480,857
TOTAL ASSETS	559,730	932,130	499,132
Current liabilities	28,558	111,998	93,543
Non-current liabilities	32,475	320,654	1,466
TOTAL LIABILITIES	61,033	432,652	95,009
NET CURRENT ASSETS	496,277	125,207	387,314
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS	498,697	499,478	404,123
NET ASSET VALUE PER SHARE	0.786	0.787	0.723
GEARING RATIO	11.3%	64.2%	22.5%
CURRENT RATIO	18.4	2.1	5.1

As at 31 March 2016, non-current assets of the Group mainly comprised property, plant and equipment of approximately HK$19.2 million. The significant movement in non-current assets was mainly due to the acquisition of Virtue Crest, which owned an investment property in the PRC, during the year ended 31 March 2015 and the subsequent disposal of Best Volume, which owns the Virtue Crest Group, during the year ended 31 March 2016. Current assets mainly comprised trade and loans receivable of approximately HK$436.4 million and promissory note receivable of approximately HK$30.0 million. Liabilities of the Group mainly represented bonds of approximately HK$31.1 million and accruals and other payables of approximately HK$22.5 million. Liabilities increased from approximately HK$95.0 million to HK$432.7 million from 31 March 2014 to 31 March 2015 due to the secured bank loan of approximately HK$217.6 million and deferred tax liabilities recognised of approximately HK$107.2 million in relation to the investment property as a result of the acquisition of Virtue Crest in October 2014. Liabilities dropped to approximately HK$61.0 million as at 31 March 2016 as a result of the repayment of borrowings and the disposal of Best Volume during the year, which led to derecognition of deferred tax liabilities and bank loan in relation to Best Volume Group.

As at 31 March 2016, the net asset value ("**NAV**") per Share was approximately HK$0.786, calculated by dividing the NAV of the Group attributable to the Shareholders of approximately HK$498.7 million by the number of Shares in issue as at 31 March 2016. The NAV per Share has maintained at similar level as at 31 March 2015.

The gearing ratio of the Group, being total liabilities (excluding deferred tax liabilities and tax payables) divided by total equity, was approximately 11.3% as at 31 March 2016. Bonds of approximately HK$31.1 million was bigger than the balance of cash and cash equivalents of approximately HK$24.0 million as at 31 March 2016, giving rise to a net debt position. The gearing ratio increased from approximately 22.5% to approximately 64.2% from 31 March 2014 to 31 March 2015, mainly due to the acquisition of the investment property in Guangzhou by Best Volume in October 2014, and there was a need of a fund raising from a financial institution for the purpose of the new financial services operations, i.e. commercial factoring and financial leasing businesses, during the year. The gearing ratio decreased to approximately 11.3% as at 31 March 2016 as a result of the repayment of borrowings and disposal of Best Volume during the year.

The current ratio of the Group, being current assets divided by current liabilities, was approximately 18.4 times as at 31 March 2016 as compared with approximately 2.1 times and 5.1 times as at 31 March 2015 and 2014 respectively. The significant increase in current ratio from 31 March 2015 to 31 March 2016 was mainly attributable to (i) the increase in trade and loans receivable resulting from the utilisation of proceeds from the disposal of Best Volume in the provision of loans; and (ii) the decrease in level of borrowings over the relevant period.

5. Cash flow

Set out below are the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2016 as extracted from the 2015 Annual Report and 2016 Annual Report:

	For the year ended 31 March		
	2016	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Net cash inflows/(outflows) generated from/(used in):			
– Operating activities	(266,494)	226,431	(294,668)
– Investing activities	346,396	(120,094)	(5,201)
– Financing activities	(81,398)	(178,235)	276,891
Net decrease in cash and cash equivalents	(1,496)	(71,898)	(22,978)
Cash and cash equivalents at the beginning of the year	26,426	98,553	122,607
Effect of foreign exchange rate changes	(971)	(229)	(1,076)
Cash and cash equivalents at the end of the year	23,959	26,426	98,553

The Group recorded net cash outflows for each of the three years ended 31 March 2014, 2015 and 2016.

For the year ended 31 March 2016, the Group recorded a net decrease in cash and cash equivalents of approximately HK$1.5 million from approximately HK$26.4 million as at 31 March 2015. Such decrease was mainly attributable to the decrease in net cash generated from operating activities of approximately HK$266.5 million and the repayment of borrowings of approximately HK$90.1 million, being offset by the proceeds from disposal of Best Volume of approximately HK$362.0 million.

For the year ended 31 March 2015, the Group recorded a net decrease in cash and cash equivalents of approximately HK$71.9 million from approximately HK$98.6 million as at 31 March 2014, as a result of repayment of promissory note of approximately HK$240.0 million, the net cash outflow on acquisition of subsidiaries of approximately HK$110.5 million, being offset by the net cash generated from operating activities of approximately HK$226.4 million and the proceeds from placing of Shares of approximately HK$53.8 million.

For the year ended 31 March 2014, the Group recorded net cash outflows of approximately HK$23.0 million, primarily attributable to the net cash used in operating activities of approximately HK$294.7 million, being offset by the proceeds from borrowing, subscription and placing of Shares of approximately HK$278.5 million.

6. Prospects of the Group

As disclosed in the 2016 Annual Report, the Group is likely to maintain conservative approach for its credit strategy with the downturn in economic activity in the PRC. Even though the revenue generated from the provision of financing services recorded a decrease, the Group would continue providing resources and supports by maintaining balance of yield relative to risk. The Group will also continue to offer more loan products and to explore new markets and customer base.

As mentioned in the sub-section headed "1. Reasons for the Subscriptions", the Directors are of the view that there are many potential opportunities in commercial factoring, consumer financing and financial leasing markets. The Group will continue to diversify into the commercial factoring and financial leasing segments in future. The potential increase in participation of non-state owned institutions in the PRC financial services industry also favours the growth and development of the Company.

In view of the potential growth in industry, coupled with the PRC governmental support of the PRC financial services industry stated in the 2013 Guiding Opinion and the 2015 Guiding Opinion, we concur with the Directors that the prospects of the Group's financial services business is relatively positive. Money lending business is a capital intensive business. The Company is in the right direction of expanding commercial factoring and financial leasing businesses in light of the decrease in the contribution of revenue from real-estate backed loan and personal property pawn loan for the year ended 31 March 2016 as compared with the year ended 31 March 2015. Going forward, there still exist uncertainties on the outlook of property market in the PRC. The Management needs to consider ways of expanding commercial factoring and financial leasing businesses. Through the Subscriptions, the Group would not only be able to establish a strategic relationship with the GOME Group to broaden its customer base and to achieve business diversification and long term growth, but also obtain substantial funding for developing financial services business of the Group, in particular, the expansion of the commercial factoring and financial leasing segments of the Group, and entering the third party payment business market. The Group will then be able to leverage its experience gained from its cooperation with GOME and target other supply and distribution chain financing opportunities in the PRC.

7. Background of Swiree and the GOME Group

Swiree is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Du, the spouse of Mr. Wong (who is the controlling shareholder of GOME). The GOME Group is principally engaged in the operation and management of networks of electrical appliances and consumer electronic products retail stores and electronic products on-line sales in the PRC.

As set out in the annual report of the GOME Group for the year ended 31 December 2015, the GOME Group sells products through physical stores, micro shops, mobile terminals and e-commerce channels. As disclosed in GOME's circular dated 24 December 2015, GOME's announcement dated 22 January 2016 and the annual report of GOME for the year ended 31 December 2015, GOME acquired a company from GOME Management Ltd. which is an associate (as defined in the Listing Rules) of its controlling shareholder, and which, through such associate's subsidiaries, is also engaged in the retail sale of electrical appliances and consumer electronic products under the trademark "GOME Electrical Appliances" and related operations mainly in cities other than the cities of the PRC in which the GOME Group already operates. As confirmed by Swiree, GOME Management Ltd. did not hold any Shares or other relevant securities of the Company as at the Latest Practicable Date. According to GOME's circular dated 24 December 2015, on a pro-forma combined basis and based on information of the GOME Group as at 30 June 2015, the GOME Group would own one of the largest electrical appliances and consumer electronic products retail stores networks in the PRC, with over 1,800 stores in the PRC with a total usable area of over 5.7 million square metres upon completion of acquisition. The expanded network of the GOME Group creates more potential business opportunities for the Group by establishing a strategic relationship with the GOME Group. Such acquisition was completed on 31 March 2016.

The Company understands from Swiree that Mr. Wong, through companies which he or his family members have interests, also owns a number of companies, including GOME Xinda, in the PRC which are engaged in microfinance, consumer credit and online finance services. GOME Finance wholly-owns GOME Xinda, a company incorporated in the PRC and is engaged in the commercial factoring business, which will be acquired by the Company.

According to the annual reports for the financial year ended 31 December 2014 and 31 December 2015 of GOME, the GOME Group generated approximately RMB60.4 billion and RMB64.6 billion revenue for the year ended 31 December 2014 and 31 December 2015 respectively, representing an increase of approximately 7.0%.

8. Background of Richlane and Best Global

Richlane is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly-owned by Mr. Ko, an individual investor. Mr. Ko is a director and shareholder of REORIENT who holds approximately 9.55% of the entire issued share capital of REORIENT as at the Latest Practicable Date. As at the Latest Practicable Date, REORIENT in turn wholly owned REORIENT Financial Markets Limited. Mr. Ko has extensive experience in direct investment, corporate finance, corporate restructuring, mergers and acquisitions and other financial services.

Best Global is an investment holding company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Gate Success Investments Limited, being another investment holding company incorporated in the British Virgin Islands with limited liability and which is in turn wholly-owned by Ms. Yu, an individual investor. Ms. Yu was previously engaged in business and economic research and has extensive business connections with management of state-owned enterprises and private corporations in the PRC.

The experience and business connections of Mr. Ko and Ms. Yu are considered to be beneficial for the Company's future expansion by identifying favourable investment and business opportunities and introducing potential customers to the Company.

9. Other alternative financing methods

The Management has also considered other alternative financing methods instead of the Subscriptions, including debt and other equity financing methods such as rights issue or open offer to existing Shareholders. Significant amounts of capital is required to further develop the Group's financial services business given that the Group is involved in capital-intensive activities, i.e. provision of loans and financing. Taking into account the decrease in the Group's financial services income for the year ended 31 March 2016, it is considered to be particularly beneficial to the Group in bringing in solid strategic investors, like the GOME Group, and establishing strategic business relationships with large retail groups to achieve business diversification and long term growth, which cannot readily be done through debt financing, rights issue or open offer. On this basis, we concur with the Management that raising additional funds through the Subscriptions would be an appropriate means for the Group's business development.

THE SUBSCRIPTIONS AND THE WHITEWASH WAIVER

1. Principal terms of the Subscription Agreements

Set out below is a summary of principal terms of the Subscription Agreements (as amended by the Supplemental Agreements). Further details of terms of the Subscription Agreements (as amended by the Supplemental Agreements) are set out in the "Letter from the Board" contained in the Circular.

(a) The Subscription Agreements

Date:	29 November 2015 (as amended by the First Supplemental Agreements on 18 February 2016 and Second Supplemental Agreements on 5 August 2016)
Issuer:	the Company
Subscribers:	Swiree Richlane Best Global

Each of the Subscribers above has entered into a separate share subscription agreement (amended by corresponding supplemental agreements) with the Company. Pursuant to the Subscription Agreements, each of the Subscribers has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 2,066,342,340 Shares at an issue price of HK$0.77 per Share. Details of the Subscription Shares to be subscribed for by each of the Subscribers are set out in the table in the section headed "The Subscription Shares" in the "Letter from the Board" contained in the Circular. On 18 February 2016, the Company entered into the Supplemental Agreements with the Subscribers to amend and clarify certain terms in the Subscription Agreements. On 5 August 2016, the Company entered into the Second Supplemental Agreements to extend the Long Stop Date as set out in the Subscription Agreements from 30 April 2016 to 31 October 2016.

(b) The Subscription Price

The Subscription Price is HK$0.77 per Subscription Share. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers, after taking into account the prevailing market price and the average trading volume of the Shares, the unaudited consolidated NAV per Share of approximately HK$0.76 as at 30 September 2015, the recent trading price to book ratios of comparable companies listed on the Main Board of the Stock Exchange prior to entering into of the Subscription Agreements and the prospects of the Group's business.

(c) The size of the Subscriptions, rights of the Subscription Shares and the Specific Mandates

As at the Latest Practicable Date, there were 634,780,780 Shares in issue. Upon completion of all the Subscriptions, the Subscription Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements represent approximately 325.52% of the issued share capital of the Company as at the Latest Practicable Date. Assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date, the Subscription Shares will represent approximately 76.50% of the issued share capital as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares. An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandates to be sought from the Independent Shareholders at the SGM.

(d) Conditions of the Subscriptions

Each of the Subscriptions is conditional upon the fulfilment (or waiver, if applicable) of the conditions (the "**Conditions Precedent**") as set out in the section headed "Conditions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription" in the "Letter from the Board" contained in the Circular, including but not limited to:

(a) the passing of all necessary resolutions by the Shareholders (who are eligible to vote on the relevant resolutions under the Listing Rules, the Takeovers Code and the Company's bye-laws) in the general meeting of the Company approving, among other things, the relevant Specific Mandate, the relevant Subscription, the transactions contemplated under the relevant Subscription Agreement and the Whitewash Waiver; and

(b) the Executive having granted the Whitewash Waiver to Swiree (and such grant not having been withdrawn), and any necessary conditions, if any, attached to the Whitewash Waiver having been fulfilled.

In respect of the Richlane Subscription Agreement and the Best Global Subscription Agreement only, in addition to the Conditions Precedents, the completion of each of the Richlane Subscription and the Best Global Subscription is also conditional upon the other Subscription Agreements remaining effective and not having been terminated, and the fulfillment (or waiver, if applicable) of the Additional Condition.

The conditions precedent set out in paragraphs (a) and (b) above cannot be waived by any party to the Subscription Agreements. As at the Latest Practicable Date, none of the Conditions Precedent has been fulfilled, further details of which are set out in the section headed "Conditions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription" in the "Letter from the Board" contained in the Circular.

Completion of the Swiree Subscription will take place on the Completion Date after all the conditions precedents of the Swiree Subscription Agreement have been satisfied (or waived, if applicable). It should be noted that completion of each of the Richlane Subscription and the Best Global Subscription is conditional upon and subject to the prior or concurrent completion of the Swiree Subscription. However, the completion of the Swiree Subscription is independent of the completion of each of, and not conditional upon the completion of, any of the Richlane Subscription and the Best Global Subscription. Completions of the Richlane Subscription and the Best Global Subscription are inter-conditional.

If any of the Conditions Precedents (in the case of the Swiree Subscription Agreement, except for the Additional Condition) have not been fulfilled (or waived, if applicable) on or before the Long Stop Date, neither the Company nor the Subscribers shall be bound to proceed with the transactions contemplated under the relevant Subscription Agreement and the relevant Subscription Agreement shall cease to be of any effect save for, among other things, as to any antecedent breach of the relevant Subscription Agreement.

2. Use of proceeds and future business plan

As set out in the section headed "Use of proceeds" in the "Letter from the Board" contained in the Circular, the gross proceeds from all the Subscriptions would amount to approximately HK$1,591.1 million and the net proceeds would be approximately HK$1,577 million. Assuming that the Richlane Subscription and the Best Global Subscription do not complete, upon the completion of the Swiree Subscription only, the gross proceeds from the Swiree Subscription are expected to be approximately HK$1,273.1 million. After deducting related fees and expenses, the net proceeds from the Swiree Subscription are expected to be approximately HK$1,259 million.

The intended uses of the net proceeds from the Subscriptions are summarised as follow:

(a) expansion of the Group's existing financial services business, including,

i. development and promotion of commercial factoring segment, including the allocation of approximately HK$700 million to the provision of factoring loans and the extension of its commercial factoring services to the GOME Suppliers, other potential customers such as suppliers of other significant retail chains in the PRC and the respective suppliers, distributors and other business partners of the GOME Suppliers and the other potential customers including among others, Zhongfu, Miteno and their respective suppliers and/or shareholders (among which it is preliminarily estimated that 50% will be allocated to the existing commercial factoring companies within the Group and 50% will be allocated to GOME Xinda);

ii. development and promotion of its financial leasing segment including the extension of financial leasing services to the GOME Customers, established enterprises and other buyers, purchasing goods from other reputable distributors or retail chains and the establishment of service counters at the selected outlets of the GOME Group through which consumer financial leasing services will be provided to retail customers of the GOME Group (out of which approximately HK$150 million will be allocated to finance the provision of Connected Financial Leasing loans and approximately HK$200 million will be allocated to finance the provision of unconnected financial leasing loans to independent borrowers);

(b) development and promotion of the Group's third party payment service business, including a potential acquisition of an entity engaging in this business;

(c) marketing and promotion of the Group's financial services business and the payment for additional sales personnel costs; and

(d) general working capital and other general corporate purposes.

Set out below is the allocation of the net proceeds mentioned above upon (i) Completion of all the Subscriptions; and (ii) Completion of the Swiree Subscription only:

Intended uses as stated above	**Completions of the Subscriptions**		**Completion of the Swiree Subscription only**	
	HK$'million	%	*HK$'million*	%
(a) Expansion of the Group's existing financial services business	1,050	66.58	1,050	83.41
i. development and promotion of commercial factoring segment	700	44.39	700	55.61
ii. development and promotion of financial leasing segment	350	22.19	350	27.80
(b) Development and promotion of the Group's third party payment platform business	380	24.10	62	4.92
(c) Marketing and promotion of the Group's financial services business and payment for additional sales personnel costs	100	6.34	100	7.94
(d) General working capital and other general corporate purposes	47	2.98	47	3.73
Total net proceeds	1,577	100	1,259	100

In regards with the future business plan, as advised by the Management, the net proceeds from the Subscriptions are substantially for expanding the Group's existing principal businesses. As such, there will not be any change in the business model of the Group after the respective completion of the Subscriptions.

The detailed business plans of expansion are summarised as follow:

(a) strategic relationship with the GOME Group and collaboration with other sizeable companies in the PRC to expand existing financial services business

The Group intends to leverage on the business network and connections of the GOME Group to expand its clientele (in terms of the number of customers and the sources of customers) and the geographical coverage of its existing financial services business. In particular, the GOME Group will introduce their suppliers to the Group's sales and marketing team through various channels such as meetings, seminars and training sessions.

In respect of the commercial factoring segment, as set out in the "Letter from the Board" contained in the Circular, the Group has identified two business partners, Zhongfu and Miteno, in extending its factoring services. Should there be any implications under Rule 25 of the Takeovers Code which arise from the granting of factoring loans pursuant to the Zhongfu Framework Agreement or the Miteno MOU, the Group will fully comply with the relevant requirements under Rule 25 of the Takeovers Code before granting such loans. The Group will also seek to enter into business collaborations with other independent, sizeable retail chains, equipment manufacturers and logistics/transportation companies in the PRC which have extensive supplier network.

In addition, the Group plans to expand its financial leasing segment in stages and will initially focus on the retail sector and has already identified certain suitable business partners in this sector.

The Group has entered into a cooperation memorandum of understanding with Kingold regarding the provision of financial leasing loans. It is also exploring opportunities to expand its financial leasing business in collaboration with an e-commerce company in respect of financing the purchase of mobile phones. Should there be any implications under Rule 25 of the Takeovers Code which arise from the granting of financial leasing loans pursuant to the cooperation memorandum of understanding with Kingold, the Group will fully comply with the relevant requirements under Rule 25 of the Takeovers Code. The Group expects to extend its financial leasing services to leading enterprises, state-owned enterprises and listed companies in each of the other target sectors by early next year.

As a result, given the potential business opportunities which may arise from the collaborations, the Group expects a substantial part of the proceeds will be used as capital to expand its loan portfolio.

(b) utilisation of the third party online payment platform

Through further development of the third party online payment platform, the Management believes that the utilisation of the third party online payment platform can further promote the Group's financial services business to users of the third party online payment platform by gathering information of customers, such as spending patterns and settlement records, to identify the right target customers and to market relevant financial products and services to prospective customers through the platform. The Group is also able to reach potential users of the third party online payment platform by having access to customers of various online distribution channels of the GOME Group including physical stores and one to many micro shops.

(c) human resources and management continuity

The Group intends to increase the size of its sales team from 11 to 131 people after the Completion. Should there be any implications under Rule 25 of the Takeovers Code which arise as a result of hiring of additional sales staff, the Company will fully comply with the requirements under Rule 25 of the Takeovers Code before hiring such staff. Existing sales staff will continue to work on the Group's existing financial services business. Additional sales staff will be responsible for promoting the Group's expansion of commercial factoring and financial leasing segments.

Upon the Completion, Swiree and parties acting in concert with it would be interested in more than 50% of the entire issued share capital of the Company. Most of the existing key members of the management team of the Group, i.e. Mr. Chung Tat Fun, Mr. Chung Ho Chun, Mr. Wong Kwan Kit, Eric, Mr. Leung Yuen Ming, Henry and the Independent Non-executive Directors, are expected to continue to work for the Group after completion of the Subscriptions. As such, the Company believes that there is a material continuity in the management of the Group's financial services business before and after the Completion despite the change in composition of the Board. In particular, Mr. Chung Tat Fun will continue to act as an executive Director and maintain his key role in the operation of the Group's pawn loan and other loans segments. Mr. Chung Ho Chun will resign as Director upon Completion but he will continue to be responsible for the operation of the Group's financial services business as part of the management team and Mr. Leung Yuen Ming, Henry will continue to oversee the provision of commercial factoring services and financial leasing services by the Group, the existing financial services business will be managed by essentially the same management team after the Completion.

Mr. Chun Ho Chun, Mr. Leung Yuen Ming, Henry, Mr. Wong Kwan Kit, Eric and the Independent Non-executive Directors are not shareholders of the Company as at the Latest Practicable Date. Apart from Mr. Chung Tat Fun, the other Directors (except for the Independent Non-executive Directors) intend to resign as Directors with effect from Completion. Mr. Chung Tat Fun, Ms. Wong Yee Shuen, Regina, Mr. Huang Weibo, Mr. So Chak Fai, Francis and Mr. Fu Ear Ly held 9.45%, 8.51%, 9.45%, 1.75% and 4.73% of the issued share capital of the Company respectively as at the Latest Practicable Date.

Also, the new Directors nominated by Swiree are either involved in the GOME Group's business or with extensive financial expertise, such experience will be particularly useful in overseeing the commercial factoring and financial leasing segments by leveraging on the business network and connections of the GOME Group upon Completion. The new Directors nominated by Swiree are not shareholders of the Company as at the Latest Practicable Date.

Biographical details of the Directors nominated by Swiree are set out in the section headed "Proposed change of board composition of the Company" in the "Letter from the Board" contained in the Circular. As the Company intends to introduce GOME as a strategic partner in expanding the Group's existing business, in particular, commercial factoring and financial leasing businesses, the change in composition of the Board is likely to facilitate the Group's expansion plan.

3. Future intentions of Swiree regarding the Group

Swiree and the other Subscribers intend to continue the existing business of the Group and do not intend to introduce any major changes (such as redeployment of the fixed assets of the Group) to the existing operation and business of the Group. In addition to the business plan as stated in the section headed "1. Reasons for the Subscriptions" of this letter, Swiree will, after completion of the Swiree Subscription, together with the Management, further review the business strategy of the Group and may possibly explore business development opportunities in other money lending and financing business segments. As at the Latest Practicable Date, save for disclosure in the Circular, no agreement, definitive proposals, terms or timetable have been reached or determined for any such possible future transaction or arrangement.

Save as disclosed in the Circular, as at the Latest Practicable Date, Swiree and the other Subscribers have expressed that they have no intention to make any major changes to the continual employment of the existing employees of the Group. The Company does not expect the GOME Group (including its staff members) to have any material involvement in the future management and operation of the Group. The Group will operate independently from the GOME Group.

4. Evaluation of the Subscription Price

(a) Comparison of the Subscription Price to market price

The Subscription Price represents:

(i) a discount of approximately 55.5% to the closing price of HK$1.73 per Share on the Last Trading Day;

(ii) a discount of approximately 56.6% to the average of the closing prices of approximately HK$1.77 per Share for the last five trading days up to and including the Last Trading Day;

(iii) a discount of approximately 54.5% to the average of the closing prices of approximately HK$1.69 per Share for the last ten trading days up to and including the Last Trading Day;

(iv) a discount of approximately 2.0% over the consolidated NAV per Share of the Company of approximately HK$0.786 as at 31 March 2016; and

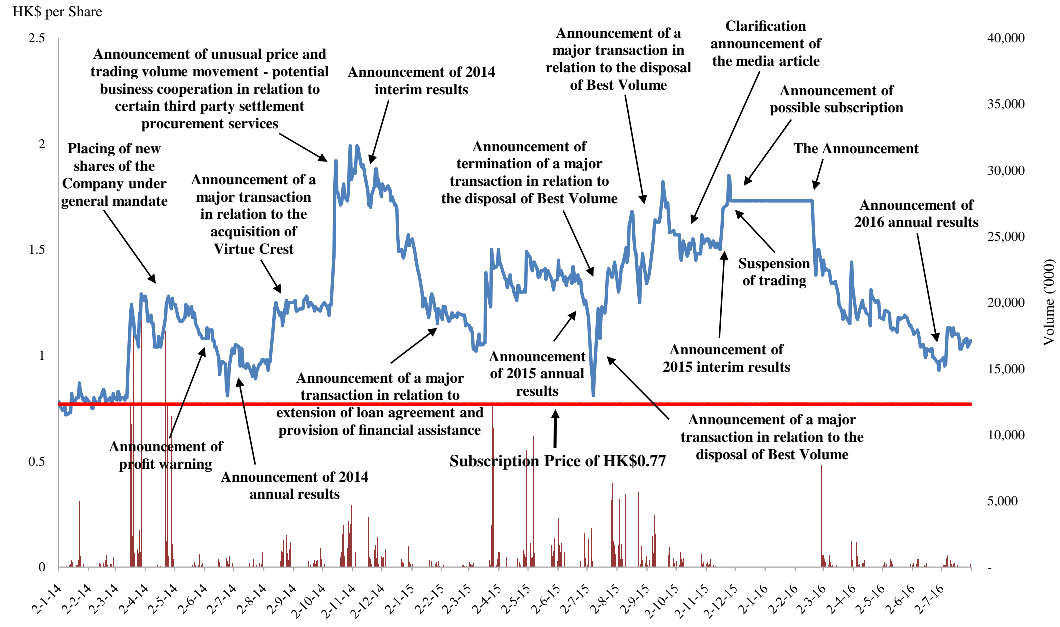
(v) a discount of approximately 28.0% to the closing price of HK$1.07 per Share on the Latest Practicable Date.

The discounts to market price as demonstrated above, are, in our view, substantial but the Subscription Price represents a small discount of approximately 2.0% over the consolidated NAV per Share of the Company of approximately HK$0.786 as at 31 March 2016.

(b) Analysis of historical Share price performance

As the Group commenced its financial services business in the second half of 2013 and had discontinued its gaming and entertainment business after the termination of the junket representative agreement on 31 December 2013, it is considered that the impact of the operational performance of the Company in financial services business on the Share price could mostly be reflected starting from 2014. As such, the period from 1 January 2014 up to and including the Latest Practicable Date (the "**Review Period**") is selected to demonstrate the Share price performance of the Company subsequent to its engagement in the financial services business. The chart below illustrates the daily closing price per Share for the Review Period.

Share price chart of the Company



Source: Bloomberg

During the Review Period, the closing Share price fluctuated between HK$0.72 per Share and HK$1.99 per Share. In 2014, the Share price has been affected by several corporate actions taken by the Company. Placing of shares was announced in late April 2014 at a discount of approximately 2.34% to the Share price at the date of the placing agreement but at a premium of approximately 7.76% to the average closing prices for the five trading days before the placing agreement, to strengthen the capital base and therefore the funds were available for the Group to conduct its lending business. The Share price slightly went down subsequent to the placing announcement. With the profit warning announcement on 29 May 2014, the Share price dropped further. As the 2014 annual results on 30 June 2014 showed that the Group had recorded loss for the year, the Share price continued to decrease.

There was an upward trend of the Share price on a few days before the announcement in relation to the acquisition of Virtue Crest on 12 August 2014. The Share price surged to HK$1.92 in mid-October. As a result, the Company published an announcement on 15 October 2014, stating that it was not aware of any reasons for such movements or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed, saved for a potential business cooperation in relation to certain third party settlement procurement services. With the announcement of interim results showing profit for the six months ended 30 September 2014, the Share price maintained for a short period of time but went down subsequently towards the end of 2014.

At the beginning of 2015, the Company announced an extension of loan agreement with an independent borrower, allowing a stable interest income to be generated from the loan agreement. The Share price went up with the market in April 2015 until the announcement of 2015 annual results was made on 23 June 2015, stating that the Company was loss-making during the year ended 31 March 2015. Subsequent to the annual results announcement, the Share price dropped to a minimum of HK$0.81 on 8 July 2015. On 15 July 2015, the Company published an announcement in relation to a possible major transaction involving disposal of Best Volume. The Share price went up subsequent to the announcement in relation to the disposal, despite the announcement of termination of the disposal published on 28 July 2015. On 7 September 2015, the Company announced that it had entered into another agreement in relation to the disposal of Best Volume. After such announcement, the Share price further increased. With the subsequent release of 2015 interim results, indicating that the Company was profit-making during the six months ended 30 September 2015, the closing Share price experienced an upward trend till the Last Trading Day at HK$1.73 per Share.

On 30 November 2015, the trading in Shares of the Company was suspended pending the release of an announcement in relation to the Subscriptions and the Whitewash Wavier. The Company published a holding announcement in relation to a possible subscription of new Shares and whitewash waiver application on 8 December 2015.

The Announcement was released on 19 February 2016 (after trading hours). After resumption of trading of Shares on 22 February 2016, the Share price decreased sharply to HK$1.44 on 22 February 2016, being the first trading day after the publication of the Announcement, representing a decrease of approximately 16.8% to the closing price of HK$1.73 on the Last Trading Day. The decrease was possibly due to, among others, the Subscriptions and/or the cumulative impact of drop of Hang Seng Index by approximately 11.6% between 27 November 2015 and 22 February 2016. On 30 June 2016, the 2016 annual results announcement of the Group was published with profit of approximately HK$3.9 million for the year. The Share price increased by approximately 2.1% to HK$0.99 on 4 July 2016, being the first trading day after the release of the 2016 annual results. The Shares closed at a price of HK$1.07 per Share as at the Latest Practicable Date. The Subscription Price represented a discount of approximately 28.0% to the closing price of the Shares as at the Latest Practicable Date.

(c) Trading volume of the Shares

Set out in the table below are the monthly trading volumes of the Shares and the percentages of such monthly trading volumes to the issued share capital of the Company during the period from 1 January 2014 up to and including the Latest Practicable Date:

	Total monthly trading volume of the Shares ('000) *(Note 1)*	**Total percentage of the monthly trading volume of Shares to the issued share capital of the Company** *(Note 2)*
2014		
January	10,348	3.9%
February	5,762	1.5%
March	80,345	14.4%
April	53,481	9.6%
May	28,109	4.7%
June	4,563	0.8%
July	3,207	0.5%
August	58,585	9.7%
September	9,055	1.5%
October	50,592	8.0%
November	37,972	6.0%
December	16,416	2.6%
2015		
January	9,460	1.5%
February	6,996	1.1%
March	33,680	5.3%
April	24,031	3.8%
May	28,109	4.4%
June	25,528	4.0%
July	58,262	9.2%
August	55,283	8.7%
September	27,142	4.3%
October	8,326	1.3%
November *(Note 3)*	31,417	4.9%
December *(Note 3)*	–	–

	Total monthly trading volume of the Shares ('000) *(Note 1)*	Total percentage of the monthly trading volume of Shares to the issued share capital of the Company *(Note 2)*
2016		
January *(Note 3)*	–	–
February *(Note 3)*	25,721	4.1%
March	11,944	1.9%
April	17,718	2.8%
May	4,298	0.7%
June	3,361	0.5%
July	6,779	1.1%
August (up to the Latest Practicable Date)	230	0.0%

Notes:

1. Source: Bloomberg

2. The calculation is based on the total monthly trading volume of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date.

3. Trading was suspended from 30 November 2015 to 19 February 2016.

As illustrated in the table above, during the period from 1 January 2014 to the Latest Practicable Date (excluding August 2016), the monthly trading volume of the Shares ranged between approximately 3.2 million and 80.3 million, representing approximately 0.5% to 14.4% of the total issued share capital of the Company. The trading of the Shares was not consistently active during most of the time of the Review Period.

5. Comparable issues

In considering whether the discount of the Subscription Price is acceptable, we have considered whitewash waiver applications as a result of issues of consideration shares or subscriptions of new shares (to be listed on the Stock Exchange) announced during the period from 1 July 2015 to the date immediately prior to the Latest Practicable Date (the "**Comparable Issues**") by companies listed on the Stock Exchange involving (a) subscriptions of new shares of listed companies by subscribers with cash (where the shares were to be listed on the Stock Exchange) and the applications of whitewash waivers by the subscribers; and (b) issues of new shares involving a change in control of the ultimate beneficial owner of the listed companies. We have excluded subscriptions (a) announced by listed companies which, as at the date of announcement and/or as at the Latest Practicable Date, were/are under prolonged suspension; and (b) transactions involving open offers or rights issues, where different pricing considerations apply. We consider the Comparable Issues an exhaustive list of relevant comparable issues based on the said criteria above.

It should be noted that the subject companies involved in the Comparable Issues may have different nature of business operations, market capitalisations, financial performance and financial position as compared with those of the Company. The circumstances leading to the subject companies to proceed with the subscriptions may also be different from those relating to the Company. The Comparable Issues fulfilling the above criteria can provide a general reference of this type of transaction in the market.

For each of the Comparable Issues identified, we compared the premium or discount of its issue/subscription price to (a) the closing price on the last trading day; (b) the five trading days average closing price; and (c) the ten trading days average closing price prior to and including the last trading day before the release of the respective announcement, as summarised in the following table.

		Premium/(discount) of subscription/ issue price over/(to)		
Date of announcement	**Company name and stock code**	**closing share price as at the last full day of trading immediately prior to the announcement** % *(approximate)* *(Note 1)*	**average closing share price for the 5 full trading days immediately prior to the announcement** % *(approximate)* *(Note 1)*	**average closing share price for the 10 full trading days immediately prior to the announcement** % *(approximate)* *(Note 1)*
28 July 2015	Yueshou Environmental Holdings Limited (stock code: 1191)	(80.4)	(79.2)	(79.7)
31 July 2015	HengTen Networks Group Limited (formerly known as "**Mascotte Holdings Limited**") (stock code: 136)	(97.9)	(97.6)	(97.5)
5 August 2015	Shanghai Tonva Petrochemical Co. Ltd (stock code: 1103)	(4.8)	(15.6)	(13.4)
27 August 2015	China Minsheng Financial Holding Corporation Limited (formerly known as "**China Seven Star Holdings Limited**") (stock code: 245)	(89.9)	(87.7)	(86.7)
30 August 2015	Global Bio-Chem Technology Group Company Limited (stock code: 809)	(31.3)	(25.1)	(29.9)
12 October 2015	SRE Group Limited (stock code: 1207)	(74.4)	(73.3)	(73.5)

		Premium/(discount) of subscription/ issue price over/(to)		
Date of announcement	Company name and stock code	closing share price as at the last full day of trading immediately prior to the announcement % *(approximate)* *(Note 1)*	average closing share price for the 5 full trading days immediately prior to the announcement % *(approximate)* *(Note 1)*	average closing share price for the 10 full trading days immediately prior to the announcement % *(approximate)* *(Note 1)*
10 December 2015	China Jiuhao Health Industry Corporation (stock code: 419)	(90.9)	(91.6)	(91.6)
14 December 2015	Optics Valley Union Holding Company Limited (stock code: 798)	(15.8)	(12.7)	(14.7)
15 December 2015	Huscoke Resources Holdings Limited (stock code: 704)	(63.0)	(63.2)	(64.0)
16 December 2015	FDG Electric Vehicles Ltd (stock code: 729)	0.0	(3.9)	(5.0)
6 January 2016	Addchance Holdings Limited (stock code: 3344)	(60.8)	(66.8)	(61.4)
16 February 2016	Varitronix International Limited (stock code: 710)	(33.7)	(34.5)	(33.4)
29 February 2016	Hang Fat Ginseng Holdings Co Ltd (stock code: 911)	(85.1)	(84.3)	(92.3)
4 March 2016	AGTech Holdings Limited (stock code: 8279)	(82.5)	(82.1)	(81.9)
17 May 2016	New Times Energy Corporation Limited (stock code: 166)	(3.1)	(0.9)	(3.4)
13 July 2016	Sino Golf Holdings Limited (stock code: 361)	(63.2)	(59.9)	(54.1)
21 July 2016	Hua Lien International (Holding) Company Limited (stock code: 969)	(46.7)	(48.7)	(48.8)
	Mean (simple average)	**(54.3)**	**(54.5)**	**(54.8)**
	Median	**(63.0)**	**(63.2)**	**(61.4)**
	Minimum discount	**0.0**	**(0.9)**	**(3.4)**
	Maximum discount	**(97.9)**	**(97.6)**	**(97.5)**
	The Subscriptions	**(55.5)**	**(56.5)**	**(54.5)**

Source: Relevant announcements published on the Stock Exchange's website

Notes:

1. The closing share prices are sourced from Bloomberg.

2. China Agri-products Exchange Limited published an announcement in relation to, among other things, termination of the subscription agreement and the placing agreement on 5 October 2015. Therefore, this transaction was excluded in our analysis of the Comparable Issues.

3. Theme International Holdings Limited published an announcement in relation to, among other things, termination of the subscription agreement and application of whitewash waiver on 3 November 2015. Therefore, this transaction was excluded in our analysis of the Comparable Issues.

4. Yuhua Energy Holdings Ltd published an announcement on 3 February 2016 in relation to, among other things, lapse of the subscription agreement. As such, this transaction was excluded in our analysis of the Comparable Issues.

5. Talent Property Group Limited ("**Talent Property**") published an announcement on 11 January 2016 in relation to, among other things, amendment of the terms of the convertible notes issued in 2010 and the application for the whitewash waiver in respect of the potential conversion of the convertible notes that would trigger a mandatory offer obligation under the Takeover Codes. Since this transaction and the terms of the convertible notes were determined in 2010 without revision in 2016 (which falls outside the period under the criteria of our analysis as set out above), this transaction has been excluded in our analysis.

The 17 Comparable Issues set out in the table above have generally involved subscriptions of new shares at discounts to their respective historical trading prices. As set out in the table above, the Subscription Price represents (a) a discount of approximately 55.5% to the closing Share price on the Last Trading Day; (b) a discount of approximately 56.5% to the average closing price for the five trading days immediately prior to and including the Last Trading Day; and (c) a discount of approximately 54.5% to the average closing price for the ten trading days immediately prior to and including the Last Trading Day. These discounts are:

(1) within the range of discounts of the Comparable Issues for the closing share price as at the last trading day immediately prior to the announcement as well as for the average closing share prices for each of the five and ten trading days; and

(2) close to the mean of discounts of the Comparable Issues for the closing share price as at the last trading day immediately prior to the announcement as well as for the average closing share prices for each of the five and ten trading days.

Even the discounts of the Subscription Price are within the range of discounts of the Comparable Issues and close to the mean of discounts of the Comparable Issues as discussed above, the Independent Shareholders should note that the Comparable Issues provide a general reference of this type of transaction in the market.

6. Comparable companies

As mentioned in the section under "'Background to and reasons for the Subscriptions" of this letter, the Group is principally engaged in the provision of financial services, including the provision of commercial factoring services, real estate-backed loan services, personal property pawn loan services and financial leasing services in the PRC and money lending services in Hong Kong. Accordingly, we have conducted research on Bloomberg for companies (the "**Comparable Companies**") (i) listed on the Stock

Exchange under the industry of "Specialty Finance" as classified by the Bloomberg Industry Classification System; (ii) with country of domicile in Hong Kong or the PRC; and (iii) principally engaged in (i.e. deriving majority of revenue from) the provision of either (a) loan financing/financial guarantee services to small and medium enterprises and individuals in the PRC; (b) real-estate loans or pawn loans to small and medium enterprises or individuals; and/or (c) factoring business in the PRC to small and medium enterprises or individuals. The Comparable Companies set out in the table below represent all the companies comparable to the Company based on the above criteria. As the Group reported losses for continuing operations, i.e. financial services business, for each of the three years ended 31 March 2016, price to earnings analysis is not considered to be meaningful in this case. As such, we have performed price to book ("**P/B**") analysis detailed below.

Stock code	**Comparable Companies**	**Market capitalisation as at the Latest Practicable Date** *(HK$ billion)* *(Note 2)*	**P/B** *(Note 2)*
3903	Hanhua Financial Holding Co., Limited	4.0	0.5
6878	Differ Group Holding Company Limited	2.3	0.7
605	China Financial Services Holdings Limited	2.3	0.8
1543	Guangdong Join-Share Financing Guarantee Investment Co., Ltd	1.4	0.8
6866	Zouli Kechuang Micro-finance Company Limited	1.4	0.9
3623	China Success Finance Group Holdings Limited	1.1	1.1
1290	China Huirong Financial Holdings Limited	0.8	0.5
172	Goldbond Group Holdings Limited	0.7	0.3
		Average	0.7
		Maximum	1.1
		Minimum	0.3
		The Subscriptions *(Note 1)*	1.0

Notes:

1. The implied P/B of the Subscriptions is calculated based on (i) the Subscription Price of HK$0.77 per Subscription Share; and (ii) the net assets attributable to the Shareholders per Share of approximately HK$0.786 as at 31 March 2016.

2. Market capitalisations and the P/Bs of the Comparable Companies are extracted from Bloomberg.

As set out in the table above, the P/Bs of the Comparable Companies are in a range between 0.3 and 1.1, with an average of approximately 0.7. The implied P/B of the Subscriptions as discussed above of approximately 1.0 time is higher than the average of the P/Bs of the Comparable Companies.

7. Discussion on the Subscription Price

Given the Subscription Price is considerably lower than the closing price on the Last Trading Day, the average of the closing prices for the last five and ten trading days up to and including the Last Trading Day, we have further considered a number of qualitative and quantitative factors in determining the fairness and reasonableness of the Subscription Price (as summarised below):

(1) the Group has been experiencing continuous operating losses from continuing operations, i.e. financial services business, for each of the three years ended 31 March 2016 and decrease in financial services income for the year ended 31 March 2016 as compared with the year ended 31 March 2015 as set out in the section headed "3. Financial information of the Group" of this letter;

(2) the strong and relevant industry expertise and resources of GOME which will benefit the Group's long term development and bring additional investment opportunities to the Group in commercial factoring and consumer financing, further details of which are set out in the section headed "Background to and reasons for the Subscriptions" of this letter;

(3) the Subscription Price represents a discount of approximately 2.0% over the NAV per Share of approximately HK$0.786 as at 31 March 2016 but the Subscription Price to book value of the Group is above the mean of the P/Bs of the Comparable Companies, which, in our view, is one of the most commonly used yardstick for comparing valuation of financing companies; and

(4) the discounts of the Subscription Price are within the range of discounts of the Comparable Issues and close to the mean of discounts of the Comparable Issues which provide a general reference of this type of transaction in the market.

On the above bases and given that the Group's business is capital intensive in nature, despite substantial discounts to the historical Share prices, we consider that the Subscription Price is fair and reasonable.

8. Financial effects of the Subscriptions

(i) NAV attributable to the Shareholders

Upon completion of the Subscriptions, (i) 2,066,342,340 Shares will be issued by the Company as the Subscription Shares; and (ii) the Company shall receive the subscription money in cash. Accordingly, the net assets of the Group is expected to increase to the extent of the portion of the subscription money by the issue of the Subscription Shares. As such, the Directors expect the NAV of the Group to increase by approximately the same amount as the net proceeds from the Subscriptions. The NAV per Share would, however, decrease slightly to HK$0.768 per Share upon completion of the Subscriptions, or completion of the Swiree Subscription only, after taking into account the resultant increase in net assets and number of Shares.

The table below sets out, for illustration purpose, the financial effect on the NAV per Share as a result of the Subscriptions:

	As at 31 March 2016	Increase by the issue of the Subscription Shares upon completion of the Swiree Subscription only	Total (upon completion of the Swiree Subscription only)	Increase by the issue of the Subscription Shares upon completion of the Subscriptions	Total (upon completion of the Subscriptions)
Net assets *(HK$)*	498,697,000	1,259,000,000	1,757,697,000	1,577,000,000	2,075,697,000
Number of Shares	634,780,780 *(Note)*	1,653,073,872	2,287,854,652	2,066,342,340	2,701,123,120
NAV per Share *(HK$)*	0.786	0.762	0.768	0.763	0.768

Note: Number of Shares in issue as at the Latest Practicable Date.

As illustrated above, the NAV per Share of approximately HK$0.768 immediately after completion of the Subscriptions, or completion of the Swiree Subscription only, decreased slightly of approximately 2.2% as compared to the NAV per Share of approximately HK$0.786 as at 31 March 2016. In light of this, we consider that the Independent Shareholders' interests, with reference to the NAV per Share, would not be significantly affected by the Subscriptions.

(ii) Gearing and liquidity position of the Group

Immediately after the completion of the Subscriptions, based on the NAV of the Group as at 31 March 2016 and the net proceeds of the Subscriptions of approximately HK$1,577 million, the gearing ratio of the Group would have decreased from approximately 11.3% as at 31 March 2016 to approximately 2.7%. The net proceeds obtained from the Subscriptions would be able to improve the gearing and liquidity position of the Group in order to carry out the ongoing business and future development of the Group.

(iii) Decrease in public Shareholders' percentage shareholding

The Subscription Shares represent approximately 325.52% of the issued share capital of the Company as at the Latest Practicable Date and approximately 76.50% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date).

According to the table set out in the section headed "8. Effect on the shareholding structure of the Company" below, the existing other public Shareholders' shareholding will be diluted from approximately 63.4% as at the Latest Practicable Date to approximately 14.9% immediately after completion of the issue of the Subscription Shares (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date).

We regard this as a significant dilution to the existing other public Shareholders of the Company, however, the Subscriptions will be able to improve the gearing and the liquidity position of the Group. Also, as mentioned above, the Subscriptions will enhance the financial position of the Company without significantly affecting the NAV per Share of the existing other public Shareholders upon the completion of the Subscriptions. On the other hand, the Subscription Price is considered to be fair and reasonable as set out in the section headed "4. Evaluation of the Subscription Price" of this letter above. The dilution is an unattractive feature in itself, but should be viewed with the positive impact of the Subscriptions on the Group's financial position, the deteriorating operational performance of the Group as discussed in the section headed "3. Financial information of the Group", and the benefits arising from the Subscriptions, specifically, the introduction of GOME as a strategic partner in developing commercial factoring and financial leasing businesses by leveraging on the business network and connections of the GOME Group, as set out in the section headed "Background to and reasons for the Subscriptions" as a whole, which we consider fair on the grounds summarised above.

9. Effect on the shareholding structure of the Company

The following table summarises the effect of the Subscriptions on the shareholding structure of the Company as at (a) the Latest Practicable Date; and (b) immediately after completion of the Subscriptions (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date).

Further details on (i) the shareholding structure of the Company immediately after the completion of the Swiree Subscription only; (ii) the effect of the Subscriptions on the shareholding structure; and (iii) the accompanying notes to the shareholding table are set out in the section headed "Effect on shareholding structure of the Company" in the "Letter from the Board" contained in the Circular.

	As at the Latest Practicable Date		**Immediately after completion of the Subscriptions (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date)**	
	Number of Shares	*%*	*Number of Shares*	*%*
Non-public Shareholders				
Light Tower Holding Limited	60,000,000	9.45%	60,000,000	2.22%
Regal Peak Development Limited *(note)*	54,000,000	8.51%	–	–
Flame Global Holding Limited *(note)*	60,000,000	9.45%	–	–
So Chak Fai, Francis *(note)*	11,096,000	1.75%	–	–
Fu Ear Ly *(note)*	30,000,000	4.73%	–	–
Sub-total	215,096,000	33.89%	60,000,000	2.22%

	As at the Latest Practicable Date		Immediately after completion of the Subscriptions (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date)	
	Number of Shares	*%*	*Number of Shares*	*%*
Swiree and parties acting in concert with it				
Non-public shareholding				
Swiree	–	–	1,653,073,872	61.20%
Richlane	–	–	275,512,312	10.20%
Ko Chun Shun Johnson *(note)*	–	–	15,000,000	0.56%
Peninsula Resources Limited *(note)*	–	–	2,264,000	0.08%
Public shareholding				
Ko Chun Shun Johnson *(note)*	15,000,000	2.36%	–	–
Peninsula Resources Limited *(note)*	2,264,000	0.36%	–	–
Best Global	–	–	137,756,156	5.10%
Total number of issued Shares held by Swiree and parties acting in concert with it	17,264,000	2.72%	2,083,606,340	77.14%
Public Shareholders				
Regal Peak Development Limited *(note)*	–	–	54,000,000	2.00%
Flame Global Holding Limited *(note)*	–	–	60,000,000	2.22%
So Chak Fai, Francis *(note)*	–	–	11,096,000	0.41%
Fu Ear Ly *(note)*	–	–	30,000,000	1.11%
Other public Shareholders	402,420,780	63.39%	402,420,780	14.90%
Sub-total	402,420,780	63.39%	557,516,780	20.64%
Total	634,780,780	100.00%	2,701,123,120	100.00%

Note: For details of the classifications between non-public and public Shareholders, please refer to the section headed "Effect on shareholding structure of the Company" of the "Letter from the Board" contained in the Circular.

As illustrated above, the shareholding of the existing other public Shareholders would be reduced from approximately 63.4% as at the Latest Practicable Date to approximately 14.9% immediately after completion of the Subscriptions (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date).

10. Whitewash Waiver – Takeovers Code provisions

Upon completion of the Swiree Subscription only, Swiree and parties acting in concert with it will in aggregate be interested in approximately 73.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Swiree Subscription Shares (assuming that the Richlane Subscription and the Best Global Subscription do not complete and that none of the Share Options is exercised).

Upon completion of the Subscriptions, Swiree and parties acting in concert with it will in aggregate be interested in approximately 77.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date).

Under Rule 26.1 of the Takeovers Code, Swiree would be obliged to make an unconditional mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Swiree and parties acting in concert with it which would otherwise arise as a result of the completion of the Swiree Subscription or the completion of all of the Subscriptions (as the case may be), unless the Whitewash Waiver is obtained from the Executive. In this regard, Swiree has made an application to the Executive for the Whitewash Waiver which, if granted, will be subject to, among other things, approval by the Independent Shareholders at the SGM by a way of poll.

Shareholders should note that the Subscriptions are subject to the fulfilment or waiver (as the case may be) of a number of Conditions Precedent, including the granting by the Executive of the Whitewash Waiver and the approval by the Independent Shareholders at the SGM for the Whitewash Waiver, which cannot be waived. The approval of the Whitewash Waiver by the Independent Shareholders will be therefore necessary for the Group to proceed to the completion of the Subscriptions.

CONTINUING CONNECTED TRANSACTIONS – THE FRAMEWORK AGREEMENTS

Factoring Service Framework Agreement

The Factoring Service Framework Agreement was signed between the Company and Swiree on 5 August 2016 in respect of commercial factoring loans to be granted by members of the Group (which shall include GOME Xinda after the Transfer Closing) to the GOME Suppliers which are conditional upon transfer of the relevant Accounts Receivable of such GOME Suppliers to the Group. The GOME Suppliers shall pay interest and/or other charges (if applicable) to the relevant members of the Group for the factoring services.

Financial Leasing Service Framework Agreement

The Financial Leasing Framework Agreement was signed between the Company and Swiree on 5 August 2016 in respect of financial leasing loans to be granted by members of the Group to the GOME Customers where the proceeds from the relevant loans are used by the GOME Customers to purchase goods by wholesale from the GOME Group or purchase goods by retail from the GOME Group's designated outlets through which such retail customers can get access to the Group's financial leasing services and products. The GOME Customers shall pay interest (in a form of rents comprising principal and interest as periodic payments) and/or other charges (if applicable), i.e. handling fees, to the relevant members of the Group for the financial leasing services.

1. Terms

Conditions precedent

The term of the Framework Agreements will expire on 31 March 2019 and shall become effective upon fulfillment of the following conditions:

(i) the completion of the Swiree Subscription; and

(ii) the terms of the Factoring Service Framework Agreement, the Financial Leasing Service Framework Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders in accordance with the Listing Rules.

Set out below are the major pricing terms of services to be provided by members of the Group:

Factoring service

As set out in the Factoring Service Framework Agreement, terms of separate factoring agreements with the GOME Suppliers (the "**Individual Factoring Agreements**") shall be negotiated at arm's length and determined by such member of the Group and the relevant GOME Supplier based on normal commercial terms and with reference to (i) the terms and conditions of comparable services (in terms of similar credit risk and term) offered by the Group to independent third parties; or (ii) the prevailing terms and conditions of other comparable factoring loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company.

As advised by the Management, the interest rates shall be higher than the benchmark lending interest rate set by the PBOC, with reference to the trend of the premium of the market interest rate over the benchmark lending interest rate as published by PBOC from time to time and the Group's funding cost as affected by the financial market liquidity and approved by the Board, and shall not exceed 24% per annum under the relevant provisions published by the PRC Supreme Court. Accordingly, we have reviewed the PRC Supreme People's Court on Several Questions Relating to the Application of Law in Cases of Borrowing and Lending in the Society,《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》(法釋【2015】18號), which states that the portion of loan interest not exceeding 24% per annum is enforceable by the receiving party through a court action. Therefore, the interest rates for Connected Factoring Loans shall not exceed 24% per annum which is in accordance with the relevant provision under the PRC law. The Company will determine the terms with reference to terms offered by at least two major market competitors with similar scale of operation as the GOME Group, which also provides factoring loan services. We also understand that the terms under each Individual Factoring Agreement shall not be less favourable to the Company as compared to the terms of comparable transactions (in terms of similar credit risk and term) to be entered into by the Group with third parties which do not constitute connected transactions.

Details of the terms of the Individual Factoring Agreements shall be determined in accordance with the conditions and principles set out in the Factoring Service Framework Agreement and in case there is any conflict between the Factoring Service Framework Agreement and any Individual Factoring Agreement, conditions and principles of the Factoring Service Framework Agreement shall prevail.

Assessment

As members of the Group are to provide factoring services under the Individual Factoring Agreements on normal commercial terms and at terms with reference to terms available to independent third parties on similar or comparable factoring services offered by the Group, we consider it fair and reasonable so far as the Independent Shareholders are concerned.

Financial leasing service

As set out in the Financial Leasing Service Framework Agreement, terms of separate financial leasing agreements with the GOME Customers (the "**Individual Financial Leasing Agreements**") shall be at arm's length negotiated and determined by such member of the Group and the relevant GOME Customer based on normal commercial terms and with reference to (i) the market price and terms of comparable financial leasing services (in terms of similar credit risk and term) offered by the Group to independent third parties; or (ii) the prevailing terms and conditions of other comparable financial leasing loans in the market within the knowledge of the Company, and shall be determined in accordance with the internal procedures of the Company.

As advised by the Management, the interest rates shall be higher than the benchmark lending interest rate set by the PBOC, with reference to the trend of the premium of the market interest rate over the benchmark lending interest rate as published by PBOC from time to time and the Group's funding cost as affected by the financial market liquidity and approved by he Board, and shall not exceed four times of the benchmark lending interest rate set by the PBOC, which is determined based on the previous provision in relation to the interest rate cap, Some Advice of the PRC Supreme People's Court on the Trial of Loan Cases by the PRC Supreme People's Courts,《最高人民法院關於人民法院審理借貸案件的若干意見》(法(民)發【1991】21號). Accordingly, we have reviewed the PRC Contract Law (Article 243), which is related to the determination of the rents in financial leasing business, rents (comprising principal and interest as periodic payments), in general, is determined based on costs of goods subject to financial leasing and reasonable returns that could be generated by lessor. As such, the Company will determine the terms with reference to terms offered by at least two major market competitors with similar scale of operation as the GOME Group, which also provides financial leasing services, and other finance companies that had previously cooperated with the GOME Group in providing financial leasing services to the GOME Customers. We also understand that the terms under each Individual Financial Leasing Agreement shall not be less favourable to the Company as compared to the terms of comparable transactions (in terms of similar credit risk and term) to be entered into by the Group with third parties which do not constitute connected transactions.

Details of the terms of the Individual Financial Leasing Agreements shall be determined in accordance with the conditions and principles set out in the Financial Leasing Service Framework Agreement and in case there is any conflict between the Financial Leasing Service Framework Agreement and any Individual Financial Leasing Agreement, conditions and principles of the Financial Leasing Service Framework Agreement shall prevail.

Assessment

As members of the Group are to provide financial leasing services under the Individual Financial Leasing Agreements on normal commercial terms and at terms with reference to terms available to independent third parties on similar or comparable financial leasing services offered by the Group, we consider it fair and reasonable so far as the Independent Shareholders are concerned.

Asset and revenue limits

As set out in the Framework Agreements, the Company will limit (i) the aggregate principal amount of any outstanding Connected Factoring Loans and Connected Financial Leasing loans to not more than 40% of the Group's latest published total assets from time to time as adjusted by any issue of new Shares where sufficient information has been given to the Shareholders regarding the impact of the new issue on the Group's total assets; and (ii) the aggregate revenue generated from the Connected Factoring Loans and the Connected Financial Leasing loans to not more than 50% of the Group's total revenue in each financial year (collectively, the "**Asset and Revenue Limits**").

Assessment

As further elaborated in the sub-section headed "5. The proposed annual caps" below, we understand that the Asset and Revenue Limits is for the purpose of preventing the Group from placing undue reliance on Connected Factoring Loans or Connected Financial Leasing loans in business development in the future. Given the potential risk on the operations of the Group if the commercial factoring services and financial leasing services provided by the Group are unduly relying on the Connected Factoring Loans or Connected Financial Leasing loans, we consider the Asset and Revenue Limits fair and reasonable so far as the Independent Shareholders are concerned.

2. Undertakings given by Swiree

Swiree acknowledges and agrees to the conditions and principles in respect of the commercial factoring services and financial leasing services offered by the Group to GOME Suppliers and GOME Customers respectively, and agrees and undertakes that Swiree shall not charge any fees in respect of the commercial factoring services and financial leasing services provided by the Group to GOME Suppliers and GOME Customers respectively, and shall not participate in any activities which may influence the negotiation or the price offered in relation to the factoring service and financial leasing service. Swiree further agrees and undertakes to procure that the associates (as defined in the Listing Rules) and concert parties of Swiree, the GOME Group and the associates (as defined in the Listing Rules) of the GOME Group will not engage in any of the above conducts.

Swiree undertakes that it shall procure the GOME Group to provide reasonable assistance to the Group in order to enable (a) the auditor appointed by the Company to issue reports in respect of the transactions contemplated under the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement as required by the Listing Rules, by arranging confirmations with the GOME Suppliers and the GOME Customers on the principal amounts involved in the Connected Factoring Loans and Connected Financial Leasing respectively; and (b) the Company to comply with the requirements set out in Chapter 14A of the Listing Rules.

3. Background to and reasons for entering into the Framework Agreements

As set out in the section headed "Reasons for the Subscriptions" in this letter, after the Transfer Closing and the completion of the Subscription(s), the Group plans to expand its money lending business and targets to tap into the opportunity of granting the Connected Factoring Loans and the Connected Financial Leasing loans to the GOME Suppliers and the GOME Customers respectively. Given that the Group, including GOME Xinda upon the Transfer Closing, is principally engaged in the provision of commercial factoring services and financial leasing services, it is beneficial to the Company as the Framework Agreements allow the Group to increase revenue with additional source of income. As the pricing terms of the Connected Factoring Loans and Connected Financial Leasing services shall be determined with reference to the terms and conditions of similar or comparable services offered by the Group to independent third parties, the Group will not provide any benefit to the GOME Suppliers and the GOME Customers through lower costs of financing or lower service fees which are not on normal commercial terms.

Given that (i) the Group, including GOME Xinda upon the Transfer Closing, is principally engaged in the provision of commercial factoring services and financial leasing services; and (ii) the arrangements will potentially bring additional income to the Group and improve profitability of the Group, we consider the entering into the Framework Agreements is in the interests of the Company and the Shareholders as a whole.

4. Internal control environment and risk management function

As set out in the Circular, the Company has established stringent internal control measures to ensure effective risk management and compliance with the relevant laws and regulations. Set out below are the major roles of certain key committees and departments in maintaining the internal control environment and the risk management function of the Company:

Department/personnel	Roles
Business Department/ Service counter	– liaising and contacting the borrowers – initial screening and due diligence – collection of overdue loans

Department/personnel	**Roles**
Risk Management Department	– reviewing loan applications and assessing the terms of each loan and any security arrangement – formulating credit control/risk management policy to be considered and approved by the Board – recommending to the Board the credit control/risk management policy
Micro Finance Department	– approving loan applications within the thresholds approved by the Board
Finance Department	– releasing of funding to borrowers – monitoring collection of the loans and carrying out necessary follow up work
Internal Audit Department	– formulating internal audit plan in accordance with the result of risk assessment – carrying out review and checking to evaluate the effectiveness in risk management
Board	– setting the interest rates terms and credit limit applicable to different types of loans – approving credit control/risk management/loan approval policy – approving larger loan applications beyond the approval threshold of the Micro Finance Department
Audit Committee	– reviewing the internal audit function and the continuing connected transactions

Such internal control measures are to ensure effective risk management and compliance with laws and regulations. As illustrated above, the Group has already in place internal rules and policies specifically for management and control of operational risk and credit risk. It has established its own credit policies and credit approval procedures for loan applications. The Business Department will categorise the borrowers into different risk grades based on its assessment and analysis of the loan applications and the internal risk grading system as approved by the Board, principally by virtue of the borrowers' financial performance, nature and size of business, the business relationship with the Group, repayment history, repayment ability, value and recoverability of collateral or other security. The Business Department will then present a report to the Risk Management Department of the Group which sets out a summary of its due diligence findings, the internal risk grade assigned to a borrower and the key terms of a loan tentatively set by the Business Department including the principal amount, term, interest rate, security arrangements and tenure of the loan. The Risk Management Department of the Group will review and analyse the information on a borrower and any security arrangements collected by the Business Department and present a report for approval by the head of Micro Finance Department or the Board. Details of the loan making process are set out in the section headed "Continuing connected transactions – the Framework Agreements" of the "Letter from the Board" contained in the Circular.

Internal control measures of the Group in relation to the Framework Agreements

The Group will designate an executive Director to monitor the Asset and Revenue Limits (as defined below) imposed on the amount of Connected Factoring Loans and Connected Financial Leasing and ensure that such limits are not exceeded. The Finance Department will prepare a schedule showing the indicative maximum amounts of new Connected Factoring Loans and Connected Financial Leasing which can be made each month without exceeding the Asset and Revenue Limits based on the actual loans made. The designated executive Director will be responsible for reviewing the above schedule and determining the quota for the making of connected loans that month principally based on the actual loans made and the indicative amounts set out in the monthly schedule. The head of the Micro Finance Department will be responsible for allocating the monthly quota in respect of connected loans to individual sale teams/service counters at GOME retail stores. The Business Department (including the sale teams/service counters) and the Risk Management Department will then be informed of their respective quota limits. The individual sale teams/service counters is not allowed to grant any connected loans over their respective allocated quota. Further details on the approval procedures of Connected Factoring Loans and Connected Financial Leasing are set out in the section headed “Internal control and risk management policy of the Group” in the “Letter from the Board” contained in the Circular.

The Company has not yet identified any GOME Suppliers and/or GOME Customers to whom the Group proposes to provide Connected Factoring Loans and/or Connected Financial Leasing. Before the Group enters into any Connected Factoring Loan or Connected Financial Leasing, the Group will require the potential borrower to confirm, and will endeavour to check, whether such potential borrower is a Shareholder. Should there be any implications under Rule 25 of the Takeovers Code which arise from the granting of the Connected Factoring Loans, the Connected Financial Leasing and the unconnected loans, the Group will fully comply with the relevant requirements under Rule 25 of the Takeovers Code before granting such loans.

In light of the above, we are of the view that appropriate measures will be in place to govern the conduct of the transactions contemplated under the Framework Agreements to be within the limits set by the Company.

Security

In terms of security, for the Connected Factoring Loans, the relevant Accounts Receivable of such suppliers from the GOME Group would be transferred to the Group. It was considered that the default risk of the Connected Factoring Loans is relatively lower as (a) they are all secured by Accounts Receivable due from the GOME Group on a disclosed basis and the Group will be able to request payment from the GOME Group under the Accounts Receivable; and (b) the financial standing of the GOME Group. In this case, the Group could better manage and monitor the risks involved.

For Connected Financial Leasing, the loans will be backed by the related goods or otherwise secured before the leasees fully settle the loans. Apart from the standardised credit assessment procedures, including background check and obtaining personal/entities’ information, we understand from the Company that the information on the credit history of a borrower from the credit reference centres of PBOC or other institutions can be utilised in assessing the credit risks of customers.

Based on the above, we consider that the above internal control measures and risk management function to be adopted by the Company are appropriate and provide reasonable assurance that the interests of the Company in respect of the provision of commercial factoring services and financial leasing services to the GOME Suppliers and the GOME Customers respectively will be safeguarded.

5. The proposed annual caps

As stated in the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement, the aggregate principal amounts of any outstanding Connected Factoring Loans and Connected Financial Leasing which may be granted by the Group for the three financial years ending 31 March 2019 are subject to the following proposed annual caps (the "**Annual Caps**"):

	For the years ending 31 March		
	2017 ***(Note)***	**2018**	**2019**
	RMB	*RMB*	*RMB*
Connected Factoring Loans	600 million	600 million	600 million
Connected Financial Leasing	100 million	120 million	120 million

Note: It covers the period commencing from the date of the completion of the Swiree Subscription to 31 March 2017.

No historical transaction amount is available as the Group has not granted any factoring loan or financial leasing loan which is related or associated with the GOME Group as at and up to the Latest Practicable Date. Pursuant to the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement, the Company will also be subject to the Asset and Revenue Limits. In order to stay within the Asset and Revenue Limits anytime during the financial year, the Group has to make actual loans which are not Connected Factoring Loans or Connected Financial Leasing (the "**Unconnected Loan(s)**") from time to time. To illustrate the concept, the Group will have to make an Unconnected Loan which will generate revenue of HK$1 before the Group can make a connected loan which will generate revenue of HK$1, i.e. the Group will not make any connected loan until the Group can generate sufficient revenue from Unconnected Loans during the relevant financial year. The Annual Caps are determined principally by reference to the following factors:

1. the historical revenue of the GOME Group (inclusive of the companies which GOME acquired in March 2016);

2. the historical balance of trade payables of the GOME Group (inclusive of the companies which GOME acquired in March 2016);

3. the demand from the GOME Customers on financial leasing services;

4. the estimated potential market size and demand from the GOME Suppliers;

5. the aggregate sum of the proceeds of the Subscription(s) which, among other sources of financing which may be available from time to time, will be used to finance the expansion of the portfolio of Connected Factoring Loans and the internal financial resources of GOME Xinda;

6. the amount of the proceeds from the Subscription(s) will be used to increase the capital to finance the expansion of the portfolio of Connected Financial Leasing; and

7. the assumption that the size of the Group's Connected Factoring Loan portfolio for years 2017, 2018 and 2019 will be substantially the same.

Connected Factoring Loans

As advised by the management of Swiree, taking into account that the trade payables of the GOME Group amounted to approximately RMB10 billion by the end of 2014 and assuming 20% of the trade payables would be seeking factoring loans from members of the Group, the potential market size of the Connected Factoring Loans from the GOME Suppliers would be approximately RMB2 billion. In arriving at the assumption of 20% realisation rate, we understand that the Management has considered the scale of operations of the GOME Suppliers and assessed their business relationship with the GOME Group. As advised by the Management, the top 25 suppliers of the GOME Group have accounted for approximately 79% of the trade payables. The Management considers that the GOME Suppliers which are small-to-medium enterprises are more likely to have a greater funding need and hence the commercial factoring services offered by members of the Group. As such, based on understanding from Swiree of the portfolio of the GOME Suppliers and their respective balances, potentially approximately 20% of the GOME Suppliers may demand commercial factoring services from members of the Group. As a result, the Management adopted a realisation rate of 20% in calculating the potential market size.

As set out in the "Letter from the Board" contained in the Circular, the Company intends to allocate approximately HK$700 million to the provision of factoring loans and the extension of its commercial factoring services to the GOME Suppliers and other potential customers such as suppliers of other significant retail chains in the PRC and the respective suppliers, distributors and other business partners of the GOME Suppliers and the other potential customers. As advised by the Management, approximately RMB298 million (equivalent to approximately HK$350 million) out of the HK$700 million would be allocated to the provision of factoring loans specifically to the GOME Suppliers. In addition, the Group will use the internal financial resources of GOME Xinda to finance the making of Connected Factoring Loans. As at 31 January 2016, GOME Xinda had cash of approximately RMB48 million and loan receivables of GOME Xinda amounted to approximately RMB183.7 million. When determining the annual caps for the Connected Factoring Loans, the Company has taken into account (i) the potential market of the Connected Factoring Loans from the GOME Suppliers of approximately RMB2 billion as mentioned above; (ii) sources of funding to finance the making of Connected Factoring Loans; and (iii) the Connected Factoring Loan business with the GOME Suppliers is new to the Group with potential growth. In light of the above, we consider the proposed annual caps of RMB600 million for each of the years ending 31 March 2017, 2018 and 2019 respectively are reasonable.

Connected Financial Leasing

Currently, the Group does not conduct financial leasing business with the GOME Customers. The proposed annual caps for Connected Financial Leasing are determined principally based on the amount of the net proceeds from the Swiree Subscription or all of the Subscriptions to be allocated to the financial leasing segment of the Group and the historical demand from the GOME Customers.

The GOME Group is cooperating with two major consumer finance companies in arranging loans to be provided to the GOME Customers. The aggregate principal amounts of financial leasing loans provided by the two major consumer finance companies to the GOME Customers has reached approximately RMB150 million in 2015. As advised by the management of Swiree, members of the Group can replace the two major consumer finance companies in providing similar services to the GOME Customers upon the completion of the Subscription(s). As such, the Group could take over the business of the two consumer finance companies in relation to the GOME Customers. Given that the GOME Group has maintained revenue over RMB60 billion in the past two years, there would be a high potential for growth of demand for financial leasing services from the GOME Customers after further development and promotion of the financial leasing segment of the Group to the GOME Customers.

Considering (i) that there would be approximately HK$350 million from the net proceeds of the Subscription(s) to be allocated to the financial leasing segment of the Group including the extension of financial leasing services to the GOME Customers and other buyers, purchasing goods from other reputable distributors or retail chains, among which it is estimated that RMB128 million would be allocated specifically to the GOME Customers as a result of the potential replacement of the two major consumer finance companies by members of the Group in the provision of financial leasing services; and (ii) the historical demand and potential growth in demand from the GOME Customers as mentioned above, the proposed annual caps of RMB100 million, RMB120 million and RMB120 million for each of the years ending 31 March 2017, 2018 and 2019 respectively are reasonable.

Additional limit

Regarding the limit of 40% for the aggregate principal amounts of any outstanding Connected Factoring Loans and Connected Financial Leasing loans over the Group's latest published total assets and the limit of 50% for the aggregate revenue generated from the Connected Factoring Loans and the Connected Financial Leasing over the Group's total revenue in each financial year, the outstanding loan balance over the total assets as at 31 March 2016 and 31 March 2015 were approximately 80% and 20% respectively and income from commercial factoring and financial leasing accounted for approximately 20% of the total income from financial services for the year ended 31 March 2016, the relevant limits were determined after taking into account (i) the Group (which shall include GOME Xinda after the Transfer Closing) has operated in the financial services industry for less than three years with potential for business expansion; (ii) the funding available for Connected Factoring Loans and Connected Financial Leasing loans upon completion of the Subscription(s); (iii) the future business development and growth potential of the Group, in particular, the commercial factoring and financial leasing segments, upon completion of the Subscription(s); and (iv) the revenue from GOME Xinda on commercial factoring business after the Transfer Closing.

Generally speaking, in our opinion, it is in the interests of the Group for the Annual Caps to be as accommodating to the Group as possible, provided that the pricing terms for the Connected Factoring Loans and Connected Financial Leasing are fair and reasonable and the conduct of those transactions would be subject to annual review by independent non-executive Directors and auditors of the Company (as discussed in the section below) as required under the Listing Rules, the Group would have flexibility in conducting its businesses if the Annual Caps are tailored to the future business and market growth. If the annual caps are set without considering sufficient room for future business growth and the Company has to revise the annual caps upward at a general meeting before taking up additional businesses, the

Company may lose some business opportunities and incur additional administrative costs and resources to obtain approval from the Independent Shareholders. In assessing the reasonableness of the Annual Caps, we have discussed with the Management the basis of calculations which is considered reasonable. Having considered the above, we are of the view that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

6. Annual review of the continuing connected transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions to be carried out pursuant to the Framework Agreements are subject to the following annual review requirements:

(a) each year the independent non-executive Directors must review the transactions to be carried out pursuant to the Framework Agreements and confirm in the annual report and accounts that the transactions to be carried out pursuant to the Framework Agreements have been entered into:

  (i) in the ordinary and usual course of business of the Group;

  (ii) on normal commercial terms or better; and

  (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days before the bulk printing of the Company's annual report), confirming whether anything has come to their attention that causes them to believe that the transactions to be carried out pursuant to the Framework Agreements:

  (i) have not been approved by the Board;

  (ii) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

  (iii) were not entered into, in all material aspects, in accordance with the Framework Agreements; and

  (iv) have exceeded the Annual Caps;

(c) the Company shall allow, and shall ensure that the counterparties to the transactions to be carried out pursuant to the Framework Agreements allow, the Company's auditors access to their records for the purpose of the reporting on the transactions to be carried out pursuant to the Framework Agreements as set out in paragraph (b). The Board must state in the annual report whether the Company's auditors have confirmed the matters stated in Listing Rule 14A.56; and

(d) the Company shall promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of the reporting requirements for the transactions to be carried out pursuant to the Framework Agreements, in particular, (a) the restriction of the values of the transactions to be carried out pursuant to the Framework Agreements by way of the Annual Caps; and (b) the requirement under the Listing Rules for ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions to be carried out pursuant to the Framework Agreements and the Annual Caps, we are of the view that there exist appropriate measures to govern the conduct of the transactions to be carried out pursuant to the Framework Agreements and to safeguard the interests of the Independent Shareholders.

DISCUSSION AND ANALYSIS

The Subscriptions and the Whitewash Waiver

Strategic cooperation with GOME

The Group is principally engaged in the provision of financial services, including the provision of commercial factoring services, real estate-backed loan services, personal property pawn loan services, other loan services, financial leasing services, and financial consulting services in the PRC and money lending services in Hong Kong. Given the mixed outlook for the growth of the property market in the PRC as demonstrated by the recent fluctuations in the growth rate of investment in the real estate development in the PRC, the Group has therefore diversified to commercial factoring and financial leasing segments in 2014. The future development of commercial factoring and consumer financing is positive, given the governmental support and historical growth of these markets in recent years, details of which are set out in the section headed “1. Reasons for the Subscriptions” of this letter. Money lending business is a capital intensive business. The Company is in the right direction of expanding commercial factoring and financial leasing businesses in light of the decrease in the contribution of revenue from real-estate backed loan and personal property pawn loan for the year ended 31 March 2016 as compared with the previous year. Going forward, there still exist uncertainties on the outlook of property market in the PRC. The Management needs to consider ways of expanding commercial factoring and financial leasing businesses. The introduction of GOME as a strategic partner would facilitate the existing business of commercial factoring and financial leasing of the Company. Through the Subscriptions, the Group would not only be able to leverage on the GOME Group’s existing resources such as its connection of suppliers, other business partners and retail customers to expand the Group’s client base, but also obtain substantial funding for developing financial services business of the Group, in particular, the expansion of the commercial factoring and financial leasing segments of the Group. The Group will then be able to leverage its experience gained from its cooperation with GOME and target other supply and distribution chains financing opportunities in the PRC. In addition, with the Group’s intention of entering into the third party payment business, the GOME Group’s online distribution channels could offer a large base of potential users of the Group’s third party online payment platform.

In view of (i) the positive market outlook of commercial factoring and consumer financing segments; (ii) the GOME Group's existing resources such as its connection of suppliers, other business partners and retail customers could be leveraged by the Group in expansion; and (iii) the fact that the Subscriptions would strengthen the financial position of the Group and provide substantial funding for developing financial services business of the Group, we concur with the Directors that it would be in the interests of the Group through the Subscriptions to establish a strategic cooperation with a reputable and large retail network which could assist the Group in expanding its customer base.

Subscription Price

As set out in the section headed "4. Evaluation of the Subscription Price", the Subscription Price represents discounts in a range from approximately 54.5% to 56.5% to the closing price under various parameters on or before the Last Trading Day. On the basis set out in the section headed "7. Discussion on the Subscription Price", including but not limited to, (i) the Group has been experiencing continuous operating losses from continuing operations, i.e. financial services business, for each of the three years ended 31 March 2016 and decrease in financial services income for the year ended 31 March 2016 as compared with the year ended 31 March 2015; (ii) the Subscription Price represents a discount of approximately 2.0% over the consolidated NAV per Share of the Company of HK$0.786 as at 31 March 2016 but the Subscription Price to book value of the Group is above the mean of the P/Bs of the Comparable Companies as set out in the section headed "6. Comparable companies" of this letter above; (iii) the discounts of the Subscription Price are within the range of discounts of the Comparable Issues and close to the mean of discounts of the Comparable Issues, which provide a general reference of this type of transaction in the market, as set out in the section headed "5. Comparable Issues" of this letter above; and (iv) the benefits of the Subscriptions with the strategic partnership with GOME, we consider that the Subscription Price is fair and reasonable.

Financial effects of the Subscriptions

The NAV of the Group will be enhanced but the NAV per Share would decrease slightly of approximately 2.2% upon completion of the Subscriptions or the Swiree Subscription only. Gearing and liquidity position of the Group would improve as a result of the Subscriptions, allowing the Group to carry out the ongoing business and future development.

Decrease in existing other public Shareholders' percentage shareholding

The dilution to the shareholding interest of the existing other public Shareholders from approximately 63.4% as at the Latest Practicable Date to approximately 14.9% immediately after completion of the issue of the Subscription Shares (assuming that none of the Share Options is exercised and that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares between the Latest Practicable Date and the Completion Date) is substantial. However, in view of (i) the benefits to be derived by the Group from the Subscriptions; (ii) the Subscription Price being considered to be fair and reasonable as discussed above; and (iii) the enhancement of the financial position of the Group, we consider that the dilution effect is acceptable.

Continuing connected transactions – the Framework Agreements

After the Transfer Closing and the completion of the Subscription(s), the Group plans to expand its money lending business and targets to tap into the opportunity of granting the Connected Factoring Loans and the Connected Financial Leasing loans to the GOME Suppliers and the GOME Customers respectively. Given that (i) the Group is principally engaged in the provision of commercial factoring services and financial leasing services; and (ii) the arrangements bring additional income to the Group, we consider the entering into of the Framework Agreements is in the interests of the Company and the Shareholders as a whole.

Given the terms of the Framework Agreements are based on normal commercial terms and with reference to terms and conditions of similar or comparable services offered by the Group to independent third parties, we consider them fair and reasonable so far as the Independent Shareholders are concerned. The Annual Caps, have been set after taking into account (i) the amount of net proceeds from the Swiree Subscription or all of the Subscriptions which is intended to be allocated to the factoring loan services and financial leasing services for the GOME Suppliers and the GOME Customers; (ii) the historical principal amount of financial leasing loans from the GOME Customers; and (iii) potential market size of the Connected Factoring Loans and Connected Financial Leasing based on the GOME Group's recent business data and existing portfolios of the GOME Suppliers, are fair and reasonable so far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the terms of the Subscription Agreements and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the Subscriptions and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and (iii) the terms of the Framework Agreements and the Annual Caps are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Whitewash IBC and the CCT IBC to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Subscriptions, the Whitewash Waiver, the Framework Agreements and the Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
David Ching
Director

* *Mr. David Ching is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.*

1. FINANCIAL SUMMARY

The following is a summary of (i) the audited financial results of the Group for each of the three financial years ended 31 March 2014, 2015 and 2016; and (ii) the audited assets and liabilities of the Group as at 31 March 2014, 2015 and 2016, as extracted from the annual reports of the Company for the financial years ended 31 March 2015 and 2016.

(a) Consolidated statement of profit or loss

	For the financial year ended 31 March		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Continuing operations			
Revenue	28,304	48,932	33,370
(Loss)/profit before income tax	(767)	(44,083)	(4,583)
Income tax expenses	(2,186)	(6,593)	(2,591)
(Loss)/profit for the year from continuing operations	(2,953)	(50,676)	(7,174)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	(89,275)	8,893	11,080
(Loss)/profit for the year	(92,228)	(41,783)	3,906
(Loss)/profit for the year attributable to:			
Owners of the Company	(98,097)	(41,783)	3,906
Non-controlling interests	5,869	–	–
	(92,228)	(41,783)	3,906
Earnings/(loss) per share:			
From continuing & discontinued operations			
Basic	(39.43) HK cents	(6.85) HK cents	0.62 HK cents
Diluted	(39.43) HK cents	(6.85) HK cents	0.61 HK cents
From continuing operations			
Basic and diluted	(3.55) HK cents	(8.31) HK cents	(1.13) HK cents
Dividends per share	–	–	–

(b) Consolidated statement of financial position

	As at 31 March		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	18,275	694,925	34,895
Current assets	480,857	237,205	524,835
	499,132	932,130	559,730
Non-current liabilities	1,466	320,654	32,475
Current liabilities	93,543	111,998	28,558
	95,009	432,652	61,033
Net assets	404,123	499,478	498,697
Total equity	404,123	499,478	498,697

The auditors of the Company for each of the three years ended 31 March 2014, 2015 and 2016, HLB Hodgon Impey Cheng Limited, did not issue any qualified or modified opinion on the financial statements of the Group for each of the three years ended 31 March 2014, 2015 and 2016.

The Group did not have any items which are exceptional because of size, nature or incidence for each of the three financial years ended 31 March 2014, 2015 and 2016.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The following is the full text of the audited consolidated financial information of the Group for the financial year ended 31 March 2016 as extracted from the annual report of the Company for the financial year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Continuing operations			
Revenue	6	33,370	48,932
Other income	6	1,577	165
Other gains and losses, net	6	(1,007)	(27,214)
Administrative expenses		(25,828)	(28,835)
Impairment loss on loans receivable	21	(6,131)	(7,246)
Share-based compensation		–	(23,357)
Finance costs	7	(6,564)	(6,528)
Loss before taxation		(4,583)	(44,083)
Taxation	8	(2,591)	(6,593)
Loss for the year from continuing operations		(7,174)	(50,676)
Discontinued operation			
Profit for the year from discontinued operation	9	11,080	8,893
Profit/(loss) for the year attributable to owners of the Company	10	3,906	(41,783)
Earnings/(loss) per share	12		
From continuing & discontinued operations			
Basic		0.62 HK cents	(6.85) HK cents
Diluted		0.61 HK cents	(6.85) HK cents
From continuing operations			
Basic and diluted		(1.13) HK cents	(8.31) HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016	2015
	HK$'000	*HK$'000*
Profit/(loss) for the year	3,906	(41,783)
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(17,863)	332
Reclassification from exchange reserve to profit or loss upon disposal of subsidiaries	13,176	–
	(4,687)	332
Total comprehensive loss for the year attributable to owners of the Company	(781)	(41,451)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

	Note	2016 HK$'000	2015 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	15	19,165	6,269
Intangible assets	16	5,588	5,878
Goodwill	17	7,148	53,646
Investment properties	18	–	627,328
Deferred tax assets	19	2,994	1,804
		34,895	694,925
Current assets			
Financial assets at fair value through profit or loss	20	28,059	30,559
Trade and loans receivable	21	436,407	177,669
Prepayments, deposits and other receivables	22	6,410	2,551
Promissory note receivable	23	30,000	–
Cash and cash equivalents	24	23,959	26,426
		524,835	237,205
Liabilities			
Current liabilities			
Trade payables	25	2,574	511
Accruals and other payables	26	22,541	10,767
Tax payables		3,443	–
Borrowings	27	–	100,720
		28,558	111,998
Net current assets		496,277	125,207
Total assets less current liabilities		531,172	820,132
Non-current liabilities			
Borrowings	27	–	186,881
Bonds	28	31,078	21,945
Deferred tax liabilities	19	1,397	111,828
		32,475	320,654
Net assets		498,697	499,478
Capital and reserves			
Share capital	29	63,478	63,478
Reserves		435,219	436,000
Total equity		498,697	499,478

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Capital reserves	Revaluation reserves	Share option reserves	Exchange reserves	Accumulated losses	Total reserves	Total Equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2014	55,857	802,210	569,044	85,889	638	–	(1,171)	(1,108,344)	348,266	404,123
Loss for the year	–	–	–	–	–	–	–	(41,783)	(41,783)	(41,783)
Other comprehensive income for the year	–	–	–	–	–	–	332	–	332	332
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	332	(41,783)	(41,451)	(41,451)
Issue of consideration shares	3,321	57,453	–	–	–	–	–	–	57,453	60,774
Shared-based payments	–	–	–	–	–	23,357	–	–	23,357	23,357
Placing of shares	4,300	49,450	–	–	–	–	–	–	49,450	53,750
Expense of issue of shares	–	(1,075)	–	–	–	–	–	–	(1,075)	(1,075)
At 31 March 2015	63,478	908,038	569,044	85,889	638	23,357	(839)	(1,150,127)	436,000	499,478
At 1 April 2015	63,478	908,038	569,044	85,889	638	23,357	(839)	(1,150,127)	436,000	499,478
Profit for the year	–	–	–	–	–	–	–	3,906	3,906	3,906
Other comprehensive loss for the year	–	–	–	–	–	–	(4,687)	–	(4,687)	(4,687)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	(4,687)	3,906	(781)	(781)
Share option lapsed	–	–	–	–	–	(2,273)	–	2,273	–	–
At 31 March 2016	**63,478**	**908,038**	**569,044**	**85,889**	**638**	**21,084**	**(5,526)**	**(1,143,948)**	**435,219**	**498,697**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2016

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Loss before taxation from continuing operations		(4,583)	(44,083)
Profit before taxation from discontinued operation	9	7,818	12,008
Adjustments for:			
Bank interest income	6	(48)	(175)
Finance costs		15,280	13,244
Fair value changes on investment properties		(1,615)	(12,460)
Fair value changes on financial assets at fair value through profit or loss	6	2,500	(3,017)
Reversal of impairment loss on loans receivable	6,21	(957)	(10,088)
Loss on early repayment of promissory note		–	40,318
Share-based compensation		–	23,357
Provision for impairment loss on loans receivable	21	6,131	7,246
Depreciation of property, plant and equipment	10,15	2,588	1,407
Operating cash flows before movements in working capital		27,114	27,757
(Increase)/decrease in trade and loans receivable		(278,232)	179,384
(Increase)/decrease in prepayments, deposit and other receivables		(19,130)	75,359
Increase/(decrease) in trade payables		2,063	(126)
Increase/(decrease) in accruals and other payables		16,482	(37,056)
Cash (used in)/generated from operations		(251,703)	245,318
Income tax paid		(423)	(6,571)
Interest paid		(14,368)	(12,316)
Net cash (used in)/generated from operating activities		(266,494)	226,431

	Notes	2016 HK$'000	2015 HK$'000
Cash flows from investing activities			
Interest received		48	175
Net cash outflow on acquisition of subsidiaries		–	(110,515)
Addition on investment properties		–	(4,822)
Purchase of property, plant and equipment	15	(15,629)	(4,932)
Net cash inflow on disposal of subsidiaries	9	361,977	–
Net cash generated from/(used in) investing activities		346,396	(120,094)
Cash flows from financing activities			
Issue of bonds		10,000	25,000
Repayment of borrowings		(90,148)	(12,785)
Expenses of issue of bonds		(1,250)	(3,125)
Repayment of promissory note		–	(240,000)
Placing of shares		–	53,750
Expenses of issue of shares		–	(1,075)
Net cash used in financing activities		(81,398)	(178,235)
Net decrease in cash and cash equivalents		(1,496)	(71,898)
Cash and cash equivalents at beginning of year		26,426	98,553
Effect of foreign exchange rate changes		(971)	(229)
Cash and cash equivalents at end of year		23,959	26,426

1 GENERAL INFORMATION

Sino Credit Holdings Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**HKEx**"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business in Hong Kong is Unit 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise of pawn business, commercial factoring, financial leasing and financial consultancy services in the People's Republic of China ("**PRC**") and money lending service in Hong Kong.

The properties leasing in PRC was discontinued during the year ended 31 March 2016.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as functional currency of the Company, and the functional currency of some subsidiaries is Renminbi ("**RMB**"). The management considered that it is more appropriate to present the consolidated financial statements in HK$ as the share of the Company are listed on the HKEx. The consolidated financial statements are presented in thousands of units of HK$ (HK$'000), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the current year, the Group has adopted for the first time the new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for annual periods on or after 1 April 2015.

Amendments to HKFRSs	Annual Improvement to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined benefit plans: Employee contributions

The application of the above new and revised HKFRSs had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to HKFRSs	Annual Improvement to HKFRSs 2012-2014 Cycle[1]
HKAS 1 (Amendments)	Disclosure Initative[1]
HKAS 7 (Amendments)	Disclosure Initative[6]
HKAS 12 (Amendments)	Recognition of Deferral Assets for Unrealised Losses[6]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plant[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2019, earlier application is permitted if only in conjunction with HKRFS 15.

5 Effective for annual periods beginning on or after a date to be determined.

6 Effective for annual periods beginning on or after 1 January 2017.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments shall be applied prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 "Disclosure – Offsetting Financial Assets and Financial Liabilities" issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 "Interim Financial Reporting".

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in opening retained earnings of the earliest comparative period presented.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere in the interim financial report. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company ("**Directors**") do not anticipate that the application of the said amendments to HKRFRSs will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments to HKAS 7 require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

To satisfy such requirements, an entity shall disclose (to the extent necessary) the changes in liabilities arising from financing activities including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes.

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

The amendments state that one way to fulfil the new disclosure requirement is to provide reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities.

Finally, the amendments also state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The amendments will become effective for consolidated financial statements with annual periods beginning on or after 1 January 2017. Early application is permitted.

The Directors anticipate that the application of amendments to HKAS 7 in the future may have a material impact on the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of amendments to HKAS 1 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 "Equity Method in Separate Financial Statements"

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost;
- In accordance with HKFRS 9 "Financial Instruments" (or HKAS 39 "Financial Instruments: Recognition and Measurement" for entities that have not yet adopted HKFRS 9), or
- Using the equity method as described in HKAS 28 "Investments in Associates and Joint Ventures".

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 "Consolidated Financial Statements" and to HKFRS 1 "First time Adoption of Hong Kong Financial Reporting Standards".

The Directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held with a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the type of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKRFS 9 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKFRS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 "Business Combinations". Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 "Impairment of Assets" regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business, as defined in HKFRS 3, is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The Directors do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKRFS 15 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 16 "Leases"

HKFRS 16 was issued on 13 January 2016 and is effective for annual periods beginning on or after 1 January 2019. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments in these consolidated financial statements in Note 31.

The Directors anticipate that the application of HKRFS 16 in the future may impact the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

A summary of significant accounting policies adopted by the Group in the preparation of the consolidated financial statements is set out below:

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which also include Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong, 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 "**Listing Rules**") and by the Hong Kong Companies Ordinance ("**CO**").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of financial statements and directors' reports and audits became effective for the Company for the financial year ended 31 March 2016. Further, the disclosure requirements set out in the Listing Rules regarding annual consolidated financial statements have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in these consolidated financial statements based on the new requirements. Information previously required to being discloses under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements. A summary of the significant accounting policies adopted by the Group (as defined hereinafter) is set out below.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGUs**") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its location and working condition for its intended use. Expenses incurred after item of property, plant and equipment have been put into operation, such as repair and maintenance, is normally charged to the consolidated statement of comprehensive income in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives and after taking into account their estimated residual values. The principal annual rates used for this purpose are as follows:

Leasehold improvements	33.3%
Furniture, fixtures and office equipment	20% to 50%
Motor vehicle	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net proceeds and the carrying amount of the relevant assets.

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their costs).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gain and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and loans receivable, other receivables, cash and cash equivalents as well as promissory note receivable) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and loans receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period range from 15 days to 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and loans receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including trade payables, accruals and other payables, bonds as well as borrowings) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial positions, cash and cash equivalents comprise cash on hand and at banks, which are not restricted to use.

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 measured reliably, revenue is recognised in profit or loss as follows:

(a) Dividend income from investments is recognised when the shareholders' right to receive payment have been established.

(b) Interest income form a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Consultancy service fee income is recognised when the services are provided.

(d) The Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate or return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Retirement benefits costs

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of reporting period the expected future cost of such paid leave earned during the year by the employees and carried forward.

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

As stipulated by the rules and regulations of the PRC, the Company's subsidiaries registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post- retirement benefits beyond the annual contributions.

The costs of employee retirement benefits are recognised as expenses in the consolidated statements of profit or loss and other comprehensive income in the period in which they are incurred.

Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in a capital reserve within equity. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the fair value recognised in prior years is charged/credited to the consolidated statement of comprehensive income for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based transaction are set out in Note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share option that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Share-based payment transactions of the acquire in a business combination

When the share-based payment awards held by the employee of an acquiree (acquire awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquire awards and the replacement awards are measured in accordance with HKFRS 2 "Share-based Payment" ("**market-based measure**") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquire awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree awards. The excess of the market-based measure of the replacement awards over the market-based measure of the acquire awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquire awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with HKFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquire share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, and asset is recognised.

Related party transactions

(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) the entity and the Group 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).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

Borrowing cost

Borrowing costs are expenses in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business 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 or class of customers, the methods used to distribute the products or to 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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies which are described in Note 2, management has made certain key assumptions concerning the future, and other key sources of estimation uncertain at the end of reporting period, that may have a significant risk in causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Income taxes

The Group is subject to income taxes in numerous tax authorities. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of intangible assets

Determine whether intangible assets are impaired required estimation of the value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

The Group tests annually whether intangible assets have suffered any impairment in accordance with the accounting policy stated above. The recoverable amounts of intangible assets have been determined based on discounted cash flow method (Note 16).

The carrying amount of intangible assets at the end of the reporting period was approximately HK$5,588,000 (2015: HK$5,878,000).

Impairment of receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer and the related parties. If the financial conditions of the customers and other debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on as straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the property, plant and equipment regularly in order to determine the amount of depreciation expenses to be recorded during the any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or services output of the assets. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates including:

- current prices in an active market for property of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those difference; and
- recent prices of similar property in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those price; and
- net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the lease, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The Group uses assumptions that are mainly based on market conditions existing at the end of each of the year.

The principal assumption underlying management's estimation of fair value is related to the estimated amount for which the properties should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and without compulsion.

The Group assesses the fair value of investment properties based on valuation determined by qualified independent professional surveyors.

Share-based payments

The Group follows the guidance of HKFRS 2 when determining the fair value of the share options granted at the grant date. This determination requires significant estimate. In making this judgement, the Group incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price and the valuation technique should be consistent with the generally accepted valuation methodologies for pricing financial instruments.

Deferred taxation on investment properties

The Group recognises deferred tax in respect of the changes in fair value of the investment properties based on directors' best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties are subsequently disposed by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, the Group may be liable to higher tax upon disposal.

Impairment of goodwill

The Group perform annual test on whether there has been impairment of goodwill in accordance with the accounting policy stated in Note 2. The recoverable amounts of CGUs are determined based on value in use calculations. These calculations require the use of estimates and assumptions made by management on the future operation of the business, post-tax discount rates, and other assumptions underlying the value in use calculations.

4 FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2016	2015
	HK$'000	*HK$'000*
Financial assets:		
Loans and receivables		
Trade and loans receivable	436,407	177,669
Other receivables	3,192	1,521
Promissory note receivable	30,000	–
Cash and cash equivalents	23,959	26,426
Financial assets at FVTPL		
Held for trading	28,059	30,559
Financial liabilities:		
At amortised cost		
Trade payables	2,574	511
Accruals and other payables	22,526	8,929
Bonds	31,078	21,945
Borrowings	–	287,601

(b) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, foreign exchange risk and other price risk), credit risk and liquidity risk.

The Group has engaged financing service business in the PRC in the current year. The Group has exposed to financial risk underlying with the expenditure of business operation. The Group has adopted risk management objectives and policies to corporate with the financing service. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

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

Market risk exposures are measured by sensitivity analysis.

Interest rate risk management

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate positions arise from lending activities, bonds and borrowings. The Group's exposures to fair value interest rate risk relates primarily to fixed-rate lendings, bonds and borrowings. The interest rates and terms of repayment of financial assets, borrowings and bonds of the Group are disclosed in Notes 21, 27 and 28.

Although the Group's loans receivable, bonds and fixed-rate borrowing are subject to interest rate risk, they are not remeasured in the consolidated 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.

The Group's cash flow interest rate risk relates primarily to floating-rate borrowing. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis on interest rate risk

Regarding the cash flow interest rate risk, the sensitivity analysis set out below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2016 would not be affected (31 March 2015: decrease/increase by approximately HK$1,088,000). This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Foreign exchange risk management

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The main operations of the Group were in the PRC and most of the transactions were denominated in RMB. Foreign exchange risk arises from the foreign currency denominated of commercial transactions, assets and liabilities. The Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency as the functional currency of each entity of the Group.

In the opinion of the Directors, since the Group's risk exposure is minimal, no sensitivity analysis is presented.

Other price risk management

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in mining resources, provision of securities brokerage, development of large-scale new town, provision of healthcare and wellness service and provision of artists managements services quoted in the HKEx.

Sensitivity analysis on other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower, net profit for the year ended 31 March 2016 would increase/decrease by approximately HK$1,403,000 (2015: HK$1,528,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group's credit risk are primarily attributable to its trade and loans receivable. In order to minimise the credit risk, the Group have established policies and systems for the monitoring and control of credit risk.

The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow up action is taken to recover overdue debts. The board of directors has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's advance portfolio. In addition, management reviews the recoverable amount of loans and receivables individually or collectively at each reporting date by using the Group's credit rating system to ensure that adequate impairment losses are made for irrecoverable amounts. The Group also requests the customers to provide collateral for real-estate-backed loans and personal property pawn loans arrangement as appropriate. In the event of default or failure to repay any outstanding guarantee amounts by the customers, the Group will proceed with sale of collateral. Besides, the customers provide leased assets as collateral for finance lease. In the event of default, the Group will proceed with sale of leased assets. Moreover, the Group receives financial guarantee from financial institutions or individuals to secure the other loans arrangement. In order to maintain the credit risk at desirable levels, the Group's average loan-to-value ratio was kept at a level that could ensure the recoverability of the outstanding guarantee amount. 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 trade and loans receivable are set out in Note 21.

The Group's policy requires the review of individual financial assets that are above materiality thresholds regularly. 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.

The credit risk of other financial assets of the Group, mainly comprise of cash and cash equivalent, is mitigated as cash is deposited in bank with high credit rating.

Liquidity risk

The Group's liquidity risk management includes diversifying the funding sources. Internally generated cash flow and funds raising from issuance of shares are the general source of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following tables detail the Group's remaining contractual maturity for its financial liabilities which are included in the maturity analysis provided internally to the key management personnel for the purpose of managing liquidity risk. For non-derivative financial liabilities, the table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Weighted average effective interest rate	**Within 1 year**	**2 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2016						
Non-derivative financial liabilities						
Accruals and other payables	–	22,526	–	–	22,526	22,526
Trade payables	–	2,574	–	–	2,574	2,574
Bonds	9.28	5,326	21,781	10,445	37,552	31,078
At 31 March 2015						
Non-derivative financial liabilities						
Accruals and other payables	–	8,929	–	–	8,929	8,929
Trade payables	–	511	–	–	511	511
Bonds	9.28	3,803	15,441	10,943	30,187	21,945
Bank borrowing	7.21	45,561	160,148	71,954	277,663	217,601
Loan from other entity	8.00	75,539	–	–	75,539	70,000

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

(i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively.

(ii) The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis using observable and/or unobservable inputs).

(iii) The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

31 March 2016

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Financial assets at FVTPL	28,059	–	–	28,059

31 March 2015

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Financial assets at FVTPL	30,559	–	–	30,559

There were no transfers between Levels 1 and 2 in the both years.

(c) Capital risk management

The Group's objectives when managing capital are to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debts which include total liabilities except tax liabilities and deferred tax liabilities and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

Gearing ratio

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The ratio is calculated based on total debt and owners' equity. The increase in gearing ratio is mainly due to fund raising from a financial institution for the purpose of the new financial services operations during the year, which led to an increase in total debt.

The gearing ratio at the end of the reporting period was as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Total debt	56,178	318,986
Owners' equity	498,697	499,478
Gearing ratio	0.113	0.639

5 SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making. The executive directors consider the business from a product and service perspectives. Summary of details of the operating segments is as follows:

Continuing operations

- Financing services

  Provision of pawn loans services, real estate-backed loan service, other loan service, commercial factoring, finance leasing and financial consultancy services in the PRC, and money lending service in Hong Kong.

Discontinued operation

- Properties leasing

  Receiving profit streams from leasing retail premises in PRC.

(a) Business segments

An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the years ended 31 March 2016 and 2015 by operating segments is as follows:

	Continuing operations Financing services		Discontinued operation Properties leasing		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue (from external customers)	33,370	48,932	19,503	6,947	52,873	55,879
Segment results	2,801	24,368	11,080	12,008	13,881	36,376
Fair value changes on financial assets at FVTPL					(2,500)	3,017
Bank interest income					1	1
Dividend income					1,526	–
Finance costs					–	(424)
Share-based compensation					–	(23,357)
Loss on early repayment of promissory note					–	(40,318)
Unallocated expenses					(6,411)	(7,370)
Profit/(loss) before taxation					6,497	(32,075)
Taxation					(2,591)	(9,708)
Profit/(loss) for the year					3,906	(41,783)
Segment assets	499,406	213,476	–	687,936	499,406	901,412
Financial assets at FVTPL					28,059	30,559
Unallocated assets					32,265	159
Total assets					559,730	932,130
Segment liabilities	58,378	94,544	–	335,294	58,378	429,838
Unallocated liabilities					2,655	2,814
Total liabilities					61,033	432,652

Other segment information:

	Continuing operations Financing services		Discontinued operation Properties leasing		Unallocated items		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	(2,580)	(1,400)	–	–	(8)	(7)	(2,588)	(1,407)
Impairment loss on loans receivable	(6,131)	(7,246)	–	–	–	–	(6,131)	(7,246)
Fair value change on investment properties	–	–	1,615	12,460	–	–	1,615	12,460
Additions to non-current assets*	(15,629)	(4,932)	–	–	–	–	(15,629)	(4,932)
Reversal of impairment loss recognised on loans receivable	957	10,088	–	–	–	–	957	10,088

* Additions to non-current assets only include the additions to property, plant and equipment during the year.

Segment results represents the profit/(loss) earned by each segment without allocation of fair value changes on financial assets at FVTPL, finance income, finance costs and corporate expenses. This is the measure reported to the Directors for the purpose of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than financial assets at FVTPL, promissory note receivable and corporate financial assets;
- All liabilities are allocated to reportable segments other than corporate financial liabilities.

(b) Geographical information

The Group operates in two principal areas – the PRC and Hong Kong. Revenue and non-current assets by location from continuing operations are detailed below:

	Revenue from external customers		Non-current assets	
	2016	2015	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	6,505	7,351	1,898	2,673
PRC	26,865	41,581	32,997	692,252
	33,370	48,932	34,895	694,925

(c) Major customers

Continuing operations

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2016 *HK$'000*	2015 *HK$'000*
Customer A	6,034	6,846

6 REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

Continuing operations

	2016 *HK$'000*	2015 *HK$'000*
Revenue		
Real estate-backed loan interest income	3,383	8,446
Personal property pawn loan interest income	5,431	10,820
Other loans interest income	17,934	17,365
Financial consultancy service income	312	2,622
Commercial factoring interest income	4,687	7,019
Financing lease interest income	1,623	2,660
	33,370	48,932
Other income		
Bank interest income	48	161
Dividend income	1,526	–
Others	3	4
	1,577	165
Other gains and losses, net		
Write back of long outstanding other payables	469	–
Reversal of impairment loss on loans receivable *(Note 21)*	957	10,088
Fair value change on financial assets at FVTPL	(2,500)	3,017
Loss on early repayment of promissory notes	–	(40,318)
Exchange gain/(loss)	67	(1)
	(1,007)	(27,214)

7 FINANCE COSTS

Continuing operations

	2016 *HK$'000*	**2015** *HK$'000*
Interest on:		
Borrowings	3,831	5,600
Promissory notes	–	424
Bonds	2,733	504
	6,564	6,528

8 TAXATION

Continuing operations

	2016 *HK$'000*	**2015** *HK$'000*
Current income tax		
– PRC	(3,884)	(5,873)
Total current tax	(3,884)	(5,873)
Deferred tax *(Note 19)*	1,293	(720)
Taxation	(2,591)	(6,593)

PRC corporate income tax is provided for at the rate of 25% (2015: 25%) on the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising from Hong Kong during the year. The Group has no assessable profit under Hong Kong profits tax for the years ended 31 March 2016 and 2015.

	2016 *HK$'000*	**2015** *HK$'000*
Loss before taxation	(4,583)	(44,083)
Tax calculated at domestic tax rates applicable to profits in the respective country	(1,680)	(4,804)
Tax effects of:		
– Tax effect of income not taxable for tax purpose	(3,558)	(2,522)
– Tax effect of expenses not deductible for tax purpose	6,319	5,176
– Tax effect of unrecognised tax loss	2,803	8,023
– Tax effect of unrecognised temporary differences	(1,293)	720
Tax charge	2,591	6,593

9 DISCONTINUED OPERATION

On 12 November 2015, the Company has disposed of its entire interest in Best Volume Investments Limited and its subsidiaries (collectively referred to as "**Best Volume Group**"). The operation of the Best Volume Group represented the entire business segment of properties leasing of the Group and therefore the disposal of the business was treated as discontinued operation in these consolidated financial statements in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The comparative consolidated statement of profit or loss, profit before taxation stated in these consolidated financial statements and the relevant disclosure notes for profit or loss items are re-presented for discontinued operation in the current period.

Profit from the discontinued operation were as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Profit after taxation *(note (a))*	7,855	8,893
Gain on disposal of subsidiaries *(note (d))*	3,225	–
Profit from discontinued operation attributable to owners of the Company	11,080	8,893

(a) Analysis of the results of discontinued operation is as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Revenue	19,503	6,947
Other income	31	14
Fair value changes on investment properties	1,615	12,460
Other gains and losses	(13)	–
Administrative expenses	(4,602)	(697)
Finance cost	(8,716)	(6,716)
Profit before taxation	7,818	12,008
Taxation	37	(3,115)
Profit after taxation	7,855	8,893

(b) Profit before taxation from discontinued operation is arrived at after charging the following:

	2016	**2015**
	HK$'000	*HK$'000*
Business taxes and other levies	1,068	548
Legal and professional fee	500	59

(c) Analysis of the cash flows of discontinued operation is as follows:

	2016	2015
	HK$'000	*HK$'000*
Net cash inflow from operating activities	18,848	29,505
Net cash inflow/(outflow) from investing activities	3	(4,805)
Net cash outflow from financing activities	(20,147)	(12,785)
Net cash (outflow)/inflow from discontinued operation	(1,296)	11,915

(d) Disposal of subsidiaries

Analysis of assets and liabilities over which control was lost

	2016
	HK$'000
Net assets disposed of	
Goodwill *(Note 17)*	46,498
Investment properties *(Note 18)*	606,858
Trade receivables	996
Other receivables	22,745
Tax recoverable	3
Cash and cash equivalents *(note (e))*	8,023
Receipt in advance	(734)
Accruals and other payables	(4,176)
Bank borrowing	(190,191)
Deferred tax liabilities *(Note 19)*	(106,423)
	383,599

	2016
	HK$'000
Gain on disposal of subsidiaries	
Net assets disposed of	(383,599)
Consideration	400,000
Cumulative exchange loss in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(13,176)
Gain on disposal of subsidiaries	3,225

(e) Net cash inflow on disposal of subsidiaries

	2016
	HK$'000
Analysis of net cash flow in respect of the disposal of subsidiaries is as follows:	
Cash consideration received	370,000
Cash and cash equivalents disposed of *(note (d))*	(8,023)
Total cash inflow from disposal of subsidiaries	361,977

10 PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is arrived at after charging:

Continuing operations

	2016	2015
	HK$'000	*HK$'000*
Staff cost:		
Salaries, wages and other benefits (including directors' emoluments)	9,646	12,395
Retirement benefit contributions	411	588
Share-based compensation	–	23,357
	10,057	36,340
Business taxes and other levies	794	2,238
Depreciation of property, plant and equipment	2,588	1,407
Auditors' remuneration	700	600
Legal and professional fee	3,843	3,553
Minimum lease payments under operating leases in respect of land and buildings	3,583	3,480

11 EMPLOYEE BENEFIT EXPENSES

(a) Directors' Emoluments

Directors' remuneration for the years ended 31 March 2016 and 2015, disclosed pursuant to the CO and the Listing Rules is as follows:

2016	**Fees**	**Salaries and allowances**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors				
Mr. Chung Tat Fun *(Note i)*	–	731	9	740
Mr. Chung Ho Chun	–	1,460	9	1,469
Mr. Fu Ear Ly *(Note iii)*	–	120	6	126
Mr. Huang Weibo *(Note iv)*	60	180	9	249
Non-executive directors				
Mr. So Chak Fai, Francis	240	–	–	240
Ms. Wong Yee Shuen, Regina *(Note ii)*	160	480	6	646
Independent non-executive directors				
Ms. Lee Shiow Yue	120	–	–	120
Mr. Poon Wai Hoi, Percy	120	–	–	120
Mr. Tang Chi Ho, Francis	120	–	–	120
	820	2,971	39	3,830

2015	**Fees**	**Salaries and allowances**	**Retirement benefit scheme contributions**	**Share-based payments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Chung Tat Fun *(Note i)*	–	704	8	2,322	3,034
Mr. Chung Ho Chun	–	1,462	5	2,389	3,856
Ms. Wong Yee Shuen, Regina *(Note ii)*	–	1,440	15	2,389	3,844
Mr. Fu Ear Ly *(Note iii)*	–	50	–	–	50
Non-executive directors					
Mr. So Chak Fai, Francis	240	–	–	–	240
Mr. Huang Weibo *(Note iv)*	230	–	–	2,389	2,619
Independent non-executive directors					
Ms. Lee Shiow Yue	120	–	–	–	120
Mr. Poon Wai Hoi, Percy	120	–	–	–	120
Mr. Tang Chi Ho, Francis	120	–	–	–	120
	830	3,656	28	9,489	14,003

Notes:

(i) Mr. Chung Tat Fun was re-designated as the chairman on 23 September 2014.

(ii) Ms. Wong Yee Shuen, Regina was resigned as chief executive officer and re-designated as non-executive director on 1 August 2015.

(iii) Mr. Fu Ear Ly was appointed as an executive director on 27 October 2014.

(iv) Mr. Huang Weibo was appointed as a non-executive director on 15 April 2014, and was re-designated as executive director on 24 June 2015.

For the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the directors has waived any emoluments for the years ended 31 March 2016 and 2015.

(b) Five Highest Paid Individuals and Senior Management

The five individuals with the highest emoluments include 2 Directors for the year ended 31 March 2016 (2015: 3 Directors). The emoluments in respect of other 3 (2015: 2) individuals, are senior management, are as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	2,792	1,691
Share-based payments	–	4,645
Pension scheme contributions	54	33
	2,846	6,369

The emoluments of the 3 (2015: 2) senior management fell within the following bands:

	Number of individuals	
	2016	**2015**
Nil-HK$1,000,000	2	–
HK$1,000,001-HK$1,500,000	1	–
HK$1,500,001-HK$2,000,000	–	–
HK$2,000,001-HK$2,500,000	–	–
HK$2,500,001-HK$3,000,000	–	1
HK$3,000,001-HK$3,500,000	–	1

For the years ended 31 March 2016 and 2015, no emoluments were paid by the Group to the non-director, highest paid employee as an inducement to join, or upon joining the Group, or as compensation for loss of office.

12 EARNINGS/(LOSS) PER SHARE

Continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2016 *HK$'000*	2015 *HK$'000*
Profit/(loss)		
Profit/(loss) for the purpose of earnings/(loss) per share	3,906	(41,783)

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (in thousand shares)	634,780	609,628
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share (in thousand shares) *(Note)*	644,967	614,048

Continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2016 *HK$'000*	2015 *HK$'000*
Profit/(loss)		
Group's profit/(loss) attributable to the owners of the Company	3,906	(41,783)
Less: Profit for the year from discontinued operation	(11,080)	(8,893)
Loss for the purpose of loss per share from continuing operations	(7,174)	(50,676)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

Discontinued operation

Basic earnings per share from discontinued operation is 1.75 HK cents per share (2015: 1.46 HK cents per share) and diluted earnings per share from the discontinued operation is 1.72 HK cents per share (2015: 1.45 HK cents per share), based on the profit for the year from the discontinued operation of HK$11,080,000 (2015: HK$8,893,000) and the denominators detailed above for both basic and diluted earnings per share.

For the year ended 31 March 2015, the effects of the Company's outstanding share options were anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

Note:

The weighted average number of ordinary shares of 644,967,000 (2015: 614,048,000) for the purpose of diluted earnings/(loss) per share for the year ended 31 March 2016 was derived from the adjustment in relation to potential dilutive share option issued by the Company of 10,187,000 shares (2015: 4,420,000 shares).

13 DIVIDEND

The Directors do not recommend the payment of any dividend for the years ended 31 March 2016 and 2015.

14 BUSINESS COMBINATIONS

Virtue Crest Acquisition

On 11 August 2014, Best Volume Investments Limited ("**Best Volume**"), a direct wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Ace Guide Holdings Limited ("**Ace Guide**") to acquire equity interests in Virtue Crest Investments Limited ("**Virtue Crest**") and its subsidiaries (collectively referred to as the "**Virtue Crest Group**"). On 31 October 2014, the transaction was completed and the consideration for acquisition was settled by the (i) cash with amount of HK$120,000,000; (ii) issuance of the promissory note with a principal amount of HK$240,000,000; and (iii) issuance of the 33,210,000 ordinary shares of the Company ("**Consideration Shares**"). Details of the transactions were disclosed in the Company's circular dated 30 September 2014.

Virtue Crest Group is principally engaged in the properties leasing in PRC.

The net assets acquired in the transaction arising are as follows:

	Acquiree's carrying amount 31 Oct 2014	Fair value adjustment	Fair value 31 Oct 2014
	HK$'000	*HK$'000*	*HK$'000*
Net assets acquired of:			
Investment properties *(Note 18)*	620,321	(10,620)	609,701
Prepayment and other receivable	76,948		76,948
Cash and cash equivalents	9,485		9,485
Receipt in advance	(592)		(592)
Other payables	(24,551)		(24,551)
Bank borrowing	(230,276)		(230,276)
Deferred tax liabilities *(Note 19)*	(109,836)	2,655	(107,181)
Net assets	341,499		333,534
Goodwill arising on acquisition *(Note 17)*			46,498
			380,032
Satisfied by:			
Cash			120,000
Fair value of Consideration Shares issued			60,774
Fair value of promissory notes issued			199,258
			380,032

Impact of acquisition on the results of the Group

Included in the revenue for the year is approximately HK$6,947,000 and HK$12,008,000 profit for the year attributable to the additional business generated by Virtue Crest Group.

Had these business combinations been effected at 1 April 2014, the revenue of the group from continuing operations would have been approximately HK$8,141,000, and the profit for the year from continuing operations would have been approximately HK$366,599,000. The Directors consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

Net cash outflow on acquisition of subsidiaries

	HK$'000
Consideration paid in cash	120,000
Less: Cash and cash equivalent balances acquired	(9,485)
	110,515

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Motor Vehicle *HK$'000*	Total *HK$'000*
Cost				
At 1 April 2014	5,385	1,955	–	7,340
Addition	3,852	1,080	–	4,932
Exchange alignment	3	1	–	4
At 31 March 2015 and 1 April 2015	9,240	3,036	–	12,276
Addition	32	14,529	1,068	15,629
Exchange alignment	(178)	(102)	–	(280)
At 31 March 2016	9,094	17,463	1,068	27,625
Accumulated depreciation				
At 1 April 2014	3,985	612	–	4,597
Charged for the year	1,046	361	–	1,407
Exchange alignment	2	1	–	3
At 31 March 2015 and 1 April 2015	5,033	974	–	6,007
Charged for the year	1,901	579	108	2,588
Exchange alignment	(103)	(30)	(2)	(135)
At 31 March 2016	6,831	1,523	106	8,460
Carrying amount				
At 31 March 2016	2,263	15,940	962	19,165
At 31 March 2015	4,207	2,062	–	6,269

16 INTANGIBLE ASSETS

	Pawn shop license HK$'000	Rights in sharing of profit streams HK$'000	Total HK$'000
Cost			
At 1 April 2014	5,862	1,495,278	1,501,140
Exchange alignment	16	–	16
At 31 March 2015 and 1 April 2015	5,878	1,495,278	1,501,156
Exchange alignment	(290)	–	(290)
At 31 March 2016	5,588	1,495,278	1,500,866
Accumulated impairment losses			
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	–	1,495,278	1,495,278
Carrying amount			
At 31 March 2016	5,588	–	5,588
At 31 March 2015	5,878	–	5,878

The intangible assets represent the right in sharing of profit streams from junket business at the casinos' VIP rooms in Macau and the right in operating pawn business in the PRC for an indefinite period of time. Such intangible asset is carried at cost less accumulated impairment losses. The recoverable amount of the intangible asset has been determined based on a value in use calculation.

Rights in sharing of profit streams

An impairment loss of approximately HK$113,539,000 was recognised during the year ended 31 March 2014 due to the termination of Nove Junket Representative Agreement for Nove Profit on 31 December 2013.

Pawn shop licenses

The pawn shop licenses is renewable every six years by the Economic & Information Commission of Guangdong Province. The Directors are not aware of any expected impediment with respect to the renewal of licenses and consider that the possibility of failing in license renewal is remote. Therefore, the Directors consider that the intangible asset is treated as having indefinite useful lives.

No impairment loss was recognised during the year ended 31 March 2016. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a post-tax discount rate of 20.4% per annum (2015: 20.6% per annum). Cash flows beyond that five-year period have been extrapolated using a steady growth rate of 2.0% per annum (2015: 3.0% per annum) which is the projected long-term average inflation rate for the financing services. Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate, such estimation is based on past experience and management's expectations for the market development. The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed its recoverable amount.

17 GOODWILL

	HK$'000
At 1 April 2014	7,148
Recognised from business combinations occurring during the year *(Note 14)*	46,498
At 31 March 2015 and 1 April 2015	53,646
Derecognised on disposal of subsidiaries *(Note 9)*	(46,498)
At 31 March 2016	7,148

The carrying amount of goodwill was allocated to groups of CGUs as follow:

	2016	**2015**
	HK$'000	*HK$'000*
Financial services	7,148	7,148
Properties leasing	–	46,498
	7,148	53,646

Financial services

Goodwill has been allocated to a single CGU of financial services during the year. The recoverable amount is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a post-tax discount rate of 20.4% (2015: 18.6%) per annum. Cash flows beyond that five-year period have been extrapolated using a steady growth rate of 2.0% (2015: 3.0%) per annum which is the projected long-term average inflation rate for the financing services. Key assumptions for the discounted cash flow method relate to the estimation of cash inflows/outflows which include gross margin, growth and discount rate, such estimation is based on past experience and management's expectations for the market development. The Directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the group of units to exceed its recoverable amount.

18 INVESTMENT PROPERTIES

	HK$'000
Investment properties in PRC at fair value	
At 1 April 2014	–
Acquisition during the year *(Note 14)*	609,701
Net gain in fair value recognised in consolidated statement of profit or loss	12,460
Addition	4,822
Exchange adjustments	345
At 31 March 2015 and 1 April 2015	627,328
Net gain in fair value recognised in consolidated statement or profit or loss	1,615
Derecognised on disposal of subsidiaries *(Note 9)*	(606,858)
Exchange adjustments	(22,085)
At 31 March 2016	**–**

Fair value gain on investment properties included in profit or loss for the year ended 31 March 2015 amounting to approximately HK$12,460,000. The direct operating expense from properties amounting to approximately HK$2,180,000.

The fair value of the investment properties at date of acquisition and 31 March 2015 has been arrived at on the basis of valuations carried out on the respective date by Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield"), independent qualified professional valuers not connected with the Group. Cushman & Wakefield have appropriate qualification and recent experience in the valuation of similar property in the relevant locations. The highest and best use of the investment properties is its current use in estimating the fair value of the properties.

The fair value was determined based on the income approach. It operated by taking into account the net rental income of the property derived from the existing tenancy with due allowance for the reversionary income potential, which are then capitalised into the value at an appropriate capitalisation rate. The market rentals reassessed by reference to the rentals achieved in the letterable units of the property. The capitalisation rate is determined by reference to the yields derived from analysing the sales transaction of similar commercial property in the PRC and adjusted to take in account the market expectation from property investors to reflect factors specific to the Group's investment properties.

Significant unobservable inputs used to determine the fair value

				Range of significant unobservable inputs	
Description	**Fair value at 31 March 2015** *HK$'000*	**Valuation technique**	**Fair value hierarchy**	**Market unit rent on gross floor area basis** *(note (i))*	**Capitalistion rate** *(note (ii))*
Investment properties located in the PRC	627,328	Income approach	Level 3	RMB349 to RMB1,101 per month per square metre	3.75% to 4.75%

Note: Description of the sensitivity in unobservable inputs and interrelationship:

(i) The fair value measurement is positively correlated to the unobservable input that a higher factor will result in a higher fair value.

(ii) The fair value measurement is negatively correlated to the unobservable input that a lower factor will result in a higher fair value.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2015 are as follows:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'0000*
Commercial properties units located in the PRC	–	–	627,328	627,328

There were no transfers into or out of Level 3 during the year.

The properties are either leased out in return of receiving rental income or held for capital appreciation and are measure using the fair value model and are classified and accounted as investment properties.

The investment properties are situated in PRC and are held under medium term lease.

During the year ended 31 March 2015, the Group had pledged the investment properties to secure bank borrowing granted to the Group.

19 DEFERRED TAXATION

The movements in deferred tax assets and liabilities during the year, are as follows:

Deferred tax assets

	2016	2015
	HK$'000	*HK$'000*
At 1 April	1,804	2,522
Credited/(debited) to the consolidated statement of profit or loss *(Note 8)*	1,293	(720)
Exchange alignment	(103)	2
At 31 March	2,994	1,804

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. At 31 March 2016, the deferred tax assets are arising in PRC of provision for impairment losses on loans receivable (Note 21).

At 31 March 2016, the Group had tax losses of approximately HK$83,408,000 (2015: HK$78,098,000) that are available to carry forward indefinitely for offsetting against future taxable profits.

Deferred tax liabilities

	2016	2015
	HK$'000	*HK$'000*
At 1 April	111,828	1,466
Acquisition of subsidiaries *(Note 14)*	–	107,181
(Credit)/debited to the consolidated statement of profit or loss	(57)	3,115
Derecognised on disposal of subsidiaries *(Note 9)*	(106,423)	–
Exchange alignment	(3,951)	66
At 31 March	1,397	111,828

The carrying amount of deferred tax liabilities was allocated as follows:

	2016	2015
	HK$'000	*HK$'000*
Intangible assets	1,397	1,469
Investment properties	–	110,359
	1,397	111,828

At 31 October 2014, the Group has recognised deferred tax liabilities in relation to the investment properties during the acquisition of Virtue Crest Group (Note 14).

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss comprise:		
Held for trading:		
– Equity securities listed in Hong Kong	28,059	30,559

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the HKEx.

21 TRADE AND LOANS RECEIVABLE

	2016	2015
	HK$'000	*HK$'000*
Trade receivable		
Rental receivable	–	2,305
Loans receivable		
Real estate-backed loans receivable *(note (a))*	34,743	6,962
Personal property pawn loans receivable *(note (b))*	76,953	20,036
Commercial factoring receivable *(note (c))*	17,042	48,026
Financing lease receivable *(note (d))*	24,580	48,492
Other loans receivable *(note (e))*	295,069	59,066
	448,387	182,582
Trade and loans receivable	448,387	184,887
Less: Provision for impairment loss	(11,980)	(7,218)
	436,407	177,669

Based on the loan commencement date set out in the relevant contracts, aging analysis of the Group's trade and loans receivable as of each reporting date is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 3 months	65,549	45,335
3-6 months	291,804	58,200
6-12 months	10,713	22,286
Over 12 months	80,321	59,066
	448,387	184,887
Less: Provision for impairment loss	(11,980)	(7,218)
	436,407	177,669

Aging analysis of the trade and loans receivable that were neither past due nor impaired is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 3 months	65,019	44,692
3-6 months	288,888	55,748
6-12 months	10,535	18,163
Over 12 months	71,965	59,066
	436,407	177,669

Trade and loans receivable which were neither past due nor impaired related to a wide range of customers for whom there was no recent history default.

Movements in the impairment loss of the loans receivable during the year are as follows:

	2016	2015
	HK$'000	*HK$'000*
At beginning of the year	(7,218)	(10,088)
Impairment loss recognised on loans receivable	(6,131)	(7,246)
Reversal of impairment loss * *(Note 6)*	957	10,088
Exchange alignment	412	28
At end of the year	(11,980)	(7,218)

* The Directors considered that the amounts due could not be recovered and full impairment has been made in the previous year. During the year, the debtor has made repayment in respect of the outstanding amount, therefore, the reversal of impairment loss was recognised for the year.

The Group has certain concentration risk on loans receivable as it has five (2015: five) customers with total outstanding balances of approximately HK$210,634,000 (2015: HK$112,265,000) as at 31 March 2016 and one (2015: two) customer contribute more that 10% loans receivable of the Group.

The Directors consider that the fair values of trade and loans receivable which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Notes:

(a) Real estate-backed loans receivable arising from the Group's real estate-backed loans services, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan period range from 90 days to 365 days. The loans are secured by real estate collateral with fair value of approximately HK$52,498,000 (2015: HK$13,707,000).

(b) Personal property pawn loans receivable arising from the Group's pawn loans business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan period range 20 days to 180 days. The loans are secured by personal property as collateral with fair value of approximately HK$113,069,000 (2015: HK$28,435,000).

(c) Commercial factoring receivable arising from the Group's commercial factoring business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts. The loan period range within 365 days.

(d) Finance lease receivable arising from the Group's finance leasing business, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The loans are secured by leased assets as collateral with fair value of approximately HK$51,038,000 (2015: HK$50,499,000). The loan period range from 90 days to 1,095 days.

(e) Other loans receivable arising from the provision of money lending services business, the customers are obligated to settle the amounts according to the terms set out in the relevant contracts. The loan period for other loan range from 30 days to 365 days. The loans are guaranteed by financial institutions or individuals.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the customers.

Interest rates on loans receivable are offered to customers based on the assessment of a number of factors including the borrowers' creditworthiness and repayment ability, collateral as well as the general economic trends. The effective interest rates of loan range from 0.58% to 3.00% per month (2015: 0.67% to 4.2% per month).

Rentals are receivable from tenants pursuant to the Group's lease agreements entered into with all tenants.

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	**2015**
	HK$'000	*HK$'000*
Prepayments	2,233	205
Deposits	985	825
Other receivables	3,192	1,521
	6,410	2,551

23 PROMISSORY NOTE RECEIVABLE

In November 2015, the Group disposed of its interest in Best Volume Group at an aggregate consideration of HK$400,000,000 which was satisfied by promissory note of HK$30,000,000 and cash of HK$370,000,000. The promissory note is non-interest bearing, unsecured and maturing within three business days after the date of a final and effective judgement or an effective and binding settlement agreement of the lawsuit between the Best Volume Group and a construction engineering company in respect of not paying certain payment under the construction contract of the Best Volume Group's investment properties located in Guangzhou, Guangdong Province, PRC.

24 CASH AND CASH EQUIVALENTS

At the end of the reporting period, the cash at bank and in hand of the Group denominated in RMB amounted to approximately HK$20,775,000 (2015: HK$26,374,000). Cash at banks earns interest at floating rates based on the prevailing market rate which at 0.35% per annum (2015: 0.35% per annum) during the reporting period. The cash at banks are deposits with creditworthy banks with no recent history of default. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations

25 TRADE PAYABLES

The following is an analysis of trade payables by age based on the invoice date.

	2016	**2015**
	HK$'000	*HK$'000*
Within 3 months	2,574	511

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

26 ACCRUALS AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Receipt in advance	15	1,838
Accruals	1,551	2,423
Deposit received	12,752	2,573
Other payables	8,223	3,933
	22,541	10,767

27 BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Loan from other entity	–	70,000
Bank borrowing – secured	–	217,601
	–	287,601
Carrying amount repayable:		
On demand or within one year	–	100,720
More than one year, but not exceeding two years	–	30,720
More than two years, but not exceeding five years	–	92,161
More than five years	–	64,000
	–	287,601
Less: Amount shown under current liabilities	–	(100,720)
Amount shown under non-current liabilities	–	186,881

During the year, the Group had fully released the bank borrowing upon the disposal of Best Volume Group. (Note 9)

28 BONDS

	2016	**2015**
	HK$'000	*HK$'000*
Unlisted corporate bonds	31,078	21,945

On 17 December 2014, the Company issued an unlisted corporate bond at a principal amount of HK$5 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$5 million.

On 22 December 2014, the Company issued an unlisted corporate bond at a principal amount of HK$10 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$10 million.

On 15 January 2015, the Company issued an unlisted corporate bond at a principal amount of HK$10 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$10 million.

On 26 May 2015, the Company issued an unlisted corporate bond at a principal amount of HK$10 million which is unsecured, bears a fixed interest rate of 7% per annum and is fully redeemable by the Company after 8 years from the issue date at its principal amount of HK$10 million.

The effective interest rate of the unlisted corporate bonds are approximately 9.28%.

29 SHARE CAPITAL

(a) Ordinary Shares

		Number of shares *'000*	Share capital *HK$'000*
Authorised:			
Ordinary shares of HK$0.1 each as at 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016		**6,000,000**	**600,000**
Issued and fully paid:			
Ordinary shares of HK$0.1 each as at 1 April 2014		558,570	55,857
Consideration shares	(note i)	33,210	3,321
Placing of new ordinary shares	(note ii)	43,000	4,300
Ordinary shares of HK$0.1 each at 31 March 2015, 1 April 2015 and 31 March 2016		**634,780**	**63,478**

Notes:

(i) The consideration of the Virtue Crest Acquisition was settled by the issue of 33,210,000 consideration shares by the Company at a price of HK$1.83 per share (Note 14). The completion of the Virtue Crest Acquisition was on 31 October 2014.

(ii) On 20 May 2014, the Company issued 43,000,000 ordinary shares of HK$0.10 each at the issued price of HK$1.25 per share by way of placing. Net proceeds as a result of the placing was approximately HK$52.7 million.

(b) Share option scheme

The Company approved and adopted a new share option scheme ("**New Scheme**") on 28 September 2012, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the New Scheme is to enable the Company to grant options to selected employees and directors (including any directors, whether executive or non-executive and whether independent or not of the Company or any subsidiaries) and any suppliers, consultants, agents and adviser of any person who, in the sole discretion of the board of directors, has contributed or may contribute to the Group.

The subscription price for shares under the New Scheme will be a price determined by the board of directors and notified to each grantee and will be the higher of (i) the average closing prices of the shares on the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant; or (ii) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant, which must be a business day; and (iii) the nominal value of a share.

The maximum number of shares to be issued upon exercise of all outstanding options under the New Scheme and any other share option schemes of the Company will not exceed 30% (or where applicable, such higher percentage as may from time to time to be permitted under the Listing Rules or by the Stock Exchange) of the total number of the issued shares from time to time. The total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 21,549,385 shares, after the share consolidation effected on 2 September 2014, representing 10% of the issued share capital of the Company, as at the date of adoption of the New Scheme. The Company may seek approval of its shareholders at a general meeting to renew the 10% limit. However, the total number of shares available for issue under options which may be granted under the New Scheme and any other share option schemes of the Company in these circumstances, must not exceed 10% of the issued share capital of the Company at the date of approval of renewing such a limit. No option may be granted to any one person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted to him/her in the 12-month period up to and including the date of such a grant, to exceed 1% of the issued share capital of the Company as at the date of the grant. Any further grant of options in excess of the foregoing limit must be subject to the approval of the shareholders of the Company in a general meeting.

On 2 September 2014, the Company granted an aggregate of 21,000,000 share options to subscribe for ordinary shares of HK$0.1 each of the share to a number of eligible participants ("**grantees**") under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HK$1.25 per share.

The terms and conditions of the options granted at 2 September 2014 are stipulated as below:

Grantees	Directors	Consultant
Start Date	2 September 2014	2 September 2014
Expiry Date	1 September 2017	1 September 2017
Exercise Price	HK$1.25 per share	HK$1.25 per share
Earliest Exercise Date	Tranche 1: 2 September 2014	Tranche 1: 2 September 2014
	Tranche 2: 2 March 2015	Tranche 2: 2 March 2015
Number of Share Options Granted	Tranche 1: 9,000,000	Tranche 1: 1,500,000
	Tranche 2: 9,000,000	Tranche 2: 1,500,000

On 30 September 2014, the Company granted an aggregate of 39,000,000 share options to subscribe for ordinary shares of HK$0.1 each of the share to a number of grantees under the New Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HK$1.23 per share.

The terms and conditions of the options granted at 30 September 2014 are stipulated as below:

Grantees	Directors	Consultants/Employees
Start Date	30 September 2014	30 September 2014
Expiry Date	29 September 2017	29 September 2017
Exercise Price	HK$1.23 per share	HK$1.23 per share
Earliest Exercise Date	Tranche 1:30 September 2014 Tranche 2: 30 March 2015	Tranche 1: 30 September 2014 Tranche 2: 30 March 2015
Number of Share Options Granted	Tranche 1: 3,000,000 Tranche 2: 3,000,000	Tranche 1: 16,500,000 Tranche 2: 16,500,000

At 31 March 2016, the number of shares in respect of which option had been granted and remained outstanding under the New Scheme was 54,000,000 (2015: 60,000,000), representing 8.5% (2015: 9.4%) of the shares in issue at that date.

The fair value of the share options granted at 2 September 2014 was HK$8,336,000. Options were priced using a binomial option pricing model.

Inputs into the model

Grantees	Directors	Consultants
Option Life	3 years	3 years
Vesting Period (in year)	Tranche 1: N/A Tranche 2: 0.5	Tranche 1: N/A Tranche 2: 0.5
Risk-free Rate	0.709%	0.709%
Grant Date Share Price	HK$1.25 per share	HK$1.25 per share
Exercise Price	HK$1.25 per share	HK$1.25 per share
Expected Exercise Multiple	2.8x of the exercise price	2.2x of the exercise price
Expected Dividend Yield	0%	0%
Expected Volatility of Share Price	46.72%	46.72%

The fair value of the share options granted at 30 September 2014 was HK$15,021,000. Options were priced using a binomial option pricing model.

Inputs into the model

Grantees	Directors	Consultants/Employees
Option Life	3 years	3 years
Vesting Period (in year)	Tranche 1: N/A Tranche 2: 0.5	Tranche 1: N/A Tranche 2: 0.5
Risk-free Rate	0.925%	0.925%
Grant Date Share Price	HK$1.23 per share	HK$1.23 per share
Exercise Price	HK$1.23 per share	HK$1.23 per share
Expected Exercise Multiple	2.8x of the exercise price	2.2x of the exercise price
Expected Dividend Yield	0%	0%
Expected Volatility of Share Price	45.72%	45.72%

Expected volatility of share prices determined with reference to annualised historical weekly volatility of comparable listed companies' shares prices.

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options are based on the Directors' best estimate. The value of an options varied with different variables of certain subjective assumptions.

The following table discloses movements of the Company's share option held by directors, top executives, consultants and employees during the year ended 31 March 2016.

	Number of share options							Exercise price at 31 March 2016	Date of grant	Exercisable period
	Outstanding at 1 April 2015	Granted during the year	Exercised during the year	Lapsed during the year	Reclassified during the year	Adjustment during the year	Outstanding at 31 March 2016			
Directors										
Ms. Wong Yee Shuen,	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
Regina	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Mr. Chung Ho Chun	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Mr. Huang Weibo	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
	3,000,000	–	–	–	–	–	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Mr. Chung Tat Fun	3,000,000	–	–	–	–	–	3,000,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017
	3,000,000	–	–	–	–	–	3,000,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017
	24,000,000	–	–	–	–	–	24,000,000			
Consultants										
Consultant 1	1,500,000	–	–	–	–	–	1,500,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017
	1,500,000	–	–	–	–	–	1,500,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017
Consultant 2	1,500,000	–	–	–	3,000,000	–	4,500,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017
	1,500,000	–	–	–	3,000,000	–	4,500,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017
	6,000,000	–	–	–	6,000,000	–	12,000,000			
Employees	15,000,000	–	–	(3,000,000)	(3,000,000)	–	9,000,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017
	15,000,000	–	–	(3,000,000)	(3,000,000)	–	9,000,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017
	30,000,000	–	–	(6,000,000)	(6,000,000)	–	18,000,000			
Total	60,000,000	–	–	(6,000,000)	–	–	54,000,000			
Weighted average exercise price	–	–	–	–	–	–	HK$1.24			

30 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 50 of the consolidated financial statements

Share premium

The share premium account of the Group includes shares issued at premium.

Contributed surplus

The contributed surplus of approximately HK$2,696,000 represents the difference between the nominal value of the shares, the share premium account and the contributed surplus of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

The balance of approximately HK$472,295,000 was resulted from the elimination of accumulated losses from the share premium account during the year ended 31 March 2009. The amount of approximately HK$325,372,000 was credited to the contributed surplus due to capital reduction during year ended 31 March 2010.

The amount of approximately HK$231,319,000 was offset from the contributed surplus account to accumulated losses during 31 March 2010.

Capital reserves

The capital reserve of the Group represents the cash received in excess of the fair value of a promissory note issued by the Company on 4 January 2007.

Revaluation reserves

Included in the revaluation reserve, amount of approximately HK$638,000 represents the adjustment on change in fair values of Triple Gain between the initial acquisition of 60% equity interest on 10 December 2007 and further acquisition of 40% equity interest on 18 December 2007.

Share option reserves

Share option reserves related to share options granted under the Company's share option scheme and which are reclassified to share capital and share premium when the share options were exercised, and to accumulated losses when the share options were lapsed or expired.

31 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

At 31 March 2016, the Group had capital commitment of approximately HK$Nil (2015: HK$1,890,000) in related to the addition of investment properties.

(b) Operating lease commitments

The Company as lessee

The Group leases certain of its offices under operating lease arrangements, which are negotiated for terms ranging from one to five years.

At 31 March 2016, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Not later than one year	3,108	2,849
Later than one year and no later than five years	1,603	2,308
	4,711	5,157

The Company as lessor

At 31 March 2016, the Group had contracted with the tenants for the following future minimum lease receivables:

	2016	**2015**
	HK$'000	*HK$'000*
Not later than one year	–	24,345
Later than one year and no later than five years	–	109,280
More than five years	–	100,307
	–	233,932

(c) Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2016 and 2015.

32 MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the years ended 31 March 2016 and 2015, the Group had entered into the following transactions with related parties which, in the opinion of the Directors, were carried out in the ordinary course of the Group's business.

Key management personnel remuneration

Remuneration for key personnel management, including amount paid to the Company's directors and senior management of the Company as disclosed in Note 11 to the consolidated financial statements, is as follows:

	2016	**2015**
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	6,584	6,177
Share-based payments	–	14,134
Pension scheme contributions	93	61
	6,677	20,372

33 MAJOR NON-CASH TRANSACTION

As set out in Note 9, the Group disposed its entire interest in Best Volume Group by receipt of promissory notes with a principle amount of HK$30,000,000 on 12 November 2015.

34 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of Financial Position of the Company

		2016	2015
		HK$'000	*HK$'000*
Assets			
Non-current assets			
Property, plant and equipment		7	16
Interests in subsidiaries		35,241	35,241
		35,248	35,257
Current assets			
Amounts due from subsidiaries		516,533	556,332
Financial assets at fair value through profit or loss		28,059	30,559
Prepayments, deposits and other receivables		1,370	133
Promissory note receivable		30,000	–
Cash and cash equivalents		1,656	12
		577,618	587,036
Liabilities			
Current liabilities			
Amounts due to subsidiaries		251,893	75,786
Accruals and other payables		2,656	2,815
Borrowings		–	70,000
		254,549	148,601
Net current assets		323,069	438,435
Total assets less current liabilities		358,317	473,692
Non-current liabilities			
Amount due to a subsidiary		–	157,063
Bonds		31,078	21,945
		31,078	179,008
Net assets		327,239	294,684
Equity attributable to owners of the Company			
Share capital		**63,478**	63,478
Reserves	(b)	**263,761**	231,206
Total equity		**327,239**	294,684

Approved and authorised for issue by the board of directors on 30 June 2016.

On behalf of the board

Chung Tat Fun
Director

Huang Weibo
Director

(b) Reserves Movement of the Company

	Share premium	Contributed surplus	Capital reserves	Share option reserves	Accumulated losses	Total reserve
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2014	802,210	569,044	85,889	–	(1,264,041)	193,102
Loss for the year	–	–	–	–	(77,214)	(77,214)
Issue of consideration shares	57,453	–	–	–	–	57,453
Share based payments	–	–	–	9,490	–	9,490
Placing of new shares	49,450	–	–	–	–	49,450
Expense of issue of shares	(1,075)	–	–	–	–	(1,075)
At 31 March 2015 and 1 April 2015	908,038	569,044	85,889	9,490	(1,341,255)	231,206
Profit for the year	–	–	–	–	32,555	32,555
At 31 March 2016	908,038	569,044	85,889	9,490	(1,308,700)	263,761

35 PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the result, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under Note 2 and have been consolidated into the financial statements of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital/registered share capital	Percentage of equity interest attributable to the company Direct (%)	Indirect (%)
Ability Wealth Holdings Limited	British Virgin Islands	Investment holding	HK$390,000 Ordinary	100%	–
Best Review Investments Limited	British Virgin Islands	Investment holding	US$1 Ordinary	100%	–
Pure Profit Holdings Limited	Hong Kong	Money lending	HK$1 Ordinary	–	100%
Greater China Leasing Limited	Hong Kong	Investment holding	HK$39,300,001 Ordinary	–	100%
廣東聚謙融資租賃有限公司	PRC	Financial leasing	HK$156,000,000 Registered capital	–	100%
廣東利都典當有限公司 *(Note)*	PRC	Pawn business	RMB100,000,000 Registered capital	–	100%
廣州市源謙投資諮詢有限責任公司	PRC	Consultation service	HK$750,000 Registered capital	–	100%
深圳市前海華銀商業保理有限公司	PRC	Commercial factoring	RMB50,000,000 Registered capital	–	100%
深圳前海華銀融資租賃有限公司	PRC	Financial leasing	RMB170,000,000 Registered capital	–	100%
廣東恒昇商業保理有限公司	PRC	Commercial factoring	RMB50,000,000 Registered capital	–	100%

Note:

The subsidiary is a domestic enterprise with limited liability established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangements by the registered owners of the subsidiary.

For the year ended 31 March 2016, the revenue subject to the contractual arrangements are approximately HK$6.6 million (2015: approximately HK$14.3 million). As at 31 March 2016, the total assets and the loans receivable (net off provision of impairment loss) subject to the contractual arrangements are approximately HK$128.3 million and HK$73.5 million (2015: approximately HK$135.1 million and approximately HK$25.3 million).

For the details of the contractual arrangement, please refer to the section of "Report of Directors" on the annual report.

36 EVENT AFTER THE REPORTING PERIOD

On 29 November 2015, the Group entered into three subscription agreements with Swiree Capital Limited ("**Swiree**"), Richlane Ventures Limited ("**Richlane**") and Best Global Ventures Limited ("**Best Global**") for subscription of 1,653,073,872 new shares, 275,512,312 new shares and 137,756,156 new shares of the Group respectively at HK$0.77 per subscription share. On 18 February 2016, the Group entered into first supplemental agreement with each of Swiree, Richlane and Best Global respectively to amend and clarify certain terms in the subscription agreements. As at the date of this results announcement, the Group and each of Swiree, Richlane and Best Global respectively have preliminarily agreed to extend the long stop date as set out in the Subscription agreements, however the relevant formal supplemental agreements have not been entered into as the parties are in the process of discussing the date of the extended long stop date. The Group and each of Swiree, Richlane and Best Global will enter into formal supplemental agreements in this respect once the parties have agreed on the date of the extended Long Stop Date. The Group has also conditionally agreed to acquire entire equity interest in GOME Xinda Commercial Factoring Co., Ltd. which is a commercial factoring company wholly-owned by Gome Finance Holding Investment Co., Ltd.

The total number of the subscription shares is 2,066,342,340 which will represent 75% of the entire issued share capital of the Company as enlarged by the allotment and issue of the subscription shares and new Shares upon the exercise of the share options in full. The Group intends to apply the net proceeds mainly for the expansion of the Group's financial service business.

The transaction has not yet been completed at the date of this results announcement. The completion is conditional upon certain conditions including approvals by regulatory bodies. Details of the transaction were disclosed in the Company's announcement dated 8 December 2015 and 19 February 2016.

37 COMPARATIVE FINANCIAL INFORMATION

The comparative statement of profit or loss has been re-presented as the property leasing segment disposed during the current year. Certain comparative amounts have been reclassified to conform to the current year's presentation. In the opinion of the Company's directors, such reclassification provide a more appropriate presentation on the Group's business segments.

38 AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2016.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2016, being the most recent practicable date, the Group had outstanding unsecured and unguaranteed corporate bonds of approximately HK$31.1 million (with an aggregate principal amount of approximately HK$35 million).

Save as aforesaid or otherwise disclosed herein, and apart from intragroup liabilities, the Group did not have outstanding at the close of business on 31 May 2016 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirm that there has been no material change in terms of indebtedness and contingent liabilities of the Group since 31 May 2016, being the latest practicable date for the purposes of this indebtedness statement.

4. MATERIAL CHANGE

Save for: (i) the Subscriptions which will enhance the assets and liquidity position of the Group as detailed in the section headed "Reasons for and Benefits of the Subscriptions" in the letter from Board of this circular; (ii) the intention of the Group and the Subscribers to further expand the existing financial service business of the Group with the proceeds from the Subscriptions as described in the sections headed "Reasons for and Benefits of the Subscriptions" and "Future Intentions of Swiree regarding the Group" in the letter from the Board of this circular, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular also includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than that relating to the Subscribers and parties acting in concert with any of them) and confirm that having made all reasonable inquiries, to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Subscribers and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

The sole director of Swiree, Ms. Du, accepts full responsibility for the accuracy of the information relating to the Subscribers and parties acting in concert with any of them contained in this circular and confirm that having made all reasonable inquiries, to the best of her knowledge, opinions expressed by the Subscribers and parties acting in concert with any of them in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

2. MARKET PRICES

The closing prices of the Shares quoted on the Stock Exchange (i) at the end of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	**Closing price per Share** *HK$*
29 May 2015	1.35
30 June 2015	1.26
31 July 2015	1.41
31 August 2015	1.38
30 September 2015	1.57
30 October 2015	1.53
27 November 2015 (being the Last Trading Day)	1.73
30 November 2015	Trading suspended
7 December 2015 (being the last trading day immediately preceding the date of the Holding Announcement)	Trading suspended
31 December 2015	Trading suspended
29 January 2016	Trading suspended
18 February 2016 (being the last trading day immediately preceding the date of the Announcement)	Trading suspended
29 February 2016	1.43
31 March 2016	1.44
29 April 2016	1.18
31 May 2016	1.14
30 June 2016	0.97
29 July 2016	1.04
1 August 2016 (being the Latest Practicable Date)	1.07

The lowest and highest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK$0.81 on 8 July 2015 and HK$1.85 on 25 November 2015, respectively.

3. SHARE CAPITAL, OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

(a) Shares

The authorised and issued share capital of the Company of HK$0.10 each as at the Latest Practicable Date were as follows:

Authorised	*HK$*
6,000,000,000 Shares	600,000,000
Issued and fully paid or credited as fully paid	*HK$*
634,780,780 Shares	63,478,078

All the issued Shares rank pari passu with each other in all respects including the rights in respect of capital, dividend and voting.

Since 31 March 2016 (being the end of the last financial year of the Company) and up to the Latest Practicable Date, no new Shares had been issued by the Company.

(b) Options, warrants and convertible securities

As at the Latest Practicable Date, there were 54,000,000 outstanding Share Options granted pursuant to the share option scheme of the Company on 2 September 2014 and 30 September 2014, conferring rights to subscribe for 21,000,000 new Shares at an exercise price of HK$1.25 per Share and 33,000,000 new Shares at an exercise price of HK$1.23 per Share respectively. The Shares to be issued upon conversion of the Share Options shall rank pari passu with each other and with all of the issued Shares in all respects including the rights in respect of capital, dividend and voting.

Save as disclosed above, the Company had no any other outstanding options, warrants or conversion rights affecting the Shares as at the Latest Practicable Date.

4. DISCLOSURE OF INTERESTS

Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows

Name of Director	Number of Shares/underlying Shares held in the Company: Personal interest	Corporate interest	Equity derivatives (Share Options)	Spouse interest	Total interests	% of the issued share capital of the Company (*Note 5*)	Notes
Mr. Chung Tat Fun	–	60,000,000(L)	6,000,000(L)	–	66,000,000(L)	10.39%	1
Ms. Wong Yee Shuen, Regina	–	54,000,000(L)	6,000,000(L)	6,000,000(L)	66,000,000(L)	10.39%	2
Mr. Chung Ho Chun	–	–	6,000,000(L)	–	6,000,000(L)	0.94%	3
Mr. Huang Weibo	–	60,000,000(L)	6,000,000(L)	–	66,000,000(L)	10.39%	4
Mr. So Chak Fai, Francis	11,096,000(L)	–	–	–	11,096,000(L)	1.74%	
Mr. Fu Ear Ly	30,000,000(L)	–	–	–	30,000,000(L)	4.72%	

Notes:

1. Light Tower Holding Limited ("**Light Tower**") held 60,000,000 Shares. Light Tower is wholly and beneficially owned by Mr. Chung Tat Fun, the chairman and an executive Director of the Company. Mr. Chung Tat Fun was granted 6,000,000 Share Options by the Company. By virtue of SFO, Mr. Chung Tat Fun is deemed to be interested in a total of 66,000,000 Shares.

2. Regal Peak Development Limited ("**Regal Peak**") held 54,000,000 Shares. Regal Peak is wholly and beneficially owned by Ms. Wong Yee Shuen, Regina, a non-executive Director of the Company. Ms. Wong was granted 6,000,000 Share Options by the Company. Mr. Lam Tsz Chung, the spouse of Ms. Wong, was granted 6,000,000 Share Options by the Company. By virtue of SFO, Ms. Wong is deemed to be interested in a total of 66,000,000 Shares.

3. Mr. Chung Ho Chun, an executive Director of the Company, was granted 6,000,000 Share Options by the Company.

4. Flame Global Holding Limited ("**Flame Global**") held 60,000,000 Shares. Flame Global is wholly and beneficially owned by Mr. Huang Weibo, an executive Director of the Company. Mr. Huang was granted 6,000,000 Share Options by the Company. By virtue of SFO, Mr. Huang is deemed to be interested in a total of 66,000,000 Shares.

5. As at the Latest Practicable Date, the issued share capital of the Company consisted of 634,780,780 Shares.

6. Abbreviation "L" stands for long position.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which would fall to be disclosed under the Takeovers Code or has dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period).

Save as the interest of Directors and chief executive disclosed above, none of the Directors or the proposed Directors is a director or employee of the companies which have an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. ADDITIONAL DISCLOSURE UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date:

(a) no Subscription Shares acquired by the Subscribers in pursuance of the Subscriptions will be transferred, charged or pledged to any other persons;

(b) no agreement, arrangement or understanding (including any compensation arrangement) existed between (i) Swiree or parties acting in concert with it; and (ii) any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Subscriptions, the Whitewash Waiver and/or the Framework Agreements;

(c) there was no benefit to be given to any Directors as compensation for loss of office or otherwise in connection with the Subscriptions, the Whitewash Waiver and/or the Framework Agreements;

(d) there was no agreement or arrangement between any Directors and any other persons which is conditional on or dependent upon the outcome of the Subscriptions, the Whitewash Waiver or otherwise connected with the Subscriptions, the Whitewash Waiver and/or the Framework Agreements;

(e) there was no material contract entered into by any of the Subscribers in which any Director had a material personal interest;

(f) save for 17,264,000 Shares owned by Mr. Ko and his wholly-owned company disclosed in the section headed "Effect on shareholding structure of the Company", the directors of the Subscribers were not interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(g) no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the SGM to approve the Subscriptions, the Whitewash Waiver and/or the Framework Agreements;

(h) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company had been borrowed or lent by any of the Company and the Directors;

(i) the Company did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscribers and had no dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscribers during the Relevant Period;

(j) none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscribers and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscribers during the Relevant Period;

(k) save as disclosed in the section headed "Disclosure of Interests" in this appendix and the section headed "Effects on shareholding structure of the Company" in the letter from the Board of this circular, none of the Directors had any interest in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(l) Mr. Chung Tat Fun, an executive Director and the chairman of the Company, held (i) approximately 9.45% of the issued share capital of the Company through his wholly-owned company, Light Tower Holding Limited; and (ii) 6,000,000 Share Options to subscribe for 6,000,000 new Shares. Mr. Chung Tat Fun was involved in negotiating the Subscriptions and therefore was considered to be interested or involved in the Subscriptions and the Whitewash Waiver. Accordingly, Mr. Chung Tat Fun will abstain from voting on the resolutions to approve the Subscription and the Whitewash Waiver at the SGM in respect of (i) his shareholding interest in the Company held through Light Tower Holding Limited; and (ii) to the extent that he converts any of his 6,000,000 Share Options before the SGM, the corresponding number of the new Shares to be issued to him pursuant to such conversion. Save for Mr. Chung Tat Fun, none of the Directors who held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Latest Practicable Date was involved in the discussions/negotiations in respect of the Subscription and therefore no other Director is required to abstain from voting on the resolutions in respect of the Subscriptions and the Whitewash Waiver at the SGM. Each of the Directors who are entitled to vote on the resolutions in respect of the Subscriptions and the Whitewash Waiver at the SGM, namely Mr. Fu Far Ly and Mr. Huang Weibo, executive Directors, and Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina, non-executive Directors intends to vote in favour of the Subscription and the Whitewash Waiver;

(m) none of the Directors had dealt in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(n) except for Mr. Chung Tat Fun (who is an executive Director of the Company), none of the Directors (namely Mr. Chung Ho Chun and each of the existing independent non-executive Directors) and members of the senior management team (namely Mr. Wong Kwan Kit, Eric (who is the Group Financial Controller) and Mr. Leung Yuen Ming, Henry (who is the head of the Micro Finance Department of the Group)) who will continue to work for the Group after the Completion of the Subscription(s) and each of the Proposed Incoming Directors were Shareholders as at the Latest Practicable Date. Mr. Chung Tat Fun entered into a service contract with the Company on 18 February 2014. The service contract does not have a fixed term. Either the Company or Mr. Chung Tat Fun is entitled to terminate the service contract: (i) without cause by giving the other party at least two months' written notice or payment in lieu of notice; or (ii) without notice or payment in lieu in accordance with the applicable laws of Hong Kong. The Company is also entitled to terminate the service contract without notice or payment in lieu if Mr. Chung Tat Fun (i) wilfully disobeys a lawful and reasonable order; (ii) misconducts himself, such conduct being inconsistent with the due and faithful discharge of his duties; (iii) is guilty of fraud or dishonesty; or (iv) is habitually neglectful in his duties. Mr. Chung Tat Fun will be subject to retirement by rotation and re-election at least once every three years in accordance with the bye-laws of the Company. He will not enter into any new service contract with the Group as a result of the Subscription(s), and his role, capacity and remuneration package (i.e. a monthly salary of RMB30,000 and a discretionary end of year payment of one month's salary) will remain the same.

(o) save for the Shares held by REORIENT Capital Markets Limited for its clients on a non-discretionary basis as disclosed in the letter from the Board in this circular, none of the subsidiaries of the Company and none of the pension funds of the Company or its subsidiaries, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code, owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(p) save for the Subscription Agreements, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code; and

(q) no fund which was managed on a discretionary basis by any fund manager connected with the Company had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

6. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried out or intended to be carried out by the Group) have been entered into by members of the Group within two years immediately preceding 8 December 2015, being the date of the Holding Announcement, and up to and including the Latest Practicable Date:

(a) a sale and purchase agreement between Best Volume Investments Limited ("**Best Volume**") (which used to be a wholly-owned subsidiary of the Company) and Ace Guide Holdings Limited ("**Ace Guide**") dated 11 August 2014 pursuant to which Ace Guide conditionally agreed to sell and Best Volume conditionally agreed to purchase the entire equity interests in Virtue Crest Investments Limited for a consideration of HK$393,210,000, as disclosed in the Company's announcement dated 11 August 2014;

(b) a placing agreement between the Company and Cinda International Securities Limited ("**Cinda**") as the placing agent dated 11 December 2014 pursuant to which the Company agreed to issue and Cinda agreed on a best effort basis, to act as placing agent to procure placees to subscribe for the 7% per annum coupon unlisted bonds in an aggregate principal amount of up to HK$100,000,000 maturing on the eighth anniversary of the date of issue, as disclosed in the Company's announcement dated 11 December 2014;

(c) a sale and purchase agreement between the Company and Golden Stone Management Limited ("**Golden Stone**") dated 7 September 2015 pursuant to which the Company conditionally agreed to sell and Golden Stone conditionally agreed to purchase the entire equity interests in Best Volume for a consideration of HK$400,000,000, as disclosed in the Company's announcements dated 7 September 2015, 3 November 2015 and 12 November 2015 respectively and the Company's circular dated 15 October 2015;

(d) the Subscription Agreements and the Supplemental Agreements; and

(e) the Equity Transfer Agreement between Excellent Sino (a wholly-owned subsidiary of the Company) and GOME Finance dated 18 February 2016 pursuant to which GOME Finance conditionally agreed to sell and Excellent Sino conditionally agreed to purchase the entire equity interests in GOME Xinda for an initial consideration of approximately RMB49,719,000, as disclosed in the Announcement; and

(f) the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement.

7. COMPETING BUSINESSES OR INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling shareholders of the Company or any of their respective associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or has or may have any other conflict of interest with the Group as required to be disclosed pursuant to the Listing Rules.

8. DIRECTORS' SERVICE CONTRACTS

Mr. Fu Ear Ly, an executive Director, entered into a service agreement with the Company for a term commencing on 27 October 2014 and ending on the earlier of the third anniversary or the date of the 2017 annual general meeting of the Company. Mr. Fu is entitled to receive a monthly salary of HK$10,000 which is reviewed by the remuneration committee of the Company and determined by the Board with reference to the prevailing market rate and his duties and responsibilities in the Company. He is not entitled receive any variable remuneration from the Group.

Ms. Wong Yee Shuen, Regina, a non-executive Director, entered into a service agreement with the Company for a term commencing on 1 August 2015 and ending on the earlier of the third anniversary or the date of the 2018 annual general meeting of the Company. Ms. Wong is entitled to receive an annual remuneration of HK$240,000 which is reviewed by the remuneration committee of the Company and determined by the Board with reference to the prevailing market rate and her duties and responsibilities in the Company. She is not entitled to receive any variable remuneration from the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

(a) (including continuous and fixed term contracts) had been entered into or amended within six months before 8 December 2015, being the date of the Holding Announcement;

(b) was a continuous contract with a notice period of 12 months or more;

(c) was a fixed term contract with more than 12 months to run irrespective of the notice period; or

(d) would not expire or was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

9. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged or involved in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company, and no litigation, arbitration or claim which would materially and adversely affect the operations of the Company is known to the Directors to be pending or threatened by or against any member of the Group.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

Name	Qualifications
Somerley Capital Limited	A corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, Somerley Capital Limited did not have any interests in any securities of the Company or any securities or equity interests in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares or securities in any member of the Group.

Somerley Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they respectively appear.

11. INTERESTS IN ASSETS AND CONTRACTS

Save as disclosed herein, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors nor Somerley Capital Limited was interested, directly or indirectly, in any assets which had since 31 March 2016 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours at the principal place of business of the Company in Hong Kong at Suite 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on weekdays (Saturdays and public holidays excepted), (ii) on the website of the Company at http://www.sinocreditgp.com/html/index.php, and (iii) on the website of the SFC at www.sfc.hk up to and including the date of the SGM:

(a) the memorandum of association and the bye-laws of the Company;

(b) the memorandum and articles of association of Swiree, Richlane and Best Global;

(c) the annual reports of the Company for the last two financial years ended 31 March 2015 and 2016;

(d) the material contracts referred to in the section headed "Material Contract" in this appendix (to the extent not already included in paragraphs (a) to (c) above);

(e) the letter from the Board, the text of which is set out on pages 9 to 68 of this circular;

(f) the letters from the CCT IBC and the Whitewash IBC, the text of which is set out on pages 69 to 72 of this circular;

(g) the letter from the Independent Financial Adviser, the text of which is set out on pages 73 to 123 of this circular;

(h) the letter of consent from the Independent Financial Adviser referred to in the above paragraph headed "Expert and Consent" in this Appendix;

(i) the letter of consent from REORIENT Financial Markets Limited that it has given and has not withdrawn its written consent to the references to its name included in this circular in the form and context in which it appears; and

(j) the service contracts referred to in the section headed "Directors' Service Contracts" in this appendix.

13. MISCELLANEOUS

(a) The registered office of the Company is at Suite 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

(b) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, The Belvedire Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

(c) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(d) The full name and the address of each of Swiree and parties acting in concert with it are as follows:

Name	**Address (registered, business or personal)**
Swiree Capital Limited	Coastal Building Wickham's Cay II P.O. Box 2221 Road Town, Tortola British Virgin Islands
Richlane Ventures Limited	P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
Best Global Ventures Limited	P.O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
Peninsula Resources Limited	Commerce Chambers P.O. Box 2208 Road Town, Tortola British Virgin Islands
Ko Chun Shun, Johnson (高振順)	Suite 3901, 39th Floor Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Rockstead Technology Limited	P.O. Box 957 Offshore Incorporation Centre Road Town, Tortola British Virgin Islands
Omnicorp Limited	Sea Meadow House P.O. Box 116 Blackburne Highway Road Town, Tortola British Virgin Islands

(e) The director and the ultimate controlling shareholder of each of Swiree and parties acting in concert with it which are companies are as follows:

Name	Director	Ultimate controlling shareholder	Address (registered, business or personal) of ultimate controlling shareholder
Swiree Capital Limited	Du Juan (杜鵑)	Du Juan (杜鵑)	18th Floor, Block B, Eagle Plaza No. 26 Xiaoyun Road Chao Yang District Beijing PRC
Richlane Ventures Limited	Ko Chun Shun, Johnson (高振順)	Ko Chun Shun, Johnson (高振順)	Suite 3901, 39th Floor Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Best Global Ventures Limited	Yu Nan (余楠)	Yu Nan (余楠)	No.8, The Palace Gate Heng Hu Tong Fuchengmen Avenue Xicheng District Beijing PRC
Peninsula Resources Limited	Ko Chun Shun, Johnson (高振順)	Ko Chun Shun, Johnson (高振順)	Suite 3901, 39th Floor Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Rockstead Technology Limited	Ko Chun Shun, Johnson (高振順)	Ko Chun Shun, Johnson (高振順)	Suite 3901, 39th Floor Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Omnicorp Limited	Ko Chun Shun, Johnson (高振順)	Ko Chun Shun, Johnson (高振順)	Suite 3901, 39th Floor Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong

(f) REORIENT Financial Markets Limited acts as the financial adviser of the Company in respect of the Subscriptions. Its registered office and principal place of business is Suites 3201-3204, One Exchange Square, 8 Connaught Place, Hong Kong.

(g) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

華銀控股有限公司
SINO CREDIT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the "**Meeting**") of Sino Credit Holdings Limited (the "**Company**") will be held at Suite 1502, 15/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 22 August 2016, Monday, at 10:30 a.m. to consider and, if thought fit, transact the following business:

ORDINARY RESOLUTIONS

Subscription of new shares

1. "**THAT**, the subscription agreement (the "**Swiree Subscription Agreement**") entered into between the Company and Swiree Capital Limited ("**Swiree**") on 29 November 2015 in relation to, among other things, the subscription by Swiree (the "**Swiree Subscription**") of 1,653,073,872 ordinary shares (the "**Shares**") of the Company (the "**Swiree Subscription Shares**") at the subscription price of HK$0.77 each (a copy of the Swiree Subscription Agreement is tabled at the meeting and marked "A" by the chairman of the meeting for identification purpose), the first supplemental agreement to the Swiree Subscription Agreement (the "**First Swiree Supplemental Agreement**") entered into between the Company and Swiree on 18 February 2016 in relation to, among other things, the amendment and clarification of certain conditions precedent and terms set out in the Swiree Subscription Agreement (a copy of First Swiree Supplemental Agreement is tabled at the meeting and marked "B" by the chairman of the meeting for identification purpose) and the second supplemental agreement to the Swiree Subscription Agreement (the "**Second Swiree Supplemental Agreement**") entered into between the Company and Swiree on 5 August 2016 in relation to the extension of the long stop date under the Swiree Subscription Agreement (a copy of the Second Swiree Supplemental Agreement is tabled at the meeting and marked "C" by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified."

2. "**THAT**, subject to and conditional upon the passing of ordinary resolutions numbered 1 and 3, the subscription agreement (the "**Richlane Subscription Agreement**") entered into between the Company and Richlane Ventures Limited ("**Richlane**") on 29 November 2015 in relation to, among other things, the subscription by Richlane (the "**Richlane Subscription**") of 275,512,312 Shares (the "**Richlane Subscription Shares**") at the subscription price of HK$0.77 each (a copy of the Richlane Subscription Agreement is tabled at the meeting and marked "D" by the chairman of the meeting for identification purpose), the first supplemental agreement to the Richlane Subscription Agreement (the "**First Richlane Supplemental Agreement**") entered into between the Company and

Richlane on 18 February 2016 in relation to, among other things, the amendment and clarification of certain conditions precedent and terms set out in the Richlane Subscription Agreement (a copy of First Richlane Supplemental Agreement is tabled at the meeting and marked "E" by the chairman of the meeting for identification purpose) and the second supplemental agreement to the Richlane Subscription Agreement (the "**Second Richlane Supplemental Agreement**") entered into between the Company and Richlane on 5 August 2016 in relation to the extension of the long stop date under the Richlane Subscription Agreement (a copy of the Second Richlane Supplemental Agreement is tabled at the meeting and marked "F" by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified."

3. "**THAT**, subject to and conditional upon the passing of ordinary resolutions numbered 1 and 2, the subscription agreement (the "**Best Global Subscription Agreement**") entered into between the Company and Best Global Ventures Limited ("**Best Global**") on 29 November 2015 in relation to, among other things, the subscription by Best Global (the "**Best Global Subscription**") of 137,756,156 Shares (the "**Best Global Subscription Shares**") at the subscription price of HK$0.77 each (a copy of the Best Global Subscription Agreement is tabled at the meeting and marked "G" by the chairman of the meeting for identification purpose), the first supplemental agreement to the Best Global Subscription Agreement (the "**First Best Global Supplemental Agreement**") entered into between the Company and Best Global on 18 February 2016 in relation to, among other things, the amendment and clarification of certain conditions precedent and terms set out in the Best Global Subscription Agreement (a copy of First Best Global Supplemental Agreement is tabled at the meeting and marked "H" by the chairman of the meeting for identification purpose) and the second supplemental agreement to the Best Global Subscription Agreement (the "**Second Best Global Supplemental Agreement**") entered into between the Company and Best Global on 5 August 2016 in relation to the extension of the long stop date of the Best Global Subscription Agreement (a copy of the Second Best Global Supplemental Agreement is tabled at the meeting and marked "I" by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified."

(In this notice, Swiree, Richlane and Best Global are collectively referred to as the "**Subscribers**", the Swiree Subscription, the Richlane Subscription and the Best Global Subscription are collectively referred to as the "**Subscriptions**" and the Swiree Subscription Shares, the Richlane Subscription Shares and the Best Global Subscription Shares are collectively referred to as the "**Subscription Shares**".)

4. "**THAT**, conditional upon the Listing Committee of the Stock Exchange (the "**Stock Exchange**") granting the listing of, and permission to deal in the Subscription Shares, the specific mandate granted to the directors of the Company (the "**Directors**") to exercise the powers of the Company to allot, issue and deal with the Swiree Subscription Shares pursuant to the Swiree Subscription Agreement, the First Swiree Supplemental Agreement and the Second Swiree Supplemental Agreement be and is hereby approved."

5. "**THAT**, conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares, and subject to and conditional upon the passing of ordinary resolutions numbered 4 and 6, the specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Richlane Subscription Shares pursuant to the Richlane Subscription Agreement, the First Richlane Supplemental Agreement and the Second Richlane Supplemental Agreement be and is hereby approved."

6. "**THAT**, conditional upon the Listing Committee of the Stock Exchange Limited granting the listing of, and permission to deal in, the Subscription Shares, and subject to and conditional upon the passing of ordinary resolutions numbered 4 and 5, the specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Best Global Subscription Shares pursuant to the Best Global Subscription Agreement, the First Best Global Supplemental Agreement and the Second Best Global Supplemental Agreement be and is hereby approved."

7. "**THAT**, subject to and conditional on the passing of ordinary resolutions numbered 1 to 6, the waiver (the "**Whitewash Waiver**") granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and any delegate of such Executive Director pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") in respect of the obligation on the part of Swiree to make an unconditional mandatory general offer to the shareholders of the Company for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Swiree and parties acting in concert with it under Rule 26.1 of the Takeovers Code as a result of the Completion of the Swiree Subscription or the Completion of all of the Subscriptions (as the case may be) be and is hereby approved."

8. "**THAT**, any Director be and is hereby authorized for and on behalf of the Company to sign, seal and deliver all such documents, deeds and to do all acts, matters and things they may in their discretion consider necessary, expedient or desirable to implement and/or give effect to the Subscriptions."

Continuing connected transactions

9. "**THAT**, the framework agreement (the "**Factoring Service Framework Agreement**") entered into between the Company and Swiree on 5 August 2016 in respect of provision of factoring services by the Company and its subsidiaries (the "**Group**") (which shall include GOME Xinda Commercial Factoring Co., Ltd. (國美信達商業保理有限公司) after the Group has acquired it) to the suppliers of GOME Electrical Appliances Holding Limited (國美電器控股有限公司) and its subsidiaries (the "**GOME Group**") (a copy of the Factoring Service Framework Agreement is tabled at the meeting and marked "J" by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder by and are hereby confirmed, approved and ratified."

10. "**THAT**, the framework agreement (the "**Financial Leasing Service Framework Agreement**") entered into between the Company and Swiree on 5 August 2016 in respect of provision of financial leases by the Group to the wholesale and/or retail customers of the GOME Group (a copy of the Financial Leasing Service Framework Agreement is tabled at the meeting and marked "K" by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder by and are hereby confirmed, approved and ratified."

11. "**THAT**, the proposed annual caps for each of the three financial years ending 31 March 2019 in relation to the transactions contemplated under each of the Factoring Service Framework Agreement and the Financial Leasing Service Framework Agreement (together, the "**Framework Agreements**") be and are hereby approved, confirmed and ratified."

12. "**THAT**, any Director be and is hereby authorized for and on behalf of the Company to sign, seal and deliver all such documents, deeds and to do all acts, matters and things they may in their discretion consider necessary, expedient or desirable to implement and/or give effect to the Framework Agreements."

Appointment of Directors

13. "**THAT**, subject to and conditional upon the completion of the Swiree Subscription, the appointment of Mr. Ding Dong Hua (丁東華) as an executive Director be and is hereby approved."

14. "**THAT**, subject to and conditional upon the completion of the Swiree Subscription, the appointment of Mr. Zhang Jun (張軍) as an executive Director be and is hereby approved."

15. "**THAT**, subject to and conditional upon the completion of the Swiree Subscription, the appointment of Ms. Wei Qiuli (魏秋立) as a non-executive Director be and is hereby approved."

16. "**THAT**, subject to and conditional upon the completion of the Swiree Subscription, the appointment of Mr. Zhang Liqing (張禮卿) as an independent non-executive Director be and is hereby approved."

17. "**THAT**, subject to and conditional upon the completion of the Swiree Subscription, the appointment of Mr. Li Liangwen (李良溫) as an independent non-executive Director be and is hereby approved."

18. "**THAT**, the board of Directors be authorized to fix the remuneration of each of the proposed Directors as described in the ordinary resolutions numbered 13 to 17 in consultation with the Remuneration Committee of the Company and on behalf of the Company, to enter into the service contract with each of these proposed Directors and to sign, seal and deliver all such documents, deeds and to do all acts, matters and things they may in their discretion consider necessary, expedient or desirable to implement and/or give effect to such matters."

Yours faithfully,
By order of the Board
Sino Credit Holdings Limited
Chung Tat Fun
Chairman

Hong Kong, 5 August 2016

Registered office:	*Head office and principal place of business in Hong Kong:*
Clarendon House	Suite 1502, 15/F.
2 Church Street	Far East Finance Centre
Hamilton HM 11	16 Harcourt Road
Bermuda	Admiralty
	Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A member who is the holder of two or more Shares in the Company may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.

2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (or any adjournment thereof).

4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

As at the date hereof, the Company's executive directors are Mr. Chung Tat Fun, Mr. Chung Ho Chun, Mr. Fu Ear Ly and Mr. Huang Weibo; the non-executive directors are Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina; and the independent non-executive directors are Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis.