THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Freeman FinTech Corporation Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

FREEMAN FINTECH CORPORATION LIMITED
民眾金融科技控股有限公司
(formerly known as Freeman Financial Corporation Limited 民眾金服控股有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

MAJOR TRANSACTION – ACQUISITION OF A CONTROLLING INTEREST IN WINS FINANCE HOLDINGS INC.

A notice convening the extraordinary general meeting (the "EGM") of Freeman FinTech Corporation Limited (the "Company") to be held at Java II-III, 2/F., Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong (MTR Quarry Bay Station, Exit C) on Tuesday, 11 July 2017 at 4:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 4:00 p.m. on Sunday, 9 July 2017 or not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting if you so wish.

Hong Kong, 26 June 2017

CONTENTS

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

"Acquisition"	the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement
"Adjusted Appelo Payment Amount"	shall have the meaning ascribed to it in the section headed "***Adjusted Purchase Price***"
"Adjusted Wits Payment Amount"	shall have the meaning ascribed to it in the section headed "***Adjusted Purchase Price***"
"Amended and Restated Registration Rights Agreement"	the Amended and Restated Registration Rights Agreement between the Target Company, the Sellers and certain other parties thereto
"Amendment Agreement"	the amendment agreement dated 16 June 2017 entered into between the Purchaser and the Seller Parties in respect of the Share Purchase Agreement to amend certain terms of the Share Purchase Agreement
"Board"	the board of Directors
"Business Day(s)"	any day that is not a Saturday, a Sunday or other day on which banking institutions in the Cayman Islands, the British Virgin Islands, the State of New York or the cities of Beijing, Shanghai or Hong Kong are required by law to be closed
"Closing"	closing of the Acquisition pursuant to the Share Purchase Agreement
"Closing Balance Sheet"	a consolidated balance sheet of Target Group Companies as at the close of business on the Measurement Date

"Company"	Freeman FinTech Corporation Limited (Stock Code: 279), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Purchase Agreement and the transaction contemplated thereunder
"Enlarged Group"	the Group and the Target Group Companies
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the dollar unit in the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	22 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the date which is the first anniversary of signing the Share Purchase Agreement (if such date falls on a day that is not a Business Day, the next succeeding Business Day) or such date as may be extended by mutual written consent of the Purchaser and the Seller Parties
"Measurement Date"	the last day of the month immediately prior to the month of the Closing
"Merger"	shall have the meaning ascribed to it in the section headed "***Information about the Target Company***"

"NASDAQ"	The NASDAQ Stock Market LLC
"PBOC"	the People's Bank of China
"PRC"	the People's Republic of China
"Promissory Note A1"	the promissory note in the principal amount of US$43,500,000 to be issued by the Company to Appelo Limited as part of the consideration for the Acquisition
"Promissory Note A2"	the promissory note in the principal amount of US$14,500,000 to be issued by the Company to Wits Global Limited as part of the consideration for the Acquisition
"Promissory Note B1"	the promissory note in the principal amount of US$52,500,000 to be issued by the Company to Appelo Limited as part of the consideration for the Acquisition
"Promissory Note B2"	the promissory note in the principal amount of US$17,500,000 to be issued by the Company to Wits Global Limited as part of the consideration for the Acquisition
"Promissory Note C1"	the promissory note to be issued by the Company to Appelo Limited as part of the consideration for the Acquisition, the principal amount of which is the lower of US$99,000,000 and the Adjusted Appelo Payment Amount
"Promissory Note C2"	the promissory note to be issued by the Company to Wits Global Limited as part of the consideration for the Acquisition, the principal amount of which is the lower of US$33,000,000 and the Adjusted Wits Payment Amount
"Promissory Notes"	Promissory Note A1, Promissory Note A2, Promissory Note B1, Promissory Note B2, Promissory Note C1 and Promissory Note C2
"Purchase Price"	the aggregate consideration payable from the Purchaser to the Sellers for the Sale Shares under the Share Purchase Agreement, the amount of which is the lower of (i) US$260,000,000; or (ii) the Adjusted Purchase Price (as defined in the section headed "***Adjusted Purchase Price***")

"Purchaser"	Spectacular Bid Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of PRC
"Sale Shares"	10,080,000 ordinary shares of US$0.0001 each in the issued share capital of the Target Company held by Appelo Limited; and 3,360,000 ordinary shares of US$0.0001 each in the issued share capital of the Target Company held by Wits Global Limited
"Seller Parties"	Appelo Limited, Wits Global Limited and Mr. Wang Hong
"Sellers"	Appelo Limited and Wits Global Limited, each of which is wholly-owned by Mr. Wang Hong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Shares
"Share Purchase Agreement"	the share purchase agreement dated 13 December 2016 entered into between the Purchaser and the Seller Parties in respect of the Acquisition and amended by the Amendment Agreement on 16 June 2017
"Shares"	ordinary share(s) of HK$0.001 each in the issued share capital of the Company
"Sino"	shall have the meaning ascribed to it in the section headed "***Information about the Target Company***"
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Wins Finance Holdings Inc., a company incorporated in the Cayman Islands whose shares are listed on NASDAQ, which is owned as to 50.3% and 16.8% by Appelo Limited and Wits Global Limited, respectively, as at the date of this circular

"Target Group Companies"	the Target Company and any and all corporations, partnerships, limited liability companies, joint ventures, associations and other entities controlled by the Target Company
"U.S."	United States of America
"U.S. GAAP'	Generally Accepted Accounting Principles in the United States of America
"US$"	United States dollars, the lawful currency of the United States of America
"WFG"	shall have the meaning ascribed to it in the section headed "***Information about the Target Company***"
"%"	per cent.

FREEMAN FINTECH CORPORATION LIMITED
民眾金融科技控股有限公司

(formerly known as Freeman Financial Corporation Limited 民眾金服控股有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

Executive Directors:
Mr. Yang Haoying *(Chief Operating Officer)*
Ms. Chow Mun Yee
Mr. Wang Xiaodong
Mr. Zhao Tong

Independent Non-executive Directors:
Mr. Cheung Wing Ping
Mr. Fung Tze Wa
Mr. Wu Keli
Mr. Xu Zhiguang

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
38th Floor
Bank of China Tower
1 Garden Road
Hong Kong

26 June 2017

To the Shareholders,

Dear Sir/Madam,

MAJOR TRANSACTION – ACQUISITION OF A CONTROLLING INTEREST IN WINS FINANCE HOLDINGS INC.

INTRODUCTION

Reference is made to the announcements of the Company dated 13 December 2016, 14 December 2016 and 16 June 2017 in relation to the Acquisition.

On 13 December 2016 (after trading hours), the Purchaser entered into the Share Purchase Agreement with the Seller Parties, pursuant to which the Purchaser conditionally agreed to purchase, and the Sellers conditionally agreed to sell, 67.1% equity interest in the Target Company at the Purchase Price.

On 16 June 2017 (after trading hours), the Purchaser and the Seller Parties entered into the Amendment Agreement in respect of the Share Purchase Agreement to amend certain terms of the Share Purchase Agreement.

Upon Closing, the Purchaser will hold 67.1% of the total issued share capital of the Target Company, thereby making it a non-wholly owned subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the Group's financial statements following Closing.

The purpose of this circular is to provide you with information in relation to, among other things, (i) details of the Share Purchase Agreement and the transactions contemplated thereunder, (ii) the financial information of the Group, (iii) the financial information of the Target Group Companies, (iv) the unaudited pro forma financial information of the Enlarged Group and (v) a notice convening the EGM at which ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder.

PRINCIPAL TERMS OF THE ACQUISITION AND THE SHARE PURCHASE AGREEMENT

Date: 13 December 2016 and amended on 16 June 2017 (all after trading hours)

Purchaser: the Purchaser

Sellers: the Sellers

Warrantor: Mr. Wang Hong

Assets to be acquired

(a) 10,080,000 ordinary shares in the Target Company held by Appelo Limited, representing 50.3% of the total issued share capital of the Target Company as at the date of this circular; and

(b) 3,360,000 ordinary shares in the Target Company held by Wits Global Limited, representing 16.8% of the total issued share capital of the Target Company as at the date of this circular.

Purchase Price

The Purchase Price is the lower of (i) US$260,000,000; or (ii) the Adjusted Purchase Price (as defined below).

The consideration payable to Appelo Limited is 75% of the Purchase Price and the consideration payable to Wits Global Limited is 25% of the Purchase Price, in proportion to their respective shareholding of the Sale Shares.

The Purchase Price represents (i) approximately 67.1% of the audited net asset value of the Target Group Companies as of 30 June 2016 times a multiple of 1.58 (the "Multiple") and (ii) a discount of approximately 88% of the average closing price of US$159.87 per share of the Target Company on NASDAQ for the five trading days immediately preceding the date of signing the Share Purchase Agreement multiplied by the number of shares of the Target Company being acquired by the Purchaser.

The Multiple was determined after arm's length negotiations between the parties and it represents price-to-book ratio ("P/B Ratio") using the Purchase Price of US$260,000,000 and dividing by 67.1% of the audited net asset value of the Target Group Companies as at 30 June 2016 of US$244,055,000 (i.e. US$163,761,000) as extracted from the latest published financial statements of the Target Group Companies for the year ended 30 June 2016 on NASDAQ. According to the financial information of the Target Group Companies as set out in Appendix II to this circular, the audited net assets value of the Target Group Companies as at 30 June 2016 under HKFRS amounted to US$243,195,000. Multiplying 67.1% to this audited net assets value, it is equivalent to approximately US$163,184,000, and the P/B Ratio would amount to 1.59 (i.e. US$260,000,000/ US$163,184,000), which is not materially different to the Multiple at 1.58 used for the Adjusted Purchase Price.

In order to identify the appropriate P/B Ratio in determining of the Purchase Price, the Board selected eight meaningful and appropriate comparable companies based on the following selection criteria: (i) type of principal activities; (ii) geographical location of customers; and (iii) listing status. Those selected comparable companies are principally engaged in businesses similar to that of the Target Group Companies (i.e. financial leasing and provision of credit guarantee) and their customers are mainly located in PRC. Also, they are companies listed on the Stock Exchange and stock markets in PRC. Principal activities of the comparable selected companies are as follows:

Name	**Principal activities**
(1) Anhui Xinli Finance Co., Ltd. ("Anhui Xinli") *Note*	Provision of financing guarantee, small loans, pawn, finance leasing and internet finance, in PRC
(2) Bohai Capital Holding Co., Ltd. ("Bohai Capital") *Note*	Aircraft leasing, container leasing and finance leasing in PRC

Name	Principal activities
(3) Hanhua Financial Holding Co., Ltd.*	Provision of credit guarantee and related consulting services, loans to customers and agency services in PRC
(4) China Aircraft Leasing Group Holdings Limited	Aircraft leasing (including finance leasing) and provision of financing mainly in PRC and other countries or regions in Europe and Asia
(5) BOC Aviation Limited	Leasing of aircraft (including finance leasing), management of aircraft leases and other related activities in Asia Pacific, Chinese Mainland, Americas, Europe and Middle East & Africa
(6) Credit China FinTech Holdings Limited	Provision of consultancy service and investment holding mainly in PRC, including money lending business, pawn loans business, entrusted loan financing services, microfinance service, etc
(7) China Innovative Finance Group Limited	Provision of various kinds of financial services mainly in Hong Kong and other parts of PRC, including financial leasing, operation of an asset exchange platform, investments in securities, money lending and investment holding
(8) Far East Horizon Limited	Provision of finance to customers by a wide array of assets under finance lease arrangements, operating lease arrangements, entrusted loan arrangements, factoring, the provision of advisory services, equipment operation business, industrial operation business and other services as approved by the Ministry of Commence of PRC

Note: Shares of Anhui Xinli are listed on Shanghai Stock Exchange and shares of Bohai Capital are listed on Shenzhen Stock Exchange. Despite the different geographical locations of the listing markets and different factors affecting respective market capitalization, the Directors considered that Anhui Xinli and Bohai Capital are meaningful and appropriate comparables as both companies are mainly engaged in similar businesses in PRC with that of the Target Group Companies (i.e. finance leasing business).

* *for identification purpose only*

The above eight companies are the only companies that the Board considered when determining the P/B Ratio. The Board believed that a sample size of eight companies is sufficient for the purposes of considering the appropriate P/B Ratio in determining the Purchase Price. The details of these eight companies based on the information available as at the date of Share Purchase Agreement are extracted below:

No.	Stock Code	Stock Exchange Listed	Name	Market Capitalisation[1] US$million A	Net Profit US$million B	Net Assets US$million C	Price-to-Earnings Ratio D = A/B	Price-to-Book Ratio E = A/C
(1)	600318.SH	Shanghai	Anhui Xinli Finance Co., Ltd	1,007	11[2]	328[4]	91.55	3.07
(2)	000415.SZ	Shenzhen	Bohai Capital Holding Co., Ltd	6,435	189[2]	4,715[4]	34.05	1.36
(3)	3903.HK	Hong Kong	Hanhua Financial Holding Co., Ltd.*	457	44[2]	1,079[4]	10.39	0.42
(4)	1848.HK	Hong Kong	China Aircraft Leasing Group Holdings Limited	772	49[2]	285[4]	15.76	2.71
(5)	2588.HK	Hong Kong	BOC Aviation Limited	3,466	343[2]	2,440[4]	10.11	1.42
(6)	8207.HK	Hong Kong	Credit China FinTech Holdings Limited	2,036	12[2]	381[4]	169.67	5.34
(7)	412.HK	Hong Kong	China Innovative Finance Group Limited	1,410	9[3]	407[5]	156.67	3.46
(8)	3360.HK	Hong Kong	Far East Horizon Limited	3,509	373[2]	3,327[4]	9.41	1.05

Source: Bloomberg

* *for identification purpose only*

[1] as at 12 December 2016, being the last trading day immediately preceding the date of signing the Share Purchase Agreement

[2] for the year ended 31 December 2015

[3] for the year ended 31 March 2016

[4] as at 31 December 2015

[5] as at 31 March 2016

As at the Latest Practicable Date, their details are extracted below:

No.	Stock Code	Stock Exchange Listed	Name	Market Capitalisation[1] US$million A	Net Profit US$million B	Net Assets US$million C	Price-to Earnings Ratio D = A/B	Price-to-Book Ratio E = A/C
(1)	600318.SH	Shanghai	Anhui Xinli Finance Co., Ltd	760	23[2]	363[4]	33.04	2.09
(2)	000415.SZ	Shenzhen	Bohai Capital Holding Co., Ltd	5,901	328[2]	5,434[4]	17.99	1.09
(3)	3903.HK	Hong Kong	Hanhua Financial Holding Co., Ltd.*	104	35[2]	1,077[4]	2.97	0.10
(4)	1848.HK	Hong Kong	China Aircraft Leasing Group Holdings Limited	797	82[2]	392[4]	9.72	2.03
(5)	2588.HK	Hong Kong	BOC Aviation Limited	3,626	418[2]	3,382[4]	8.67	1.07
(6)	8207.HK	Hong Kong	Credit China FinTech Holdings Limited	3,027	43[2]	611[4]	70.40	4.95
(7)	412.HK	Hong Kong	China Innovative Finance Group Limited	873	9[3]	407[5]	97.00	2.14
(8)	3360.HK	Hong Kong	Far East Horizon Limited	3,475	443[2]	3,580[4]	7.84	0.97

Source: Bloomberg

* *for identification purpose only*

1 as at Latest Practicable Date
2 for the year ended 31 December 2016
3 for the year ended 31 March 2016
4 as at 31 December 2016
5 as at 31 March 2016

The Board considered that (i) the P/B Ratios of the comparable companies in Hong Kong and PRC listed above are fair and representative of the premium for businesses in the financial leasing sector; and (ii) the Multiple is fair and reasonable as it falls within the range of valuation of comparable companies in Hong Kong and PRC listed above.

As set out in the financial information of the Target Group Companies in Appendix II to this circular, the audited net asset value of the Target Group Companies as at 31 December 2016 under HKFRS amounted to approximately US$242,295,000. The Purchase Price will be adjusted in the manner described in the section headed "Adjusted Purchase Price" if the net asset value of the Target Group Companies as stated in the Closing Balance Sheet is less than the net asset value of the Target Group Companies as of 30 June 2016.

P/B Ratio is commonly used for valuing financial businesses with substantial amount of assets on its books. The Board believed using P/B ratio is the best approach in determining the Purchase Price and the value of the Target Company and its subsidiaries given that the Target Company is an integrated financing solution provider with an audited net asset value under HKFRS of approximately US$236,742,000, US$243,195,000 and US$242,295,000 as of 30 June 2015, 30 June 2016 and 31 December 2016, respectively as set out in the financial information of the Target Group Companies in Appendix II to this circular.

Subsequent changes in trading prices of the Target Company since the Share Purchase Agreement were summarised as follows:

Relevant Date	**Closing Price (US$)**	**% Change[5]**
12 December 2016[1]	110.62	–
30 December 2016[2]	180.00	+62.72%
31 March 2017[3]	144.99	-19.45%
7 June 2017[4]	205.01	+41.40%
Latest Practicable Date	205.01	–

1 Being the last trading day immediately preceding the date of signing the Share Purchase Agreement
2 Being the last trading day in calendar year 2016
3 Being the last trading day for the year ended 31 March 2017
4 Being the last trading day immediately preceding the date of signing the Amendment Agreement
5 Being % change of closing price from last relevant date

The Board was not aware of the reasons for the significant changes in trading price of the Target Company during the above relevant dates, and considered the subsequent changes in trading prices of the Target Company since the Share Purchase Agreement summarised above, and considered that such changes in trading prices would not affect the fairness and reasonableness of the Acquisition because:

(i) the Purchase Price was determined in accordance with P/B Ratio using the Purchase Price of US$260,000,000 and dividing by 67.1% of the audited net asset value of the Target Group Companies as at 30 June 2016 of US$244,055,000 (i.e. US$163,761,000) as extracted from latest published financial statements of the Target Group Companies for the year ended 30 June 2016 on NASDAQ;

(ii) the Adjusted Purchase Price was determined in accordance with net asset value of the Target Group Companies calculated in accordance with the Closing Balance Sheet; and

(iii) the Purchase Price still represents a discount of approximately 91% of the closing price of US$205.01 per share of the Target Company on NASDAQ on the Latest Practicable Date multiplied by the number of shares of the Target Company being acquired by the Purchaser.

The Purchase Price was arrived after arm's length negotiations between the Seller Parties and the Purchaser on normal commercial terms and the Purchase Price was determined after taking into account: (i) the financial statements of the Target Company; (ii) the prospects and potential of the business of the Target Company and (iii) prevailing trading prices of the Target Company.

The Purchase Price will be settled by the Purchaser in the following manner:

(a) within six months after the signing of the Share Purchase Agreement, the Purchaser shall deliver, or cause to be delivered, to (i) Appelo Limited, Promissory Note A1 and (ii) Wits Global Limited, Promissory Note A2;

(b) within five Business Days after the Closing, the Purchaser shall deliver, or cause to be delivered, to (i) Appelo Limited, Promissory Note B1 and (ii) Wits Global Limited, Promissory Note B2; and

(c) within the later of (A) six months after the Closing; or (B) one month after such date when the Lawsuits (as defined in the section headed "**Information about the Target Company**") have been resolved and the relevant governmental orders have become final and non-appealable (the "Last Notes Issuance Date"), the Purchaser shall deliver, or cause to be delivered, to (i) Appelo Limited, Promissory Note C1 and (ii) Wits Global Limited, Promissory Note C2, provided however that in the event that the Adjusted Appelo Payment Amount or the Adjusted Wits Payment Amount is zero or a negative amount, the Purchaser will not be obliged to deliver the relevant promissory note.

The Purchase Price will be satisfied by the issuance of the Promissory Notes. The Promissory Notes are to be repaid from internal resources and/or financed under credit facilities of the Group.

Adjusted Purchase Price

No later than two Business Days prior to the Closing, the Seller Parties will provide the Purchaser with the Closing Balance Sheet and the working papers used in connection with the preparation of the Closing Balance Sheet. The Closing Balance Sheet will be prepared in a manner consistent with and on the same basis and in accordance with the same accounting policies as the financial statements of the Target Group Companies.

The Adjusted Purchase Price (as amended under the Amendment Agreement) is calculated as follows:

"**Adjusted Purchase Price**" = US$128,000,000 + A + B

Where:

“A” the net asset value of the Target Group Companies calculated in accordance with the Closing Balance Sheet × C × D × E – US$96,000,000 – Outstanding Indemnification Amount × E (the “Adjusted Appelo Payment Amount”);

“B” the net asset value of the Target Group Companies calculated in accordance with the Closing Balance Sheet × C × D × F – US$32,000,000 – Outstanding Indemnification Amount × F (the “Adjusted Wits Payment Amount”);

“C” means 1.58 which represents P/B Ratio using the Purchase Price of US$260,000,000 and dividing by 67.1% of the audited net asset value of the Target Group Companies as at 30 June 2016 of US$244,055,000 (i.e. US$163,761,000) as extracted from the Target Group Companies’ published financial statements for the year ended 30 June 2016 on NASDAQ;

“D” means the percentage of the Sellers’ aggregate interest in the Target Company as at the Measurement Date;

“E” means 0.75; and

“F” means 0.25.

“Outstanding Indemnification Amount” means the aggregate amount of any and all losses indemnifiable by the Seller Parties towards the Purchaser Indemnified Parties (as defined in the section headed “**Indemnity**”) under the Share Purchase Agreement that remain unpaid by the Seller Parties as of the Last Notes Issuance Date. Further information about the indemnity provided by the Seller Parties to the Purchaser is set out in the section headed “**Indemnity**”.

Shareholders should note that the costs associated with the Lawsuits (as defined in the section headed “**Information about the Target Company**”) and the Outstanding Indemnification Amount may be greater than the maximum principal amounts of Promissory Notes C1 and C2. In the event that this happens, the Purchaser will have to claim the balance of the Outstanding Indemnification Amount from the Seller Parties.

US$128,000,000 under the calculation of the Adjusted Purchase Price represents the total principal amount of Promissory Notes A1, A2, B1 and B2, which approximates to 49.23% of the Purchase Price of US$260,000,000.

The Board considered that using US$128,000,000 in the calculation of the Adjusted Purchase Price instead of the total Purchase Price was arrived after arm's length negotiation with the Sellers Parties with reference to the time required between signing the Share Purchase Agreement and Closing, the nature of the transaction and the Purchase Price. Out of US$128,000,000, US$58,000,000 represents the principal amounts of Promissory Notes A1 and A2 (which will be issued within six months after signing the Share Purchase Agreement) and will be paid to the Sellers within 12 months from the date of issue. The remaining US$70,000,000 represents the principal amounts of Promissory Notes B1 and B2 (which will be issued within five Business Days after the Closing) and will be paid to the Sellers within 12 months from the date of issue.

Using promissory notes as payment means by the Group to Sellers with different maturity dates instead of immediate cash outlays would allow the Group with flexibility in cash flows allocation among different business segments and other investment opportunities in order to enhance values to the Shareholders. In view of the above factors, using US$128,000,000 in the calculation of the Adjusted Purchase Price instead of the total Purchase Price is in the interests of the Shareholders and the Company as a whole.

Within six months after the Closing, the Purchaser will be entitled to, at its own cost, have the Closing Balance Sheet audited by its external auditors. In the event that the Purchaser decides to conduct an audit of the Closing Balance Sheet, such audited Closing Balance Sheet will be the final Closing Balance Sheet and the net asset value of the Target Group Companies calculated based on such audited Closing Balance Sheet will apply to the calculation of the Adjusted Appelo Payment Amount and the Adjusted Wits Payment Amount. The principal amount of Promissory Note C1 and Promissory Note C2 will be based on the Adjusted Appelo Payment Amount and the Adjusted Wits Payment Amount respectively.

Promissory Notes A1 and A2

Issuer:	the Company
Principal amount:	Promissory Note A1: US$43,500,000
	Promissory Note A2: US$14,500,000
Interest:	2% per annum
Maturity date:	12 months from the date of issuance of the notes

Transferability:	Promissory Note A1:	The note may be transferred by Appelo Limited or its transferees or transferees thereof to any person other than a person who is a connected person of the Company (as defined in the Listing Rules).
	Promissory Note A2:	The note may be transferred by Wits Global Limited or its transferees or transferees thereof to any person other than a person who is a connected person of the Company (as defined in the Listing Rules).
Early repayment:	The Company may, by a prior written notice, prepay the whole or any part of the principal amount of Promissory Note A1 and/ or Promissory Note A2 at any time seven Business Days prior to the maturity date, without premium or penalty, and any prepayment shall be made together with accrued interest on the amount prepaid provided that if the outstanding principal amount is repaid on or earlier than one month before the maturity date, any outstanding accrued interest on such amount of principal shall be cancelled and void ab initio absolutely.	

Promissory Notes B1 and B2

Issuer:	the Company	
Principal amount:	Promissory Note B1:	US$52,500,000
	Promissory Note B2:	US$17,500,000
Interest:	2% per annum	
Maturity date:	12 months from the date of issuance of the notes	

Transferability:	Promissory Note B1:	The note may be transferred by Appelo Limited or its transferees or transferees thereof to any person other than a person who is a connected person of the Company (as defined in the Listing Rules).
	Promissory Note B2:	The note may be transferred by Wits Global Limited or its transferees or transferees thereof to any person other than a person who is a connected person of the Company (as defined in the Listing Rules).
Early repayment:	The Company may, by a prior written notice, prepay the whole or any part of the principal amount of Promissory Note B1 and/ or Promissory Note B2 at any time seven Business Days prior to the maturity date, without premium or penalty, and any prepayment shall be made together with accrued interest on the amount prepaid provided that if the outstanding principal amount is repaid on or earlier than one month before the maturity date, any outstanding accrued interest on such amount of principal shall be cancelled and void ab initio absolutely.	

Promissory Notes C1 and C2

Issuer:	the Company	
Principal amount:	Promissory Note C1:	the lower of US$99,000,000 and the Adjusted Appelo Payment Amount
	Promissory Note C2:	the lower of US$33,000,000 and the Adjusted Wits Payment Amount
Interest:	2% per annum	
Maturity date:	36 months from the date of issuance of the notes	

Transferability:	Promissory Note C1:	The note may be transferred by Appelo Limited or its transferees or transferees thereof to any person other than a person who is a connected person of the Company (as defined in the Listing Rules).
	Promissory Note C2:	The note may be transferred by Wits Global Limited or its transferees or transferees thereof to any person other than a person who is a connected person of the Company (as defined in the Listing Rules).
Early repayment:	The Company may, by a prior written notice, prepay the whole or any part of the principal amount of Promissory Note C1 and/or Promissory Note C2 at any time seven Business Days prior to the maturity date, without premium or penalty, and any prepayment shall be made together with accrued interest on the amount prepaid provided that if the outstanding principal amount is repaid on or earlier than one month before the maturity date, any outstanding accrued interest on such amount of principal shall be cancelled and void ab initio absolutely.	

Representations and Warranties

Under the Share Purchase Agreement, the Seller Parties jointly and severally provide representations and warranties which are usual and customary for a transaction of this nature and scale.

Conditions Precedent

The obligations of the parties to effect Closing is conditional upon the satisfaction or waiver of, among others, the following conditions:

(a) there shall not be in effect any law or governmental order of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated under the Share Purchase Agreement;

(b) no legal proceeding shall have been commenced by or before any governmental authority against the Purchaser or any of the Seller Parties seeking to restrain or materially and adversely alter the transactions contemplated by the Share Purchase Agreement which would render it impossible or unlawful to consummate such transactions, provided, however, that this condition shall not apply if such party has directly or indirectly solicited or encouraged any such legal proceeding;

(c) from and after the date of the Share Purchase Agreement, there shall not have occurred and be continuing a material adverse effect;

(d) the Purchaser shall have received a true and complete copy of the board resolutions of the Target Company, to the satisfaction of the Purchaser, approving and/or authorizing (i) the transactions contemplated under the Share Purchase Agreement, (ii) the change of directors with the resignation of Jianming Hao, Haiming Guo, Guo Chen and Jingxiao Zhang and the appointment of Junfeng Zhao, Xiaofeng Zhong, Shihai Wang and Weiqi Chen as directors of the Target Company (each, the "New Target Company Director(s)"), (iii) no change to the treatment of the awards under the Target Company's 2015 share incentive plan and (iv) the registered office provider to update the register of members of the Target Company, evidencing the ownership by the Purchaser of all of the Sale Shares;

(e) the Shareholders' meeting of the Company shall have been convened to vote on the transactions contemplated under the Share Purchase Agreement and the Shareholders shall have granted the approval on the transactions contemplated under the Share Purchase Agreement at such Shareholders' meeting;

(f) the Sellers shall have delivered a notice to the Target Company with regard to the assignment of their registration rights under the Amended and Restated Registration Rights Agreement and the Sellers shall have caused the Target Company to execute and deliver an addendum agreement to the Amended and Restated Registration Rights Agreement; and

(g) the Purchaser has completed to its satisfaction business, legal and financial due diligence review of the Seller Parties and Target Group Companies.

In respect of above condition (d), below are further biographical information of the New Target Company Director(s):

Mr. Junfeng Zhao ("Mr. Zhao") currently serves as the chief financial officer of Wins Finance Holdings Inc. and the chairman of the board of Shanxi Dongsheng Finance Guarantee Co., Ltd.. Mr. Zhao was the vice president of Jinshang International Financial Leasing Co., Ltd. between May 2010 and August 2016. Mr. Zhao is a certified public accountant in China and a member of the Association of Chartered Certified Accountants.

Mr. Shihai Wang ("Mr. Wang") currently serves as the managing director of SDIC Fund Management Co., Ltd., supervisor of Changzhou Xingyu Automotive Lighting Systems Co., Ltd. (601799 SH), director of Jinneng Science and Technology Co., Ltd., director of PHASE Motor Technology (Ningbo) Co., Ltd., independent director of Hiconics Drive Technology Co., Ltd. (300048 SZ), independent director of Beijing GeoEnviron Engineering & Technology, lnc. (603588 SH), independent director of Shanghai Hydee Software Corp., Ltd.. Mr. Wang has more than 15 years of experience in private equity, investment bank, merger and acquisition and commercial bank financing. Mr. Wang holds a Bachelor's degree in Economics from Shandong University of Finance and Economics and a Master degree in Business Administration from Shanghai Jiao Tong University.

Mr. Xiaofeng Zhong ("Mr. Zhong") currently serves as the senior vice president in CIF (Shenzhen) Equity Investment Fund Management Co., Ltd.* Mr. Zhong also served as the vice president in Shenzhen Ping'an Innovation Capital Investment Co., Ltd.* and the manager in Deloitte Touche Tohmatsu CPA Ltd. Shenzhen Branch. Mr. Zhong has more than 10 years of experience in investment and accountancy. Mr. Zhong holds a Bachelor's degree in Economics from Shenzhen University and a Master degree in Economics from Fudan University.

Mr. Weiqi Chen ("Mr. Chen") currently serves as the partner in Autobot Capital Partners. Mr. Chen also served as the investment director in Shenzhen Kaixin Capital Investment Management Co., Ltd.* and the investment associate in Shenzhen GTJA Investment Group Co., Ltd. Mr. Chen holds a Bachelor's degree in Economics from Shenzhen University.

The Board considers that (i) Mr. Zhao possesses sufficient and relevant experience in operating the Target Group Companies' business as he has been involved in day-to-day operations of the Target Group Companies, including credit controls and liquidity management; (ii) Mr. Zhao and Mr. Zhong possess sufficient experience in accountancy to supplement the financial reporting of the Target Group Companies; and (iii) Mr. Wang, Mr. Zhong and Mr. Chen possess sufficient experience in investment in PRC to supplement the business development and future external funding exercises of the Target Group Companies. The Company currently has no intention to appoint any directors or senior management of the Sellers and/or Target Group Companies as the Company's directors as a result of the Acquisition.

* *for identification purpose only*

Termination

The Share Purchase Agreement may be terminated at any time prior to the Closing in the following manner:

(a) by mutual written consent of the Seller Parties and the Purchaser;

(b) by either the Purchaser or the Seller Parties if:

(i) the Closing shall not have occurred by the close of business on the Long Stop Date provided that the right to terminate the Share Purchase Agreement shall not be available to (a) the Purchaser if the failure by the Purchaser to perform any of its obligations under the Share Purchase Agreement shall have resulted in the failure of the Closing to be consummated by the Long Stop Date, or (b) the Seller Parties if the failure by any of the Seller Parties to perform any of its obligations under the Share Purchase Agreement shall have resulted in the failure of the Closing to be consummated by the Long Stop Date;

(ii) there shall have been in effect any law or governmental order of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated under the Share Purchase Agreement; or

(iii) any legal proceeding shall have been commenced by or before any governmental authority against the Purchaser or any of the Seller Parties seeking to restrain or materially and adversely alter the transactions contemplated by the Share Purchase Agreement which would render it impossible or unlawful to consummate such transactions, provided, however, that this method of termination shall not apply if such party has directly or indirectly solicited or encouraged any such legal proceeding;

(c) by the Purchaser if, between the date of the Share Purchase Agreement and the Closing, (i) there is a breach of any representation or warranty or failure to perform any covenant or agreement in the Share Purchase Agreement on the part of the Seller Parties and (ii) such breach or failure to perform would cause any of the conditions precedent of the Share Purchase Agreement not to be satisfied on or before the Long Stop Date and cannot be cured, or if curable, is not cured within thirty days after written notice of such breach is given to the Seller Parties by the Purchaser; or

(d) by the Seller Parties if, between the date of the Share Purchase Agreement and the Closing, there is a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in the Share Purchase Agreement, which breach or failure to perform would cause any of the conditions precedent of the Share Purchase Agreement not to be satisfied on or before the Long Stop Date and cannot be cured, or if curable, is not cured within thirty days after written notice of such breach is given to the Purchaser by the Seller Parties.

In the event that the Share Purchase Agreement is terminated in accordance with its terms, Promissory Note A1 and Promissory Note A2 will be cancelled immediately and void ab initio absolutely and the Seller Parties shall return, or cause to be returned, Promissory Note A1 and Promissory Note A2 to the Purchaser within three Business Days after the date of such termination.

Indemnity

Pursuant to the Share Purchase Agreement, the Seller Parties agreed to, jointly and severally, indemnify and hold harmless the Purchaser and its affiliates and their respective officers, directors, employees, agents, successors and assigns (each a "Purchaser Indemnified Party") from and against, among other things, any and all losses suffered by such Purchaser Indemnified Party, directly or indirectly, as a result of, or based upon or arising from any action in connection with any failure of any Target Group Companies to comply with the applicable law or governmental order prior to the Closing (the "Seller Indemnification Events"). Under the Amendment Agreement, the Seller Parties agreed to specifically include the Lawsuits (and any other actions deriving from them by consolidation or otherwise) as a Seller Indemnification Event. The indemnity would cover any and all losses suffered by the Purchaser as a result of the Lawsuits including, but not limited to, any legal costs incurred by the Purchaser and any and all write-offs of the net asset value of the Target Group Companies including the effect of the Multiple (i.e. a deduction to the premium paid by the Purchaser as part of the Purchase Price of US$260,000,000), or any and all losses suffered (both taken and/or untaken amounts in the Closing Balance Sheet), by the Purchaser with respect to the Acquisition.

After consulting with the legal counsel of the Company, the Board considered that it is unlikely that the Lawsuits will restrain, enjoin or otherwise prohibit the transactions contemplated under the Share Purchase Agreement, if the Purchaser chooses to proceed with the Acquisition. The Lawsuits, however, are likely to have some indirect impact on the Acquisition. Specifically, the Target Company would have liabilities towards the plaintiffs in the event that the Target Company were to lose the Lawsuits, or if the Target Company were to agree to pay a sum of money to the plaintiffs to settle the Lawsuits out of court. Under either scenario, these potential liabilities would reduce the value of the Target Company and the Company (together with other shareholders of the Target Company) would effectively be exposed to such reduction in value if the Company proceeds to close the Acquisition. However, as the Lawsuits are at a preliminary stage, it is impossible to assess with any reasonable degree of confidence the likely outcome of the Lawsuits or the maximum amount of liabilities that the Target Company would face. Moreover, it may take years for the Lawsuits to be finally resolved.

Notwithstanding the above, the Board considered that the Lawsuits would not affect the fairness and reasonableness of the Acquisition as the indemnity provision in the Share Purchase Agreement should be able to protect the interests of the Company and the Group in the event that the Target Company loses the Lawsuits.

Closing

The Closing will take place on a date that is no later than three Business Days after the satisfaction or valid waiver of the conditions precedent of the Share Purchase Agreement (or such other date and time as the parties may mutually agree upon in writing).

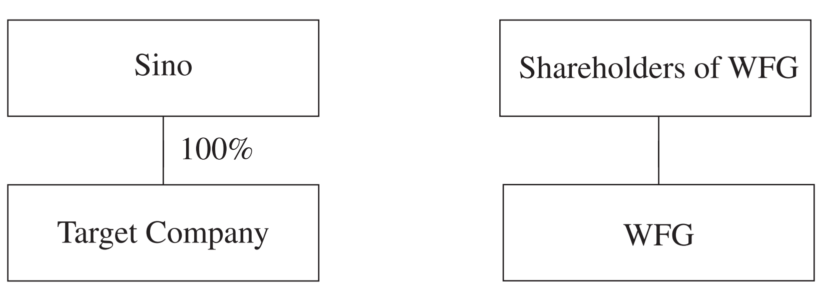
INFORMATION ABOUT THE TARGET COMPANY

The Target Company was incorporated in the Cayman Islands as an exempted company on 17 February 2015 and organized as a wholly-owned subsidiary of Sino Mercury Acquisition Corp. ("**Sino**"). It was formed solely for the purpose of effectuating the Merger (as defined below). Sino was incorporated in the State of Delaware on 28 March 2014. Sino was a blank check company, formed with a view to entering into a merger, capital stock exchange, asset acquisition or other similar business combination with one or more businesses or entities. Sino was listed on NASDAQ after the closing of its initial public offering on 2 September 2014.

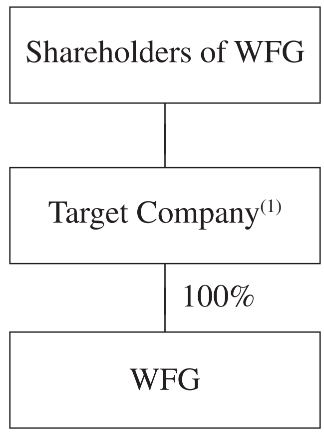
On 24 April 2015, the Target Company, Sino, Wins Finance Group Limited ("**WFG**") and the shareholders of WFG entered into a merger agreement and amended it on 5 May 2015, pursuant to which the parties agreed that (i) Sino would merge with and into the Target Company, with the Target Company surviving the merger and (ii) the shareholders of WFG would exchange 100% of the ordinary shares of WFG held by them for cash and ordinary shares of the Target Company (the "**Merger Agreement**") upon the closing of the transactions contemplated by the Merger Agreement. The Target Company consummated the merger and share exchange transactions contemplated by the Merger Agreement on 26 October 2015, after which Sino's common stock, rights and units ceased trading and the Target Company's ordinary shares began trading on NASDAQ under the symbol "WINS" (the "**Merger**").

WFG is a holding company incorporated in the British Virgin Islands on 27 July 2014. Upon the closing of the Merger and the acquisition of all the outstanding equity of WFG by the Target Company, it became a direct wholly-owned subsidiary of the Target Company.

The following diagram illustrates the relationship among the Target Company, Sino and WFG prior to the Merger:



The following diagram illustrates the relationship among the Target Company, Sino and WFG upon the Merger:



Note:

(1) Sino merged with the Target Company with the Target Company surviving the Merger

The Target Company is an integrated financing solution provider with operations located primarily in Jinzhong City, Shanxi Province and Beijing, PRC. The Target Company is listed on NASDAQ. The Target Company's goal is to assist Chinese small and medium enterprises, including microenterprises, which have limited access to financing, in improving their overall fund-raising capability and enable them to obtain funding for business development. The Target Company operates its business through its wholly-owned subsidiaries: WFG, Jinshang International Financial Leasing Co., Ltd., Shanxi Jinchen Agriculture Co., Ltd., Tianjin Jinshang Jiaming Financial Leasing Co. Ltd. and Shanxi Dongsheng Finance Guarantee Co., Ltd.. The principal business operations of the Target Company include (i) facilitating the financing opportunities of enterprises by acting as a guarantor to secure credit facilities from lending banks and other financial institutions; (ii) providing direct equipment leasing or purchase-lease back services to enterprises, to satisfy their working capital needs; and (iii) providing financial advisory services.

Set out below is selected audited financial information of the Target Group Companies for the financial years ended 30 June 2015 and 30 June 2016 and the six months ended 31 December 2016 from Appendix II to this circular, which has been prepared in accordance with HKFRSs:

	For the year ended 30 June 2015	For the year ended 30 June 2016	For the six months ended 31 December 2016
	US$'000	*US$'000*	*US$'000*
Net profit before tax	28,903	12,334	10,742
Net profit after tax	26,009	11,093	10,196

The Target Group Companies had an audited net asset value of approximately US$236,742,000 and US$243,195,000 as of 30 June 2015 and 2016 respectively and US$242,295,000 as of 31 December 2016 under HKFRS. In addition, based on the closing price of US$110.62 per share of the Target Company on NASDAQ on 12 December 2016 (U.S. time), being the last trading day of the shares of the Target Company at the date of signing of the Share Purchase Agreement, the market value of the Target Company amounts to approximately US$2,217 million (equivalent to approximately HK$17,248 million) as at the date of the Share Purchase Agreement.

Subsequent to the signing of the Share Purchase Agreement, the Target Company has informed the Company that it and certain of its current executive officers, namely Jianming Hao, Renhui Mu, Junfeng Zhao and Peiling He, have been named as defendants in two civil securities lawsuits recently filed in two U.S. District Courts (*See Debasish Dutt v. Wins Finance Holdings, Inc., 17 Civ. 2434 (GBD) (Southern District of New York); Michel Desta v. Wins Finance Holdings, Inc., 17 Civ. 2983 (CAS-AGR) (Central District of California)*) (the "Lawsuits") in April 2017. The Company and the Directors and its officers are not parties to either Lawsuit. Both Lawsuits are putative class action lawsuits where plaintiffs' counsels are seeking to represent the entire class of shareholders who bought the Target Company's securities between 29 October 2015 and 29 March 2017. Both Lawsuits assert the same statutory violations under the U.S. Securities Exchange Act, alleging, in sum and substance, that the defendants made false and misleading statements, or failed to disclose material facts, in the Target Company's prospectuses, press releases, and filings with the U.S. Securities and Exchange Commission (the "SEC") in connection with its growth, business prospects and the adequacy of its internal controls. The Lawsuits also alleged that the Target Company misrepresented the location of its principal executive office in SEC filings and withheld certain information regarding an ongoing SEC investigation against it. The Lawsuits further alleged that the Target Company's stock price fell when the alleged misstatements or omissions became known to investors. The plaintiffs are seeking unspecified monetary damages, including interest, costs and attorneys' fees and other relief as the court deems just. These Lawsuits are at a preliminary stage, and as at the Latest Practicable Date, the Directors are not aware of any court rulings having been made with respect to the Lawsuits.

The Company has been informed by the Target Company that it intends to defend the Lawsuits vigorously and that it believes the Lawsuits are without merits. Furthermore, after consulting with its U.S. litigation counsel, the Target Company has advised us that in the unlikely event that the Target Company and the relevant executive officers were to lose the Lawsuits, the actual quantum of such damages is very difficult to ascertain at this stage, given the preliminary stage of the Lawsuits and the uncertainty on the size of the plaintiff class, the Target Company does not believe any damages arising from the Lawsuits will have a material adverse effect on the Target Company or the transactions contemplated under the Share Purchase Agreement.

INFORMATION ABOUT THE SELLER PARTIES

Appelo Limited is an investment holding company incorporated in the British Virgin Islands with limited liability. Appelo Limited holds 10,080,000 ordinary shares in the Target Company, representing 50.3% of the total issued share capital of the Target Company as at the date of this circular.

Wits Global Limited is an investment holding company incorporated in the British Virgin Islands with limited liability. Wits Global Limited holds 3,360,000 ordinary shares in the Target Company, representing 16.8% of the total issued share capital of the Target Company as at the date of this circular.

Mr. Wang Hong is a PRC national who holds the entire equity interest in each of Appelo Limited and Wits Global Limited.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, as well as investment holding.

The Group aims at extending its financial services business in PRC and will continue to pursue new opportunities in the financial services industry to enhance values to the Shareholders. In October 2016, the Group has completed the acquisition of Elffey Finance Limited, a wholly-owned subsidiary which is an investment holding company holding a group of companies principally engaged in finance leasing and factoring in PRC with a view to developing such business in PRC. Elffey Finance Limited and its subsidiaries (''Elffey Group'') are mainly focusing on customers in the southern parts of PRC. The Target Group Companies have a particularly strong focus on providing financing to small and medium enterprises in PRC (''SME(s)'') in the northern parts of PRC. SMEs are one of the major drivers of PRC's economy which help promoting economic and employment growth. Benefit from the growth of SMEs, financial leasing business devoted to expanding SME financial services have emerged and played an important role in SMEs upgrading their equipment and adopting new technologies. Manufacturing-dependent financial leasing companies (like captive leasing companies owned by equipment manufactures) are major supplier of SME financial leasing services at present. Independent financial leasing companies are expanding into the SME financial leasing field but have been constrained in their expansion due to financial limitations associated with the significant capital requirement of the sector and immobilization of leased assets. Hence, the Acquisition would allow the Company to share the growth of SME financial leasing industry in PRC and complement to the existing lending business by (i) expanding the customer base to cover both southern and northern parts of PRC; (ii) enabling knowledge sharing in finance leasing and factoring business among Elffey Group and the Target Group Companies; and (iii) facilitating possible cross-selling activities among Elffey Group and the Target Group Companies. The Acquisition is also expected to create synergy between the Group and the Target Group Companies.

The Acquisition, once completed, would consolidate the financial results of the Target Company with that of the Group's financial results, and, should the Target Company continue to remain profitable, will improve the overall profitability of the Group. The Directors are of the view that the Acquisition represents a good opportunity for the Group to acquire a profitable business and to further develop its financing leasing business in PRC.

The Board has also considered the changes in operating and financial performance of the Target Group Companies between the date of Share Purchase Agreement and the Latest Practicable Date. As set out in the financial information of the Target Group Companies in Appendix II to this circular, the Target Group Companies had continuously recorded audited net profits for the three years ended 30 June 2016 and six months ended 31 December 2016, showing the potentials of the Target Group Companies.

Furthermore, taking into account of the market capitalization of the Target Company and the valuation of comparable companies in Hong Kong and PRC, the Directors are of the view that the Purchase Price, which is a discount of approximately 88% of the average closing price of US$159.87 per share of the Target Company on NASDAQ for the five trading days immediately preceding the date of the signing of the Share Purchase Agreement, represents an attractive opportunity to acquire the Target Company.

The Board considers that the terms of the Share Purchase Agreement (including the Amendment Agreement) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

With effect from the Closing, the Sellers will no longer hold any interest in the Target Company and the Group will hold 67.1% of the total issued share capital of the Target Company, thereby making the Target Company a non-wholly owned subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the Group's financial statements.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group set out in Appendix III to this circular (assuming the Closing had been completed on 30 September 2016), the unaudited pro forma adjusted total assets of the Group would have increased from approximately HK$3,751.5 million to approximately HK$6,842.1 million, the unaudited pro forma adjusted total liabilities of the Group would have increased from approximately HK$440.1 million to approximately HK$2,912.9 million, and the unaudited pro forma adjusted net assets of the Group would have increased from HK$3,311.5 million to HK$3,929.3 million.

Earnings

As set out in the financial information of the Target Group Companies in Appendix II to this circular, the revenue and profit after tax of the Target Group Companies for the six months ended 31 December 2016 amounted to approximately US$5.34 million and US$10.20 million, respectively.

While there is no immediate material impact on earnings of the Group, after the Closing, the revenue and profit after tax of the Target Group Companies will be consolidated into the Group's financial statements.

The above unaudited pro forma financial information of the Enlarged Group is prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at Completion or at any future dates.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is not more than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Company will seek Shareholders' approval at the EGM by way of poll for the Share Purchase Agreement and the transactions contemplated therein.

Saved as disclosed, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries: (i) each of the Seller Parties is a third party independent of the Company and not a connected person of the Company (as defined in the Listing Rules); (ii) no Shareholder has a material interest in the Share Purchase Agreement and the transactions contemplated thereunder (including without limitation the Acquisition) which is different from that of other Shareholders, and thus no Shareholder is required to abstain from voting on the relevant resolution(s) to approve the Share Purchase Agreement and the transactions contemplated thereunder (including without limitation the Acquisition) at the EGM.

EGM

The EGM will be held by the Company at Java II-III, 2/F., Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong (MTR Quarry Bay Station, Exit C) on Tuesday, 11 July 2017 at 4:00 p.m. for the Shareholders to consider, and if thought fit, passing resolutions to approve the Share Purchase Agreement and the transactions contemplated thereunder.

A proxy form for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the proxy form and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Sunday, 9 July 2017 or not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting shall be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board considers that the Share Purchase Agreement and the Amendment Agreement were entered into on normal commercial terms after arm's length negotiation and the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed ordinary resolution to approve the Share Purchase Agreement (including the Amendment Agreement) and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

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

As the Closing is conditional upon the conditions precedent of the Share Purchase Agreement being satisfied or waived on or before the Long Stop Date, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

By Order of the Board
Freeman FinTech Corporation Limited
Yang Haoying
Chief Operating Officer

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2014, 2015 and 2016, and for the six months ended 30 September 2016 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and of the Company (http://www.freeman279.com):

- the unaudited consolidated financial statements of the Group for the six months ended 30 September 2016 are set out in the interim report of the Company dated 30 November 2016 published on 23 December 2016. Please also see the below link to the Interim Report 2016:

  http://www.hkexnews.hk/listedco/listconews/SEHK/2016/1223/LTN20161223027.pdf

- the audited consolidated financial statements of the Group for the year ended 31 March 2016 are set out in the annual report of the Company dated 29 June 2016 published on 28 July 2016. Please also see the below link to the Annual Report 2015/2016:

  http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0728/LTN20160728015.pdf

- the audited consolidated financial statements of the Group for the year ended 31 March 2015 are set out in the annual report of the Company dated 29 June 2015 published on 28 July 2015. Please also see the below link to the Annual Report 2014/2015:

  http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0728/LTN20150728053.pdf

- the audited consolidated financial statements of the Group for the year ended 31 March 2014 are set out in the annual report of the Company dated 30 June 2014 published on 28 July 2014. Please also see the below link to the Annual Report 2013/2014:

  http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0728/LTN20140728021.pdf

2. INDEBTEDNESS

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had borrowings amounting to approximately HK$1,241.9 million.

The following table illustrates the Enlarged Group's indebtedness as at the close of business on 30 April 2017:

	HK$'000
Current	
Bank loan, secured and guaranteed	200,000
Other loans, secured and guaranteed	149,584
Other loans, unsecured and not guaranteed	226
	349,810
Non-current	
Other loans, secured and guaranteed	859,259
Other loans, unsecured and not guaranteed	32,849
Total borrowings	1,241,918

As at the close of business on 30 April 2017, the Enlarged Group's bank loans were secured by certain investments at fair value through profit or loss held by the Enlarged Group with an aggregate carrying value of approximately HK$328.2 million and guaranteed by Mr. Zhang Yongdong ("Mr. Zhang"), a substantial shareholder of the Company. HK$702.0 million (equivalent to US$90 million) of other loans were secured by the shares in the capital of certain wholly-owned subsidiaries of the Company and guaranteed by Mr. Zhang and his spouse. The remaining HK$306.8 million of other loans were secured by restricted bank deposits of approximately HK$38.3 million.

As at the close of business on 30 April 2017, the Target Company and certain of its current executive officers have been named as defendants in two civil securities lawsuits filed in two U.S. District Courts where the plaintiffs were seeking for unspecified monetary damages, including interest, costs and attorney's fees and other relief as the court deems just. As at 30 April 2017, the Directors were not aware of any court rulings been made with respect to these lawsuits. The Target Company advised that in the unlikely event that the Target Company and the relevant executive officers were to lose these lawsuits, the actual quantum of such damages is very difficult to ascertain at this stage, given the preliminary stage of these lawsuits and the uncertainty on the size of the plaintiff class, the Target Company does not believe any damages arising from these lawsuits will have a material adverse effect on the Target Company.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Enlarged Group did not have any loan capital issued and outstanding or agreed to be issued, or any outstanding debt securities, bank overdrafts and liabilities under acceptances or acceptance credits or other similar borrowings, indebtedness, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 April 2017.

The Directors are not aware of any material adverse changes in the Enlarged Group's indebtedness position and contingent liabilities since 30 April 2017.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account the expected completion of the Acquisition, the internal financial resources available and the existing available facilities of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

Up to the Latest Practicable Date, save as disclosed in the Company's Interim Report 2016 and announcements dated 19 April 2017 and 12 May 2017 in relation to positive profit alert and information as stated in below paragraph headed 'FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP', the Directors confirmed that there is no material adverse change in the financial and trading position of the Group since 31 March 2016, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Up to the Latest Practicable Date, the Company is still in the process of finalising the annual results of the Group for the year ended 31 March 2017. Based on the Company's preliminary review on the unaudited consolidated management accounts of the Group for the year ended 31 March 2017 and the unaudited consolidated management accounts of an associate of the Group for the nine months ended 31 December 2016 subject to finalisation and necessary adjustments, which have not been confirmed, audited nor reviewed by the Company's auditor, the Group expected to record a net profit of approximately HK399 million for the year ended 31 March 2017 as compared to the net loss of approximately HK$377 million recorded last year. The net profit for the year ended 31 March 2017 is mainly attributable to (i) a net realised loss and a net unrealised gain of investments at fair value through profit or loss of approximately HK$52 million and approximately HK$194 million respectively; (ii) a net gain on disposal of subsidiaries of approximately HK$150 million; and (iii) a possible share of losses of an associate and joint ventures of approximately HK$41 million.

The approval of the formation of the JV Securities Company by the China Securities Regulatory Commission and the Ministry of Commerce of PRC in March 2016 has offered a golden opportunity for the Company to embark on a new milestone in its business development in the financial services industry. In October 2016, the JV Securities Company (namely, Shengang Securities Company Limited) has obtained a Securities and Futures Business License from the China Securities Regulatory Commission and has formally commenced business in China (Shanghai) Pilot Free Trade Zone. The Securities and Futures Business License allowed the JV Securities Company to engage in securities broking, securities underwriting and sponsoring, securities trading and securities asset management related businesses in China. Up to the Latest Practicable Date, the JV Securities Company is still in preliminary stage and does not have material impact on the earnings of the Group. With this joint venture investment, the Group have been offered a firststarter advantage to access the huge and fast-growing financial markets in China which enables the Group to engage in a full spectrum of securities and financial business in China. The Board believes that the Group would significantly benefit from the expansion of its financial services into the new market.

In addition, with the aim of creating a one-stop financial conglomerate in order to provide a comprehensive range of financial services and to enhance the overall competitiveness of the Group,

(i) the Group has completed the acquisition of Elffey Finance Limited, a wholly-owned subsidiary which is an investment holding company holding a group of companies principally engaged in finance leasing and factoring in PRC; and

(ii) the Group is also in the process of acquiring a licensed corporation carrying out businesses in Type 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the SFO, which is also a member of the Professional Insurance Brokers Association of Hong Kong.

With the acquisition of Elffey Finance Limited and upon the Closing, the Group targets to expand its finance leasing and factoring business and share the growth of SME financial leasing industry in PRC, and complement to the existing lending business. There are currently no other plans or any potential material changes on the existing businesses.

The Company currently has no intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on (i) any disposal, termination and scaling-down of the Company's existing businesses; (ii) injection of any new business to the Company other than the Acquisition; and (iii) any change in the Company's shareholding structure, except for possible external financing activities, including but not limited to placing of convertible bonds or placing of new shares. Up to the Latest Practicable Date, no contracts were signed or entered into by the Company in relation to the possible external financing activities.

In the long run, the Group aims at extending its financial services businesses to Mainland China and will continue to pursue new opportunities in the financial services industry to enhance values to the Shareholders.

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong
電話 Main +852 2894 6888
傳真 Fax +852 2895 3752
www.crowehorwath.hk

26 June 2017

The Directors
Freeman FinTech Corporation Limited

Dear Sirs

INTRODUCTION

We set out below our report on the financial information relating to Wins Finance Holdings Inc. (the "Target Company") and its subsidiaries (collectively referred to as the "Target Group") comprising the consolidated statements of financial position of the Target Group as at 30 June 2014, 2015 and 2016 and 31 December 2016 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the three years ended 30 June 2014, 2015 and 2016 and the six months ended 31 December 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (the "Financial Information"), for inclusion in the circular of Freeman FinTech Corporation Limited (the "Company") dated 26 June 2017 (the "Circular") in connection with the proposed acquisition of a controlling interest of the Target Group (the "Proposed Acquisition").

The Target Company was incorporated in the Cayman Islands as an exempted company on 17 February 2015.

As at the date of this report, the Target Company has direct and indirect interests in the following subsidiaries, all of which are private companies with limited liability. The particulars of the subsidiaries are set out as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Form of company	Place of operation	Particulars of registered capital/ issued and fully paid up capital	Equity interest attribute to the Target Company 30 June 2014	30 June 2015	30 June 2016	31 December 2016	Principal activities
Wins Finance Group Limited** ("WFG") (Note (i))	British Virgin Islands ("BVI") 27 July 2014	Limited Liability	Note (i)	United States Dollars ("US$") 30,000,100	N/A	N/A	100%	100%	Investment holding
Full Shine Capital Resources Limited ("Full Shine") 富順資本有限公司 (Note (ii))	Hong Kong 1 August 2013	Limited Liability	Hong Kong	Hong Kong Dollars ("HK$") 1	N/A	N/A	100%	100%	Investment holding
Jinshang International Financial Leasing Co., Ltd.* ("Jinshang Leasing") 晉商國際融資租賃有限公司 (Note (iii))	The People's Republic of China ("PRC") 18 May 2009	Limited Liability	PRC	US$ 180,000,000	N/A	N/A	100%	100%	Provision for financing lease services
Shanxi Dongsheng Finance Guarantee Co., Ltd.* ("Dongsheng Guarantee") 山西東盛融資擔保有限公司 (Note (iv))	PRC 22 February 2006	Limited Liability	PRC	Renminbi ("RMB") 300,000,000	N/A	N/A	100%	100%	Financial guarantee service

Name of subsidiaries	Place and date of incorporation/ establishment	Form of company	Place of operation	Particulars of registered capital/ issued and fully paid up capital	Equity interest attribute to the Target Company				Principal activities
					30 June 2014	30 June 2015	30 June 2016	31 December 2016	
Tianjin Jinshang Jiaming Financial Leasing Co., Ltd.* ("Jinshang Jiaming") 天津晉商嘉銘融資租賃有限公司 (Note (iv))	PRC 23 April 2014	Limited Liability	PRC	RMB 200,000,000	N/A	N/A	100%	100%	Not yet commence business
Shanxi Jinchen Agriculture Co., Ltd.* ("Jinchen Agriculture") 山西晉晨農業有限公司 (Note (iv))	PRC 29 February 2012	Limited Liability	PRC	RMB 350,000,000	N/A	N/A	100%	100%	Not yet commence business

* The English translation of the company names is for reference only and the official names of these companies are in Chinese.

** Directly held by the Target Company.

Notes:

(i) WFG is an investment holding company which has no specific principal place of operation.

(ii) Full Shine is wholly-owned by WFG.

(iii) Jinshang Leasing is wholly-owned by Full Shine.

(iv) Jinshang Jiaming and Jinchen Agriculture are wholly-owned by Jinshang Leasing and Dongsheng Guarantee is wholly-owned by Jinchen Agriculture.

No audited financial statements have been prepared for the WFG as it is not subject to statutory audit requirements under the relevant rules and regulations in jurisdictions of the incorporation. Full Shine, Jinshang Leasing, Dongsheng Guarantee, Jinshang Jiaming and Jinchen Agriculture have not prepared audited financial statements since their respective dates of incorporation/establishment.

Except for Dongsheng Guarantee, Jinchen Agriculture, Jinshang Jiaming and Jinshang Leasing which have adopted 31 December as their financial year end date, all companies now comprising the Target Group have adopted 30 June as their financial year end date. The statutory financial statements or management accounts of the companies now comprising the Target Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated or established.

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements for the Relevant Periods (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Underlying Financial Statements for each of the three years ended 30 June 2014, 2015 and 2016 and the six months ended 31 December 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular in connection with the Proposed Acquisition based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Listing Rules, and for such internal controls as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatements whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Target Group in respect of any period subsequent to 31 December 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Target Group as at 30 June 2014, 2015 and 2016 and 31 December 2016 and of the Target Group's financial performance and cash flows for the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Target Group comprising the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 31 December 2015, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A. FINANCIAL INFORMATION OF THE TARGET GROUP

1. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Section B	Year ended 30 June			Six months ended 31 December	
	Notes	2014	2015	2016	2015	2016
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(Unaudited)	
Guarantee service income						
Commissions and fees on financial guarantee services		9,605	9,747	6,182	3,371	1,200
Less: (Provision)/reversal on financial guarantee service		(1,190)	576	(2,908)	(74)	2,248
		8,415	10,323	3,274	3,297	3,448
Direct financing lease income						
Direct financing lease interest income		1,926	3,547	3,164	962	2,823
Interest expenses for direct financing lease		–	(454)	(571)	(25)	(1,525)
Provision for lease payment receivable		(131)	–	(597)	(184)	(121)
		1,795	3,093	1,996	753	1,177
Financial advisory and lease agency income		874	1,212	403	406	711
Net fee and interest income	*3*	11,084	14,628	5,673	4,456	5,336
Other revenue	*4*	1,584	16,657	13,959	7,040	6,774
Administrative expenses		(987)	(939)	(1,866)	(699)	(693)
Other operating expenses		(906)	(1,443)	(5,432)	(1,722)	(675)
Profit before taxation	*5*	10,775	28,903	12,334	9,075	10,742
Income tax	*6*	(2,596)	(2,894)	(1,241)	(764)	(546)
Profit for the year/period		8,179	26,009	11,093	8,311	10,196
Other comprehensive income/(loss), net of tax						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations		5,169	1,754	(19,309)	(14,121)	(11,096)
Total comprehensive income/(loss) for the year/period		13,348	27,763	(8,216)	(5,810)	(900)

The accompanying notes form part of the Financial Information.

2. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section B	As at 30 June			As at 31 December
	Notes	**2014**	**2015**	**2016**	**2016**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Property, plant and equipment	*9*	919	981	855	694
Deferred tax assets	*21(b)*	57	75	214	234
		976	1,056	1,069	928
Current assets					
Available-for-sale financial asset	*10*	–	8,185	–	–
Amounts due from shareholders	*11*	25,981	–	–	–
Amount receivable from financial institutions for wealth management products	*12*	142,938	175,976	149,842	179,120
Finance lease receivables	*13*	23,112	25,829	74,705	81,429
Loans and advances to customers	*14*	519	516	2,040	3,764
Other receivables	*15*	4,902	727	1,630	2,912
Restricted bank deposits	*16*	16,221	28,495	27,963	24,234
Cash and bank balances		5,329	9,883	47,164	8,980
		219,002	249,611	303,344	300,439
Current liabilities					
Interest-bearing borrowings	*17*	610	33	14,403	15,656
Accruals and other payables	*18*	3,010	4,221	10,308	11,735
Deferred income		2,783	3,647	424	706
Provision for guarantee losses	*19*	1,827	1,262	3,080	800
Amounts due to shareholders	*20*	378	–	464	464
Current taxation	*21(a)*	390	3,002	2,674	2,917
		8,998	12,165	31,353	32,278
Net current assets		210,004	237,446	271,991	268,161
Total assets less current liabilities		210,980	238,502	273,060	269,089

	Section B	As at 30 June			As at 31 December
	Notes	**2014**	**2015**	**2016**	**2016**
		US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current liabilities					
Interest-bearing borrowings	*17*	–	(479)	(28,905)	(26,091)
Deferred tax liabilities	*21(b)*	(2,003)	(1,281)	(960)	(703)
		(2,003)	(1,760)	(29,865)	(26,794)
Net assets		208,977	236,742	243,195	242,295
Capital and reserves					
Share capital	*22*	–	2	2	2
Reserves	*23*	208,977	236,740	243,193	242,293
Total equity		208,977	236,742	243,195	242,295

The accompanying notes form part of the Financial Information.

3. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Contributed surplus	Special reserve	PRC statutory reserve	Translation reserve	Share option reserve	Retained profits	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 22	*Note 23(i)*	*Note 23(ii)*	*Note 23(iii)*	*Note 23(iv)*	*Note 23(v)*	*Note 23 (vi)*		
Balance as at 1 July 2013	–	–	–	38,673	–	(5,351)	–	1,614	34,936
Changes in equity for 2013/2014									
Profit for the year	–	–	–	–	–	–	–	8,179	8,179
Other comprehensive income	–	–	–	–	–	5,169	–	–	5,169
Total comprehensive income	–	–	–	–	–	5,169	–	8,179	13,348
Shareholders contribution	–	–	113,592	–	–	–	–	–	113,592
Capital contribution in subsidiaries from shareholders	–	–	–	47,101	–	–	–	–	47,101
Balance as at 30 June 2014 and 1 July 2014	–	–	113,592	85,774	–	(182)	–	9,793	208,977
Changes in equity for 2014/2015									
Profit for the year	–	–	–	–	–	–	–	26,009	26,009
Other comprehensive income	–	–	–	–	–	1,754	–	–	1,754
Total comprehensive income	–	–	–	–	–	1,754	–	26,009	27,763
Issue of share capital upon incorporation of the Target Company	2	–	–	–	–	–	–	–	2
Balance as at 30 June 2015 and 1 July 2015	2	–	113,592	85,774	–	1,572	–	35,802	236,742
Changes in equity for 2015/2016									
Profit for the year	–	–	–	–	–	–	–	11,093	11,093
Other comprehensive loss	–	–	–	–	–	(19,309)	–	–	(19,309)
Total comprehensive income/(loss)	–	–	–	–	–	(19,309)	–	11,093	(8,216)
Completion of re-organisation	1	115,442	–	(85,774)	–	–	–	–	29,669
Re-purchase of share capital	(1)	(17,524)	–	–	–	–	–	–	(17,525)
Forfeiture of share-based compensation	–	–	–	–	–	–	(635)	635	–
Share–based compensation	–	–	–	–	–	–	2,525	–	2,525
Transfer to reserve	–	–	–	–	2,353	–	–	(2,353)	–
Balance as at 30 June 2016	2	97,918	113,592	–	2,353	(17,737)	1,890	45,177	243,195

	Share capital	Share premium	Contributed surplus	Special reserve	PRC statutory reserve	Translation reserve	Share option reserve	Retained profits	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 22	*Note 23(i)*	*Note 23(ii)*	*Note 23(iii)*	*Note 23(iv)*	*Note 23(v)*	*Note 23 (vi)*		
Balance as at 30 June 2016 and 1 July 2016	2	97,918	113,592	–	2,353	(17,737)	1,890	45,177	243,195
Changes in equity for 2016/2017									
Profit for the period	–	–	–	–	–	–	–	10,196	10,196
Other comprehensive loss	–	–	–	–	–	(11,096)	–	–	(11,096)
Total comprehensive income/(loss)	–	–	–	–	–	(11,096)	–	10,196	(900)
Transfer to reserve	–	–	–	–	1,144	–	–	(1,144)	–
Forfeiture of share–based compensation	–	–	–	–	–	–	(470)	470	–
Balance as at 31 December 2016	2	97,918	113,592	–	3,497	(28,833)	1,420	54,699	242,295
Unaudited									
Balance as at 1 July 2015	2	–	113,592	85,774	–	1,572	–	35,802	236,742
Changes in equity for 2015									
Profit for the period	–	–	–	–	–	–	–	8,311	8,311
Other comprehensive loss	–	–	–	–	–	(14,121)	–	–	(14,121)
Total comprehensive income/(loss)	–	–	–	–	–	(14,121)	–	8,311	(5,810)
Transfer to reserve	–	–	–	–	–	–	–	–	–
Completion of re-organisation	1	115,442	–	(85,774)	–	–	–	–	29,669
Share–based compensation	–	–	–	–	–	–	204	–	204
Balance as at 31 December 2015	3	115,442	113,592	–	–	(12,549)	204	44,113	260,805

The accompanying notes form part of the Financial Information.

4. CONSOLIDATED CASH FLOW STATEMENTS

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Operating activities					
Profit before taxation	10,775	28,903	12,334	9,075	10,742
Adjustments for:					
Depreciation	205	257	385	188	141
Dividend income from available-for-sales financial asset	–	(1,160)	(122)	(122)	–
Interest on amount receivables – from wealth management products	(1,584)	(15,497)	(13,837)	(6,918)	(6,774)
Equity-settled share-based transactions	–	–	2,525	204	–
Provision for/(reversal of) guarantee losses	956	(565)	1,818	(2)	(2,280)
Allowance for impairment losses	254	(937)	537	164	80
Loss on disposal of property, plant and equipment	–	4	–	–	35
	10,606	11,005	3,640	2,589	1,944
Changes in working capital					
(Increase)/decrease in amounts due from shareholders	(25,981)	25,981	–	–	–
Decrease/(increase) in finance lease receivables	1,870	(1,780)	(49,413)	(14,862)	(6,804)
(Increase)/decrease in loans and advances to customers	(284)	3	(1,524)	(476)	(1,724)
Decrease/(increase) in other receivables	420	4,175	(903)	279	(1,282)
(Decrease)/increase in amounts due to shareholders	(5,213)	(378)	464	–	–
(Decrease)/increase in accruals and other payables	(1,796)	1,211	6,087	2,370	1,427
Increase/(decrease) in deferred income	2,379	864	(3,223)	(1,330)	282

	Year ended 30 June			Six months ended 31 December	
	2014	2015	2016	2015	2016
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Cash (used in)/generated from operations	(17,999)	41,081	(44,872)	(11,430)	(6,157)
PRC Enterprise Income Tax paid	(260)	(1,034)	(1,946)	(1,590)	(911)
Net cash (used in)/ generated from operating activities	(18,259)	40,047	(46,818)	(13,020)	(7,068)
Investing activities					
Dividend income from available- for-sales financial assets	–	1,160	122	122	–
Interest on amount receivables from wealth management products	1,584	15,497	13,837	6,918	6,774
Investment in wealth management products	(142,938)	(175,976)	(149,842)	(185,622)	(179,120)
Redemption of wealth management products	1,618	142,938	175,976	175,976	149,842
Acquisition of available-for-sale financial asset	–	(8,185)	–	–	–
Proceeds from disposal of available-for-sale financial asset	–	–	8,185	8,185	–
Payments for acquisition of property, plant and equipment	(426)	(253)	(406)	–	(85)
(Increase)/Decrease in restricted cash and bank balances	(1,426)	(12,274)	532	(845)	3,729
Net cash (used in)/ generated from investing activities	(141,588)	(37,093)	48,404	4,734	(18,860)

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Financing activities					
Proceeds from issue of shares	–	2	12,144	115,443	–
Proceeds from borrowings	–	512	45,241	15,827	7,912
Repayment of borrowings	(784)	(610)	(2,403)	(512)	(9,474)
Proceeds from convertible debts	–	–	8,500	8,500	–
Repayment of convertible debts	–	–	(8,500)	–	–
Contribution from shareholders in subsidiaries	160,693	–	–	(85,774)	–
Net cash generated from/(used in) financing activities	159,909	(96)	54,982	53,484	(1,562)
Net increase/(decrease) in cash and cash equivalent for the year	62	2,858	56,568	45,198	(27,490)
Cash and cash equivalent as at the beginning of the year/period	104	5,329	9,883	9,883	47,164
Effect of foreign exchange rate changes, net	5,163	1,696	(19,287)	(14,253)	(10,694)
Cash and cash equivalent as at end of the year representing cash and bank balances	5,329	9,883	47,164	40,828	8,980

The accompanying notes form part of the Financial Information.

B. NOTES TO FINANCIAL INFORMATION

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information

The accompanying consolidated financial statements include the financial statements of the Target Company and its subsidiaries, Wins Holdings LLC ("WHL"), WFG, Full Shine, Jinshang Leasing, Tianjin Jiaming, Jinchen Agriculture and Dongsheng Guarantee. The Target Company and its subsidiaries are collectively referred to as the Target Group.

WFG was incorporated under the laws of British Virgin Islands on 27 July 2014 and was initially owned 100% by Mr. Wang Hong. On 23 October 2014, WFG acquired a wholly-owned subsidiary, Full Shine, which is a company incorporated in Hong Kong, for US$1.

On 2 December 2014, WFG, through Full Shine, acquired 100% of the equity capital of Jinshang Leasing, a PRC company, by means of a share exchange (the "Share Exchange") pursuant to which WFG issued 30,000,000 ordinary shares to a personal holding company owned by Mr. Wang Hong in exchange for Mr. Wang Hong's transferring 100% of the equity capital of Jinshang Leasing to Full Shine.

On 26 October 2015, the Target Company consummated the transactions contemplated by the Agreement and Plan of Reorganisation (the "Merges Agreement"), dated as of 24 April 2015 and amended on 5 May 2015, by and among the Target Company, Sino Mercury Acquisition Corp. ("Sino"), WFG and the shareholders of WFG (the "WFG Shareholders").

Upon the closing of the transactions contemplated by the Merger Agreement (the "Closing"), (i) Sino merged with and into Target Company with Target Company surviving the merger (the Merger") and (ii) the WFG Shareholders exchanged 100% of the ordinary shares of WFG for cash and ordinary shares of Target Company (the "Share Exchange" together with the Merger, the "Transactions").

As a result of the Transactions, the former members of WFG own approximately 78.0% of the stock of Target Company and the former stockholders of Sino own the remaining 22.0%.

Upon the completion of the Transactions the Target Company became the holding company of the companies now comprising the Target Group. The companies taking part in the Transactions were controlled by the same ultimate equity shareholders during the Relevant Periods. The Financial Information has been prepared using the principles of merger accounting as if the Transactions have been completed at the begining of the Relevant Periods.

The Financial Information of the Target Group has been prepared for inclusion in the Circular of the Company in connection with the Proposed Acquisition.

Intra-branch balances and transactions, and any unrealised profit or loss arising from intra-branch transactions, are eliminated in preparing the Financial Information of the Target Group.

(b) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Target Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in note 31.

The Financial Information also complies with the applicable disclosure provisions of the Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended 31 December 2015 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(c) Basis of measurement of the Financial Information

The Financial Information is presented in US$, rounded to the nearest thousand, which is the presentation currency. RMB is the functional currency for the subsidiaries established in the PRC.

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

(d) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 2.

(e) Subsidiaries

Subsidiaries are entities controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

The financial information of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Target Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within combined equity to reflect the change in the relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Target Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(f) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity and debt securities held by the Target Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

(g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Office equipment and furniture	3-5 years
–	Motor vehicles	5 years
–	Leasehold improvements	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Target Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) The Target Group as leaser

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

(ii) The Target Group as leasee

Assets that are held by the Target Group under leases which transfer to the Target Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Target Group are classified as operating leases.

(iii) Operating lease charges

Where the Target Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Impairment of assets

(i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Target Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as 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 (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years/periods.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for trade and other receivables are recorded using an allowance account. When the Target Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, if measurable or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years/periods. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognised.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of trade and other receivables (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of trade and other receivables.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(ii) Share-based payment

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the 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 resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option 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 share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Target Company's shares. The equity amount is recognised in the share option 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).

(n) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years/period.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Financial guarantee issued

Financial guarantee contracts issued by the Target Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Target Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

(p) Provisions and contingent liabilities

(i) Provisions for guarantee losses

When determining the amounts to be recognised in respect of liabilities arising from the guarantee business, management estimates the provisions based on prior experience and default history of the business. It is possible that the prior experience and default history is not indicative of future loss on the guarantees issued. Any increase or decrease in the provisions would affect the statement of profit or loss in future years.

(ii) Provision and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision for onerous contracts is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Target Group recognises any impairment loss on the assets associated with that contract.

Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) 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 Target Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Commission income and evaluation income on guarantee service

Commission income on guarantee services is recognised when guarantee contracts have been made whereby the related guarantee obligations have been accepted, the economic benefits associated with the guarantee contracts will probably be realised, and the amount of revenue associated with the guarantee contracts can be measured reliably.

Evaluation income is recognised upon the completion of the evaluation.

(ii) Direct financing lease interest income

Direct financing lease interest income is recognised on an accrual basis using the effective interest method over the term of the lease by applying the rate that discounts the estimated future minimum lease payment receivables through the period of the lease to the amount of the net investment in the direct financing lease at inception.

(iii) Financial advisory and agency income

The advisory fees are recognised as income during the service period as the related service obligations are completed.

The lease agency income and advisory fees received are recognised as income on a net basis during the service period as the related service obligations are completed.

(iv) Bank interest income

Bank interest income is recognised as it accrues using the effective interest method.

(r) Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target 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) Both entities 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 Target Group or an entity related to the Target 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 Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Translation of foreign currency

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of those entities within the Target Group which have a functional currency other than US$ are translated into US$ at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into US$ at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

(t) 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 Target Group's Chief Executive Officer ("CEO"), who is the Target Group's chief operating decision maker ("CODM"), for the purposes of allocating resources to, and assessing the performance of, the Target 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 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.

2. ACCOUNTING JUDGMENT AND ESTIMATES

In the application of the Target Group's accounting policies, which are described in note 1 above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Critical judgements in applying the Target Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management has made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Recognition of income tax and deferred taxation

Judgement is required in determining the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. The Target Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the reporting period in which such determinations are made.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Target Group's property, plant and equipment in accordance with the Target Group's accounting policies stated in note 1(g). The Target Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Impairment of property, plant and equipment

If circumstances indicate that the carrying value of an item of the property, plant and equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss in accordance with the accounting policy for impairment of property, plant and equipment as described in note 1(i)(ii). The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount of an asset is reduced to its recoverable amount.

As at 30 June 2014, 2015 and 2016 and 31 December 2016, the carrying amount of the Target Group's property, plant and equipment is approximately US$919,000, US$981,000, US$855,000 and US$694,000 respectively.

*(iii) **Estimated impairment of finance lease receivables, loan and advances for customers and other receivables***

When there is an objective evidence of impairment loss, the Target Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 June 2014, 2015 and 2016 and 31 December 2016, the carrying amounts of finance lease receivables, loans and advances to customers and other receivables are approximately US$23,112,000, US$25,829,000, US$74,705,000 and US$81,429,000, US$519,000, US$516,000, US$2,040,000 and US$3,764,000 and US$4,902,000, US$727,000, US$1,630,000 and US$2,912,000 respectively.

3. NET FEE AND INTEREST INCOME

The Target Group is engaged in providing financing lease services and credit guarantee to small and medium-sized companies and related financing consulting services in the PRC.

The amount of each significant category of net fee and interest income is as follows:

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Guarantee service income					
Commissions and fees on financial guarantee services	9,605	9,747	6,182	3,371	1,200
Less: (Provision)/reversal on financial guarantee service	(1,190)	576	(2,908)	(74)	2,248
	8,415	10,323	3,274	3,297	3,448
Direct financing lease income					
Direct financing lease interest income	1,926	3,547	3,164	962	2,823
Interest expenses for direct financing lease	–	(454)	(571)	(25)	(1,525)
Provision for lease payment receivable	(131)	–	(597)	(184)	(121)
	1,795	3,093	1,996	753	1,177
Financial advisory and lease agency income	874	1,212	403	406	711
Net fee and interest income	11,084	14,628	5,673	4,456	5,336

4. OTHER REVENUE

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Interest on amount receivable from financial institutions for wealth management products	1,584	15,497	13,837	6,918	6,774
Dividend income from available-for-sale financial assets	–	1,160	122	122	–
	1,584	16,657	13,959	7,040	6,774

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Staff costs

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Salaries and other benefits	292	379	1,440	469	547
Contributions to defined contribution retirement benefit scheme	39	46	85	41	44
	331	425	1,525	510	591

(b) Other items

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Auditors' remuneration	3	254	277	249	207
Depreciation	205	257	385	188	141
Allowance for impairment losses on finance lease receivables	254	–	537	164	80
Reversal of allowance for impairment on finance lease receivables	–	(937)	–	–	–
Operating lease charges	906	190	271	117	101

6. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Current tax					
PRC Enterprise Income Tax	651	3,646	1,618	1,299	1,154
Deferred tax					
Origination and reversal of temporary differences	1,945	(752)	(377)	(535)	(608)
	2,596	2,894	1,241	764	546

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Profit before taxation	10,775	28,903	12,334	9,075	10,742
Notional tax on profit before taxation	2,694	7,226	3,084	2,269	2,686
Tax effect of other taxable income	(2,659)	(19,096)	(12,557)	(6,251)	(6,774)
Tax effect of non-deductible expenses	28	102	5,969	10	9
Tax effect of deductible temporary difference not recognised	4,562	14,781	4,745	4,736	4,625
Utilisation of tax loss previously not recognised	(2,029)	(119)	–	–	–
Actual tax expenses	2,596	2,894	1,241	764	546

No Hong Kong Profits Tax has been made for the Relevant Periods as the Target Group had no assessable profits arising in Hong Kong.

The provision for PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the subsidiaries established in the PRC during the Relevant Periods.

Pursuant to the relevant rules and regulations of the Cayman Islands and the BVI, the Target Company and the subsidiaries of the Target Group incorporated therein are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

7. DIRECTORS' REMUNERATION

Details of directors' remuneration are set out as follows:

	Year ended 30 June 2014			
	Fees	Salaries, allowances, and benefits in kind	Retirement scheme contributions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive directors:				
Jianming Hao	–	–	–	–
Jingxiao Zhang	–	–	–	–
Haiming Guo	–	–	–	–
Guo Chen	–	–	–	–
Renhui Mu	–	–	–	–
Nicholas Clements	–	–	–	–
Bradley Reifle	–	–	–	–
Richard Xu	–	–	–	–
	–	–	–	–

	Year ended 30 June 2015			
	Fees	Salaries, allowances, and benefits in kind	Retirement scheme contributions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive directors:				
Jianming Hao	–	–	–	–
Jingxiao Zhang	–	–	–	–
Haiming Guo	–	–	–	–
Guo Chen	–	–	–	–
Renhui Mu	–	39	7	46
Nicholas Clements	–	–	–	–
Bradley Reifle	–	–	–	–
Richard Xu	–	–	–	–
	–	39	7	46

	Year ended 30 June 2016			
	Fees	Salaries, allowances, and benefits in kind	Retirement scheme contributions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive directors:				
Jianming Hao	–	221	–	221
Jingxiao Zhang	–	–	–	–
Haiming Guo	–	–	–	–
Guo Chen	–	10	–	10
Renhui Mu	–	54	7	61
Nicholas Clements	–	40	–	40
Bradley Reifle	–	–	–	–
Richard Xu	–	69	–	69
	–	394	7	401

	Six months ended 31 December 2015 (Unaudited)			
	Fees	Salaries, allowances, and benefits in kind	Retirement scheme contributions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive directors:				
Jianming Hao	–	18	–	18
Jingxiao Zhang	–	–	–	–
Haiming Guo	–	–	–	–
Guo Chen	–	–	–	–
Renhui Mu	–	28	3	31
Nicholas Clements	–	10	–	10
Bradley Reifle	–	–	–	–
Richard Xu	–	17	–	17
	–	73	3	76

	Six months ended 31 December 2016			
	Fees	Salaries, allowances, and benefits in kind	Retirement scheme contributions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive directors:				
Jianming Hao	–	97	–	97
Jingxiao Zhang	–	–	–	–
Haiming Guo	–	–	–	–
Guo Chen	–	–	–	–
Renhui Mu	–	18	3	21
Nicholas Clements	–	–	–	–
Bradley Reifle	–	–	–	–
Richard Xu	–	13	–	13
	–	128	3	131

Notes:

(i) Jianming Hao was appointed on 26 October 2015.

(ii) Jingxiao Zhang was appointed on 26 October 2015.

(iii) Haiming Guo was appointed on 20 May 2016.

(iv) Guo Chen was appointed on 20 May 2016.

(v) Renhui Mu was appointed on 25 July 2016.

(vi) Nicholas Clements was appointed on 17 February 2015 and resigned on 20 May 2016.

(vii) Bradley Reifle was appointed on 17 February 2015 and resigned on 20 May 2016.

(viii) Richard Xu was appointed on 17 February 2015 and resigned on 25 July 2016.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals for the years ended 30 June 2014, 2015 and 2016 and the six months ended 31 December 2015 and 2016 included no, one, three, three and two directors respectively, whose emoluments are disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining highest paid individuals for the years ended 30 June 2014, 2015 and 2016 and the six months ended 31 December 2015 and 2016 are set out below:

	Year ended 30 June			**Six months ended 31 December**	
	2014	**2015**	**2016**	**2015**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Salaries, allowances, and benefits in kind	46	70	113	42	53
Retirement scheme contributions	10	21	7	3	3
	56	91	120	45	56

The emoluments of the five, four, two, two and three individuals respectively with the highest emoluments are within the following band:

	Year ended 30 June			**Six months ended 31 December**	
	2014	**2015**	**2016**	**2015**	**2016**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals*	*Number of individuals*
Nil to HK$1,000,000	5	4	2	2	3

9 PROPERTY, PLANT AND EQUIPMENT

	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cost				
As at 1 July 2013	144	659	32	835
Additions	15	409	2	426
Exchange difference	–	3	–	3
As at 30 June 2014 and 1 July 2014	159	1,071	34	1,264
Additions	80	171	2	253
Disposals	(75)	–	–	(75)
Exchange difference	12	61	2	75
As at 30 June 2015 and 1 July 2015	176	1,303	38	1,517
Additions	46	–	360	406
Exchange difference	(4)	(134)	(41)	(179)
As at 30 June 2016 and 1 July 2016	218	1,169	357	1,744
Additions	4	81	–	85
Disposals	–	(95)	–	(95)
Exchange difference	(11)	(51)	(17)	(79)
As at 31 December 2016	211	1,104	340	1,655
Accumulated depreciation				
As at 1 July 2013	100	19	19	138
Charge for the year	23	176	6	205
Exchange difference	–	2	–	2

	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 30 June 2014 and 1 July 2014	123	197	25	345
Charge for the year	23	229	5	257
Written back on disposal	(71)	–	–	(71)
Exchange difference	2	3	–	5
As at 30 June 2015 and 1 July 2015	77	429	30	536
Charge for the year	33	234	118	385
Exchange difference	(4)	(23)	(5)	(32)
As at 30 June 2016 and 1 July 2016	106	640	143	889
Charge for the year	110	15	16	141
Written back on disposal	–	(60)	–	(60)
Exchange difference	(5)	(3)	(1)	(9)
As at 31 December 2016	211	592	158	961
Net book value				
At 30 June 2014	36	874	9	919
As at 30 June 2015	99	874	8	981
As at 30 June 2016	112	529	214	855
As at 31 December 2016	–	512	182	694

10. AVAILABLE-FOR-SALE FINANCIAL ASSET

The investment in financial institution product is related to financial product issued by a financial institution in the PRC. Such investment product was unsecured with no guaranteed return amount. The carrying amount of the bank financial product represented the account value of the financial product which approximates its fair value.

11. AMOUNTS DUE FROM SHAREHOLDERS

	As at 30 June			As at 31 December
	2014	2015	2016	2016
	US$'000	*US$'000*	*US$'000*	*US$'000*
Mr. Wang Hong	6,497	–	–	–
Dongsheng International Investment (Beijing) Limited* 楝盛國際投資(北京)有限公司	19,484	–	–	–
	25,981	–	–	–

The amounts due were unsecured, interest free and repayable on demand.

* The English translation of the company name is for reference only.

12. AMOUNT RECEIVABLE FROM FINANCIAL INSTITUTIONS FOR WEALTH MANAGEMENT PRODUCTS

The amount represents the RMB wealth management products purchased by the Target Group from financial institutions in the PRC during the years ended 30 June 2014, 2015 and 2016 and six months ended 31 December 2016 and having not been due or early redeemed yet as at the end of each of the reporting period. Given that the amount of returns of the wealth management product is determinable and have been subsequently redeemed shortly after the end of the reporting period, the Target Group recorded the amount at amortised cost using the effective interest as receivable in this account.

13. FINANCE LEASE RECEIVABLES

	As at 30 June			As at 31 December
	2014	2015	2016	2016
	US$'000	*US$'000*	*US$'000*	*US$'000*
Finance lease receivables	28,965	30,240	85,836	93,887
Less: unearning finance lease income	(4,614)	(4,109)	(10,272)	(11,519)
Present value of minimum finance lease receivables	24,351	26,131	75,564	82,368
Less: allowable for impairment losses	(1,239)	(302)	(859)	(939)
Net balance	23,112	25,829	74,705	81,429

Finance lease receivables, unearned finance lease income and minimum finance lease receivables analysed by remaining period are listed as follows:

	As at 30 June 2014		
	Finance lease receivables	**Unearned finance lease income**	**Minimum finance lease receivables**
	US$'000	*US$'000*	*US$'000*
Less than 1 year	12,592	(3,451)	9,141
1 year to 2 years	4,560	(489)	4,071
2 years to 3 years	4,249	(343)	3,906
3 years to 5 years	7,564	(331)	7,233
	28,965	(4,614)	24,351
Less: allowance for impairment losses			(1,239)
			23,112

	As at 30 June 2015		
	Finance lease receivables	**Unearned finance lease income**	**Minimum finance lease receivables**
	US$'000	*US$'000*	*US$'000*
Less than 1 year	9,302	(1,887)	7,415
1 year to 2 years	8,772	(1,217)	7,555
2 years to 3 years	8,271	(754)	7,517
3 years to 5 years	3,895	(251)	3,644
	30,240	(4,109)	26,131
Less: allowance for impairment losses			(302)
			25,829

	As at 30 June 2016		
	Finance lease receivables	Unearned finance lease income	Minimum finance lease receivables
	US$'000	*US$'000*	*US$'000*
Less than 1 year	30,393	(4,928)	25,465
1 year to 2 years	29,717	(3,362)	26,355
2 years to 3 years	20,863	(1,445)	19,418
3 years to 5 years	4,863	(537)	4,326
	85,836	(10,272)	75,564
Less: allowance for impairment losses			(859)
			74,705

	As at 31 December 2016		
	Finance lease receivables	Unearned finance lease income	Minimum finance lease receivables
	US$'000	*US$'000*	*US$'000*
Less than 1 year	35,442	(6,037)	29,405
1 year to 2 years	32,337	(3,528)	28,809
2 years to 3 years	15,802	(1,377)	14,425
3 years to 5 years	10,306	(577)	9,729
	93,887	(11,519)	82,368
Less: allowance for impairment losses			(939)
			81,429

14. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Advances to entities	519	–	859	2,422
Personal loans	–	516	1,181	1,342
Loans and advances to customers	519	516	2,040	3,764

(b) Analysed by type of collateral

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Guaranteed loans	–	–	859	1,460
Secured loans	519	516	1,181	2,304
Loans and advances to customers	519	516	2,040	3,764

(c) Overdue loans analysed by overdue period

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Overdue within 3 months (inclusive)	519	516	1,544	1,470
Overdue more than 3 months to 6 months (inclusive)	–	–	–	909
Overdue more than 6 months to one year (inclusive)	–	–	388	961
Overdue more than one year	–	–	108	424
	519	516	2,040	3,764

Overdue loans represent loans, of which the whole or part of the principal or interest were overdue for one day or more.

(d) Analysed by credit quality

	As at 30 June			As at 31 December
	2014	2015	2016	2016
	US$'000	*US$'000*	*US$'000*	*US$'000*
Gross balance of loans and advances to customers				
Neither past due nor impaired	519	516	2,040	3,764
Overdue but not impaired	–	–	–	–
	519	516	2,040	3,764

15. OTHER RECEIVABLES

	As at 30 June			As at 31 December
	2014	2015	2016	2016
	US$'000	*US$'000*	*US$'000*	*US$'000*
Commission receivables	1,214	117	–	–
Other receivables	1,724	90	530	485
Deposits and prepayments	474	272	79	35
Interest receivables	1,490	248	1,021	2,392
	4,902	727	1,630	2,912

16. RESTRICTED BANK DEPOSITS

All restricted bank deposits represent the deposits at banks according to the requirements from banks or related government regulations for the credit guarantees that the Target Group provides to third parties for their borrowings from banks.

17. INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were repayable as follows:

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year or on demand	610	33	14,403	15,656
After 1 year but within 2 years	–	33	15,234	16,499
After 2 years but within 5 years	–	446	13,671	9,592
	–	479	28,905	26,091
	610	512	43,308	41,747

The bank loans were secured as follows:

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Bank loans *(Note (i))*				
– Secured	610	512	43,308	34,572
Other loans *(Note (ii))*				
– Secured	–	–	–	7,175
	610	512	43,308	41,747

Notes:

(i) All of the Target Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangement with financial institutions. If the Target Group was to breach the covenants, the loans would become payable on demand. The Target Group regularly monitors its compliance with these covenants. The bank loans carry interest at fixed rates ranged from 5.5% to 6.4% per annum and are repayable within 3 years. Further details of the Target Group's management of liquidity risk are set out in Note 25(b). At 30 June 2014, 2015 and 2016 and 31 December 2016, none of covenants relating to the bank loans had been breached.

(ii) Other loans bear interest at 0.6% per annum, are secured by certain finance lease receivables and are repayable in 10 instalments with the last instalment on 15 January 2019.

18. ACCRUALS AND OTHER PAYABLES

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Other taxes and charges payable	26	94	255	348
Accruals	(107)	403	510	621
Other payables	3,091	3,724	9,543	10,766
	3,010	4,221	10,308	11,735

19. PROVISIONS FOR GUARANTEE LOSSES

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at the beginning of the year	871	1,827	1,262	3,080
Charge for the year	956	–	1,818	–
Transfer out	–	(565)	–	(2,280)
As at the end of the year	1,827	1,262	3,080	800

20. AMOUNTS DUE TO SHAREHOLDERS

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Mr. Wang Hong	227	–	–	–
Mr. Tian Wenjun	151	–	–	–
Bluesky LLC	–	–	464	464
	378	–	464	464

The amounts due to shareholders is unsecured, interest-free and repayable on demand.

21. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 1 July	(1)	390	3,002	2,674
Provision for current taxation for the year/period	651	3,646	1,618	1,154
Payments during the year/ period	(260)	(1,034)	(1,946)	(911)
As at 30 June/31 December	390	3,002	2,674	2,917

(b) Deferred tax assets/(liabilities) recognised

Components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the related movements during the Relevant Periods are as follows:

	Allowance for impairment loss	Tax loss	Unearned finance lease income	Provision for guarantee losses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 1 July 2013	25	504	(316)	(218)	(5)
Credited/(charged) to profit or loss	32	(505)	(293)	(1,179)	(1,945)
Exchange difference	–	1	1	2	4
As at 30 June 2014 and 1 July 2014	57	–	(608)	(1,395)	(1,946)
Credited to profit or loss	18	–	618	116	752
Exchange difference	–	–	(10)	(2)	(12)
As at 30 June 2015 and 1 July 2015	75	–	–	(1,281)	(1,206)
Credited to profit or loss	114	–	–	263	377
Exchange difference	25	–	–	58	83
As at 30 June 2016 and 1 July 2016	214	–	–	(960)	(746)
Credited to profit or loss	44	–	–	564	608
Exchange difference	(24)	–	–	(307)	(331)
As at 31 December 2016	234	–	–	(703)	(469)

Reconciliation to the consolidated statements of financial position

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Net deferred tax asset recognised in the consolidated statements of financial position	57	75	214	234
Net deferred tax liabilities recognised in the consolidated statements of financial position	(2,003)	(1,281)	(960)	(703)
	(1,946)	(1,206)	(746)	(469)

22. SHARE CAPITAL

(a) Share capital

The Target Company was incorporated in the Cayman Islands as an exempted company on 17 February 2015. Thus, no share capital was disclosed for the year ended 30 June 2014.

Authorised and issued share capital

	As at 30 June 2015		As at 30 June 2016		As at 31 December 2016	
Ordinary share of US$0.0001 each	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
	'000	*US$'000*	*'000*	*US$'000*	*'000*	*US$'000*
Share capital	100,000	10	100,000	10	100,000	10
Issued and fully paid:						
At the beginning of year/period	–	–	16,800	2	20,042	2
Issue of new ordinary shares	16,800	2	4,727	1	–	–
Re-purchase of shares	–	–	(1,485)	(1)	–	–
As at the end of the reporting period	16,800	2	20,042	2	20,042	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Target Company. All ordinary shares rank equally with regard to the Target Company's residual assets.

On 28 June 2016, the Target Company repurchased 5,100 of its ordinary shares, from a former director of the Target Company, for US$60,180 and 1,480,000 shares from a shareholder for US$17,464,000.

On 2 December 2016, the Target Company repurchased 204,005 of its ordinary shares from its shareholder for US$204.

(b) Capital management

The Target Group's primary objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern, so that it can continue to provide returns for equity holders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of cash equivalents and equity of the Target Group, comprising issued capital, retained profits and other reserves.

23. RESERVES

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Target Company is distributable to the owners of the Target Company provided that immediately following the date on which the dividend is proposed to be distributed, the Target Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Contributed surplus

The contributed surplus represents the excess capital contribution from the shareholders of the subsidiaries comprising the Target Group.

(iii) Special reserve

The special reserve of the Target Group represents the paid-in capital of the subsidiaries comprising the Target Group due to the Target Company was not yet incorporated.

(iv) PRC Statutory reserve

In accordance with the PRC regulations on enterprises and the articles of association of the Target Company, enterprises established in the PRC are required to provide statutory reserve before any dividend distribution, which is appropriated from net profit as reported in the enterprise's PRC statutory accounts for the calendar year. Before making any dividend distribution, an enterprise is required to allocate at least 10% of its annual after-tax profit to the general reserve until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. The statutory reserve can only be used for specific purposes and is not distributable as cash dividends.

(v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the entities within the Target Group whose functional currency is other than US$. The reserve is dealt with in accordance with the accounting policies set out in note 1(s).

(vi) Share option reserve

The share option reserve arose upon on the grant of share options of the Target Company and is dealt with in accordance with the accounting policies set out in note 1(m)(ii).

24. EQUITY SETTLED SHRAE-BASED PAYMENT

On 20 October 2015, the Target Company adopted the 2015 Long-Term Incentive Equity Plan, or the "Plan", under which the Target Group may grant options to purchase ordinary shares of the Target Company to its employees, officers, directors and consultants. The total number of Ordinary Shares reserved and available for issuance under the Plan shall be a number of Ordinary Shares equal to ten percent (10%) of the total outstanding Ordinary Shares as of the closing date of that certain Agreement and Plan of Reorganisation, dated as of April 10, 2015, by and among the Target Company, WFG and the shareholders of WFG ("Merger Agreement"), after taking into account the Ordinary Shares that may be issued pursuant to the Merger Agreement and the conversion of any shares held by the Target Company's public shareholders as provided for in the Target Company's Amended and Restated Certificate of Incorporation.

The Plan shall be administered by the Board or a Committee. If administered by a Committee, such Committee shall be composed of at least two directors, all of whom are "outside directors" within the meaning of the regulations issued under Section 162(m) of the Code and "non-employee" directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Committee members shall serve for such term as the Board may in each case determine and shall be subject to removal at any time by the Board.

The term of each Option shall be fixed by the Committee; provided, however, that an Incentive Option may be granted only within the ten-year period commencing from the Effective Date and may only be exercised within ten years of the date of grant (or five years in the case of an Incentive Option granted to an optionee who, at the time of grant, owns Ordinary Shares possessing more than 10% of the total combined voting power of all classes of voting shares of the Target Company ("10% Shareholder").

The exercise price per Ordinary Share purchasable under an Option shall be determined by the Committee at the time of grant and may not be less than 100% of the Fair Market Value on the date of grant (or, if greater, the par value of the Ordinary Shares); provided, however, that the exercise price of an Incentive Option granted to a 10% Shareholder will not be less than 110% of the Fair Market Value on the date of grant.

The Plan was approved and unless terminated by the Board, it shall continue to remain effective until such time as no further awards may be granted and all awards granted under the Plan are no longer outstanding. Notwithstanding the foregoing, grants of Incentive Options may be made only during the ten-year period beginning on the Effective Date.

The following table summarises stock award activity and related information for all of Target Company's equity plans for the year ended 30 June 2016 and six months ended 31 December 2016:

	Number of shares	Weighted average exercise price *US$*	Weighted average remaining contractual term in years
Outstanding as at 1 July 2015	–	–	–
Granted	1,450,000	12	3
Exercised	–	–	–
Forfeited	(180,000)	–	–
Cancelled	–	–	–
Outstanding as at 30 June 2016	1,270,000	12	2.42
Forfeited	(270,000)	–	–
Outstanding as at 31 December 2016	1,000,000	12	1.92
Exercisable as at 30 June 2016	–	12	2.42
Exercisable as at 31 December 2016	333,333	12	1.92
Vested and expected to vest, as at 30 June 2016	1,000,000	12	2.42
Vested and expected to vest, as at 31 December 2016	1,000,000	12	1.92

During the year ended 30 June 2016, the Target Company granted options to purchase 1,450,000 shares of common stock to eight employees at a weighted average exercise price of US$12 per share. The options will vest and become exercisable in three (3) equal annual instalments on each of the first, second and third dates of the Grant Date and the options will expire on the fifth anniversary of the Grant Date. During the year ended 30 June 2016, two employees resigned and their options to purchase a total of 180,000 shares of the Target Company's common stock were forfeited. During the six months ended 31 December 2016, 2 employees had resigned and their options to purchase a total of 270,000 shares of the Target Company's common stock were forfeited.

The Target Company measures compensation cost related to share options based on the grant-date fair value of the award using the Binomial Model. The weighted-average assumptions used in the Binomial Model calculation for option grants during the year ended 30 June, 2016 were as follows:

Expected volatility	51.5%
Risk-free interest rates	1.77%
Expected terms	5.0 years
Dividend yields	0%
Sub-Optimal behavior multiple	2.80
Fair value per share of options granted	US$5.27-US$5.44

The expected volatility assumption is based on historical weekly volatility of peer companies' share price. The Target Company utilised peer company data due to the Target Company's limited history of publicly traded shares. During the year ended 30 June, 2016, the expected term assumption represents the remaining life of the option at the grant date. The risk-free interest rates used are based on the USD Treasury Activities (IYC25) Zero Coupon Yield.

The estimated fair value of share-based compensation to employees is recognised as a charge against income on a ratable basis over the requisite service period, which is generally the vesting period of the award.

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Target Group's business.

The Target Group's exposure to these risks and the financial risk management policies and practices used by the Target Group to manage these risks are described below.

(a) Credit risk

Credit risk is one of the most significant risks for the Target Group's business. Credit risk exposure arises principally in financial guarantees that are off-balance sheet financial instruments.

Credit risk is controlled by the application of credit approvals, limits on the amounts guaranteed and monitoring procedures. The Target Group manages credit risk through its risk control system, which commences with the establishment of overall risk management strategies, pre-transaction due diligence and assessment, in-transaction risk evaluation, product design, determination of risk-adjusted pricing, design of counter-guarantee requirements and ongoing post-transaction monitoring. To minimize credit risk, the Target Group requires collateral in the form of rights to cash, securities or property and equipment.

The Target Group identifies credit risk collectively based on industry, geography and customer type. This information is monitored regularly by management.

The credit risk relating to deposits is limit as the Target Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings.

(b) Liquidity risk

The Target Group is also exposed to liquidity risk, which is the risk that it will be unable to provide sufficient capital resources and liquidity to meet its commitments and business needs. The Target Group is also exposed to liquidity risk on its short-term investments, including the risks that the banks and financial institutions that manage the Target Group's investments will be unable to redeem such short-term investments at a price equal to principal and accrued and unpaid interest or, in extreme circumstances, such as significant redemptions or a deterioration of liquidity in the financial markets, may be unable to redeem them at all. As a result, the Target Group may not have access to the capital related to such investments when needed. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures. When necessary, the Target Group may turn to other financial institutions, and historically has occasionally take loans from its shareholders to obtain short-term funding to meet liquidity shortages.

(c) Interest rate risk

The Target Group's interest rate risk arises primarily from cash and bank balances and interest bearing borrowings.

The Target Group is not exposed to significant interest rate risk for cash and bank balance and interest-bearing borrowings because the interest rates of cash at bank are not expected to change significantly and the interest-bearing borrowings a re carried at fixed rates.

(d) Currency risk

A majority of the Target Group's operating activities and a significant portion of the Target Group's assets and liabilities are denominated in the RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the Peoples' Bank of China (the "PBOC") or other authorized financial institutions at exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

26. SEGMENT REPORTING

The Target Group's operating and reportable segment have been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the CEO of the Target Company, being the CODM of the Group, in order to allocate resources to segments and to assess their performance.

The CEO regularly review revenue and overall operating results derived from the provision of financing lease and guarantee services on an aggregated basis and consider them as one single operating segment.

The Target Group operates and manages its business within one reportable segment, which is to provide financial services in the PRC domestic market. For the years ended 30 June, 2014, 2015 and 2016 and six months ended 31 December 2015 and 2016, there were two, one, no, one and two customers that accounted for more than 10% of the Target Group's revenue respectively.

	Year ended 30 June			Six months ended 31 December	
	2014	2015	2016	2015	2016
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Customer A	2,588	Note	Note	Note	Note
Customer B	1,249	Note	Note	Note	Note
Customer C	Note	1,588	Note	Note	Note
Customer D	Note	Note	Note	Note	1,324
Customer E	Note	Note	Note	Note	621
Customer F	Note	Note	Note	494	Note

Note: Less than 10% of the Target Group's revenue.

27. CONTINGENT LIABILITIES

In the past, Dongsheng Guarantee failed to comply with PRC regulations that provide that the aggregate balance of liabilities guaranteed by a financing guarantee company for any single guaranteed party may not exceed 10% of the net assets of the guarantee company and also failed to make required social insurance and provident housing fund contributions for some of its employees. During the three months ended 30 June 2016 and six months ended 31 December 2016, Dongsheng Guarantee did not provide guarantees for loans in excess of 10% of its net assets to any single customer and made all required social insurance and provident housing fund contributions, and as of 31 December 2016, Dongsheng Guarantee had not received any notice from any relevant government authorities regarding its prior non-compliance with these requirements. However, it is possible that relevant regulatory authorities will impose penalties and/or bring legal action against Dongsheng Guarantee retrospectively. Any such penalties or legal action could have an adverse effect on the Target Group's business, and management is unable to make any estimate of the amounts of any such possible penalties.

Neither the Target Company nor any of its subsidiaries is currently a party to any legal proceeding, investigation or claim which, in the opinion of the management, is likely to have material adverse effect on the Target Group's business, financial condition or results of operations.

As at 30 June, 2014, 2015 and 2016 and 31 December 2016, there were no claims, lawsuits, investigations and proceedings, including unasserted claims that are probable to be assessed, that have in the recent past had, or to the Target Group's knowledge, are reasonably possible to have, a material effect on the Target Group's financial position, results of operations or cash flows.

28. COMMITMENTS

At each end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June			As at 31 December
	2014	2015	2016	2016
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year	–	286	273	233
After 1 year but within 5 years	–	429	182	39
	–	715	455	272

29. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in this Financial Information, the Target Group entered into the following significant related party transactions during the Relevant Periods.

(a) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Target Group, directly or indirectly, including the Target Group's directors.

Remuneration for key management personnel, including amounts paid to the Target Group's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US\$'000	*US\$'000*	*US\$'000*	*US\$'000* (unaudited)	*US\$'000*
Salaries, allowances and benefits in kind	5	67	549	128	176
Retirement scheme contributions	–	14	15	7	7
	5	81	564	135	183

The above remuneration to key management personnel is included in "staff costs" (see note 5(a)).

(b) Significant related party transactions

Particulars of significant transactions between the Target Group and the above related parties during the Relevant Periods are as follows:

	Year ended 30 June			Six months ended 31 December	
	2014	**2015**	**2016**	**2015**	**2016**
	US\$'000	*US\$'000*	*US\$'000*	*US\$'000* (unaudited)	*US\$'000*
Bluesky LLC					
– Share repurchase	–	–	17,464	17,464	–
– Convertible debt	–	–	8,500	8,500	–

On 28 December 2015, the Target Company issued an US$8,500,000 promissory note (the "Note") to Bluesky LLC, an entity controlled by Jianming Hao, the Target Company's Chairman and Co-Chief Executive Officer. The Notes bear interest at 4% per year and mature on 28 December 2016. The Note was repaid in advance on 28 April 2016. The Notes are convertible into the Target Company's ordinary shares at a price of US$12.00 per share.

(c) Balances with related parties

	As at 30 June			As at 31 December
	2014	**2015**	**2016**	**2016**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Amounts due from shareholders	25,981	–	–	–
Amounts due to shareholders	(378)	–	(464)	(464)

Amounts due from/to related parties are unsecured and interest-free. The directors of the Target Company confirm that the non-trade nature balance have been settled at the date of this report.

30. SUBSEQUENT EVENT

Subsequent to 31 December 2016, the Target Company and certain of its executive officers have been named as defendants in two civil securities lawsuits recently filed in two U.S. District Courts (the "Lawsuits") in April 2017. Both Lawsuits are putative class action lawsuits where plaintiffs' counsels are seeking to represent the entire class of shareholders who bought the Target Company's securities between 29 October 2015 and 29 March 2017. Both Lawsuits assert the same statutory violations under the U.S. Securities Exchange Act, alleging, in sum and substance, that the defendants made false and misleading statements, or failed to disclose material facts, in the Target Company's prospectuses, press releases, and filings with the U.S. Securities and Exchange Commission (the "SEC") in connection with its growth, business prospects and the adequacy of its internal controls. The Lawsuits also alleged that the Target Company misrepresented the location of its principal executive office in SEC filings and withheld certain information regarding an ongoing SEC investigation against it. The Lawsuits further alleged that the Target Company's stock price fell when the alleged misstatements or omissions became known to investors. The plaintiffs are seeking unspecified monetary damages, including interest, costs and attorneys' fees and other relief as the court deems just. These Lawsuits are at a preliminary stage, and as at the date of this report, the directors of the Target Company are not aware of any court rulings having been made with respect to the Lawsuits. The directors of the Target Company have sought advice from U.S. litigation counsel in this respect and are of the view that the Lawsuits are without merit and given the preliminary stage of the Lawsuits and the uncertainty on the size of the plaintiff class, an estimate of the actual quantum of damages cannot be made at this stage.

31. IMMEDIATE AND ULTIMATE HOLDING COMPANY

As at 31 December 2016, the directors of the Target Company consider the immediate and ultimate holding company of the Target Group to be Appelo Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use. The directors of the Target Company consider the ultimate controlling party of the Target Group to be Mr. Wang Hong.

32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to date of issue of the Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective in respect of the financial periods included in the Relevant Periods, and which have not been adopted in the Financial Information.

Of these developments, the following relate to matter that may be relevant to the Target Group's operations and the Financial Information:

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, Statement of cash flows: Disclosure initiative	1 January 2017
Amendments to HKAS 12, Income taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9, Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
HKFRS 16, Leases	1 January 2019

The Target Group is in the process of making an assessment of what the impact of these new standards and amendments to standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Target Group's results of operation and financial position, except for the following.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the existing guidance in HKAS 39 Financial instruments: Recognition and measurement. HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 Revenue, HKAS 11 Construction contracts and HK(IFRIC)-Int 13 Customer Loyalty Programmes. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

HKFRS 16 Leases

HKFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, HKFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces HKAS 17, Leases and the related interpretations including HK(IFRIC)-Int 4, Determining whether an arrangement contains a lease.

The Target Group does not plan to early adopt the above new standards or amendments. With respect to HKFRSs 9, 15 and 16, given the Target Group has not completed its assessment of their full impact on the Target Group, their possible impact on the Target Group's results of operations and financial position has not been quantified.

C. SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 31 December 2016. No dividend or distribution has been declared or made by the Target Group in respect of any period subsequent to 31 December 2016.

Yours faithfully

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong

Chan Wai Dune, Charles
Practising Certificate Number P00712

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis on the Target Group Companies for the years ended 30 June 2014, 2015, 2016 and the six months ended 31 December 2016.

Six months ended 31 December 2016

Business and financial review

Net Fee and Interest Income

Net fee and interest income of the Target Group Companies consists primarily of net guarantee service income, net direct financing lease income, and net financial advisory and lease agency income. The Target Group Companies recorded a net fee and interest income of US$5.3 million for the six months ended 31 December 2016, representing US$0.8 million or 17.8% increase compared with US$4.5 million for the six months ended 31 December 2015.

The increase in net fee and interest income for the six months ended 31 December 2016 from the six months ended 31 December 2015 was primarily attributable to an increase of US$0.1 million in net guarantee service income, an increase of US$0.4 million in net direct financing lease income and an increase of US$0.3 million in net financial advisory and lease agency income. The increase in net guarantee service income was primarily attributable to US$2.2 million reversal of provision, offsetting decrease of US$2.2 million in gross commissions and fees on financial guarantee services as a result of reduced lending activities due to the economic recession in Shanxi province and fewer potential clients being able to pass the Target Group Companies screening process. The increase in net direct financing lease income was primarily attributable to newly added contracts in medical equipment and new energy sectors.

Other Revenue

Interest on amount receivable from financial institutions for wealth management products

The Target Group Companies recorded interest on amount receivable from financial institutions for wealth management products of US$6.8 million for the six months ended 31 December 2016, representing decrease of US$0.1 million or 1.5% compared with US$6.9 million for the six months ended 31 December 2015. The decrease was primarily attributable to the decrease in the balance of amount receivable from financial institutions for wealth management products and decreased return on amount receivable from financial institutions for wealth management products in local capital markets.

Administrative and Other Operating Expenses

The Target Group Companies recorded administrative and other operating expenses of US$1.4 million for the six months ended 31 December 2016, representing decrease of US$1.0 million or 41.7% compared with US$2.4 million for the six months ended 31 December 2015. The decrease was primarily attributable to the management initiative to give up share-based compensation expenses for the period which were granted previously to certain directors and officers.

Income Tax

The Target Group Companies recorded income tax of US$0.5 million for the six months ended 31 December 2016, representing decrease of US$0.3 million or 37.5% compared with US$0.8 million for the six months ended 31 December 2015.

Profit for the Period

The Target Group Companies recorded profit for the period of US$10.2 million for the six months ended 31 December 2016, representing US$1.9 million or 22.9% increase compared with US$8.3 million for the six months ended 31 December 2015.

Liquidity and Capital Resources

The Target Group Companies have funded working capital and other capital requirements primarily by equity contribution from shareholders, cash flow from operations, and bank loans. Cash is required to maintain security deposits at banks, to issue direct financing leases to customers, to repay debts, to make default payments, salaries, office rental expenses, income taxes and other operating expenses.

Cash and cash equivalents consist of cash on hand, cash in banks and all highly liquid investments with original maturities of three months or less that are unrestricted as to withdrawal and use. The Target Group Companies recorded cash and cash equivalents of US$9.0 million as at 31 December 2016.

Restricted Bank Deposits

Restricted bank deposits represent the deposits at banks according to the requirements from banks or related government regulations for the credit guarantees that the Target Group Companies provides to third parties for their borrowings from banks. The Target Group Companies recorded the restricted cash of US$24.2 million as at 31 December 2016.

Amount Receivable from Financial Institutions for Wealth Management Products

Amount receivable from financial institutions for wealth management products represent RMB wealth management products purchased by the Target Group Companies from financial institutions in PRC and having not been due or early redeemed yet. The Target Group Companies recorded amount receivable from financial institutions for wealth management products of US$179.1 million as at 31 December 2016.

Finance Lease Receivables

The Target Group Companies recorded finance lease receivables of US$81.4 million as at 31 December 2016.

Interest-Bearing Borrowings

Interest-bearing borrowings as at 31 December 2016 are secured, repayable within one year to five years and bear interest at the fixed rate ranged from 0.6% to 5.8% per annum.

Gearing Ratios

Gearing ratio is calculated as total interest-bearing debt divided by total equity. As at 31 December 2016, the Target Group Companies' gearing ratio was 17.2%.

Employees and Remuneration Policy

The Target Group Companies recruits personnel from the open market and enter into employment contracts with employees and offers remuneration packages including salaries and bonuses to qualified employees. The Target Group Companies provide staff training on a regular basis to enhance employees' knowledge of financial products in the market and the applicable laws and regulations in relation to the industry in which the Target Group Companies operate.

The Target Group Companies has 41 full-time employees as at 31 December 2016.

Year ended 30 June 2016

Business and financial review

Net Fee and Interest Income

Net fee and interest income of the Target Group Companies consists primarily of net guarantee service income, net direct financing lease income, and net financial advisory and lease agency income. The Target Group Companies recorded a net fee and interest income of US$5.7 million for the year ended 30 June 2016, representing US$8.9 million or 61.0% decrease compared with US$14.6 million for the year ended 30 June 2015.

The decrease in net fee and interest income was primarily attributable to the decrease of US$7.0 million in net guarantee service income, a decrease of US$1.1 million in net direct financing lease income and a decrease of US$0.8 million in net financial advisory and lease agency income.

The decrease in net guarantee service income was primarily attributable to a decrease of US$3.6 million in gross revenue due to reduced lending activities as a result of the economic recession in Shanxi province and the Target Group Companies' increased scrutiny of potential clients, and provision of US$3.0 million associated with the default of one client. The decrease in net direct financing lease income was primarily attributable to lower interest rates and fewer new contracts due to market conditions and increase in provision for lease payment receivables. The decrease in net financial advisory and lease agency income was primarily attributable to the decrease of advisory and lease agency contracts during the year ended 30 June 2016.

Other Revenue

Interest on amount receivable from financial institutions for wealth management products

The Target Group Companies recorded interest on amount receivable from financial institutions for wealth management products of US$13.8 million for the year ended 30 June 2016, representing US$1.7 million or 11.0% decrease compared with US$15.5 million for the year ended 30 June 2015.

The decrease in interest on amount receivable from financial institutions for wealth management products was primarily attributable to the decrease in the balance of amount receivable from financial institutions for wealth management products to US$149.8 million as at 30 June 2016 from US$176.0 million as at 30 June 2015, representing US$26.2 million or 14.9% decrease.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Target Group Companies mainly consist of business tax and surcharges, salary and benefits for employees, office rental expenses, traveling costs, share-based compensation, depreciation of equipment, professional fees, consultation fee and office supplies.

The Target Group Companies recorded administrative and other operating expenses of US$7.3 million for the year ended 30 June 2016, representing US$5.0 million or 217.4% increase compared with US$2.3 million for the year ended 30 June 2015.

The increase in administrative and other operating expenses was primarily attributable to an increase of US$2.5 million in share-based compensation to the Target Group Companies' directors and executive officers, and increases in salaries, legal fees, auditing fees and consulting fees for investor relations.

Income Tax

The Target Group Companies recorded income taxes of US$1.2 million for the year ended 30 June 2016, representing US$1.7 million or 58.6% decrease compared with US$2.9 million for the year ended 30 June 2015. The decrease in income taxes was primarily attributable to the decrease in taxable income.

Profit for the Year

The Target Group Companies recorded a profit for the year of US$11.1 million for the year ended 30 June 2016, representing decrease of US$14.9 million or 57.3% compared with US$26.0 million for the year ended 30 June 2015, due to reasons discussed above.

Liquidity and Capital Resources

The Target Group Companies have funded working capital and other capital requirements primarily by equity contribution from shareholders, cash flow from operations, and bank loans. Cash is required to maintain security deposits at banks, to issue direct financing leases to customers, to repay debts, to make default payments, salaries, office rental expenses, income taxes and other operating expenses.

Cash and cash equivalents consist of cash on hand, cash in banks and all highly liquid investments with original maturities of three months or less that are unrestricted as to withdrawal and use. The Target Group Companies recorded cash and cash equivalents of US$47.2 million as at 30 June 2016 (2015: US$9.9 million). Increase in cash and cash equivalents was primarily attributable to net inflows from investing activities and financing activities.

Net cash used in operating activities was approximately US$46.8 million for the year ended 30 June 2016. The net cash used in operating activities for the year ended 30 June 2016 mainly consisted of US$49.4 million used in the finance lease receivables, offset by US$3.6 million generated from the net income.

Net cash generated from investing activities was approximately US$48.4 million for the year ended 30 June 2016. Net cash generated from investing activities for the year ended 30 June 2016 mainly consisted of US$176.0 million from redemption of wealth management products, offset by US$149.8 million used to purchase wealth management products.

Net cash generated from financing activities was approximately US$55.0 million for the year ended 30 June 2016. Net cash generated from financing activities for the year ended 30 June 2016 mainly consisted of US$45.2 million proceeds from borrowings and US$12.1 million proceeds from issue of shares, offset by US$2.4 million repayment of borrowings.

Restricted Bank Deposits

Restricted bank deposits represent the deposits at banks according to the requirements from banks or related government regulations for the credit guarantees that the Target Group provides to third parties for their borrowings from banks. The Target Group Companies recorded restricted bank deposits of US$28.0 million as at 30 June 2016 (2015: US$28.5 million).

Amount Receivable from Financial Institutions for Wealth Management Products

Amount receivable from financial institutions for wealth management products represents RMB wealth management products purchased by the Target Group Companies from financial institutions in PRC and having not been due or early redeemed yet. The Target Group Companies recorded amount receivable from financial institutions for wealth management products of US$149.8 million as at 30 June 2016 (2015: US$176.0 million).

Finance Lease Receivables

The Target Group Companies' leasing operations consist principally of leasing high value equipment under direct financing leases expiring in one year to five years as at the balance sheet dates. The leases bear effective interest rate of 5% to 10% per annum. Lease contracts that the Target Group Companies enter with financing lease customers transfer substantially all the rewards and risks of ownership of the leased assets, other than legal title, to the customers. These financing lease contracts are accounted for as finance lease receivables. Finance lease receivables are recorded at net balance consisting of present value of minimum finance lease receivables less allowable for impairment losses, as needed. The allowable for impairment losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance.

The Target Group Companies recorded finance lease receivables of US$74.7 million as at 30 June 2016 (2015: US$25.8 million).

Interest-Bearing Borrowings

Interest-bearing borrowings as at 30 June 2016 are secured, repayable within one year to five years, and bear interests at the fixed rates ranged from 5.5% to 5.8% per annum.

Gearing Ratio

Gearing ratio is calculated as total interest-bearing debt divided by total equity. As at 30 June 2016, the Target Group Companies' gearing ratio was 17.8% (2015: 0.2%).

Credit Risk Exposure

Credit risk exposure arises principally in financial guarantees that are off-balance sheet financial instruments.

Credit risk is controlled by the application of credit approvals, limits on the amounts guaranteed and monitoring procedures. The Target Group Companies manage credit risk through its risk control system, which commences with the establishment of overall risk management strategies, pre-transaction due diligence and assessment, in-transaction risk evaluation, product design, determination of risk-adjusted pricing, design of counter-guarantee requirements and ongoing post-transaction monitoring. To minimize credit risk, the Target Group Companies require collateral in the form of rights to cash, securities or property and equipment.

The Target Group Companies identify credit risk collectively based on industry, geography and customer type. This information is monitored regularly by management.

The credit risk relating to deposits is limited as the Target Group Companies primarily places cash deposits only with large financial institutions in PRC with acceptable credit ratings.

Foreign Exchange Risk Exposure

A majority of the Target Group Companies' operating activities and a significant portion of the Target Group Companies' assets and liabilities are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through PBOC or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Employees and Remuneration Policy

The Target Group Companies recruits personnel from the open market and enter into employment contracts with employees and offers remuneration packages including salaries and bonuses to qualified employees. The Target Group Companies provide staff training on a regular basis to enhance employees' knowledge of financial products in the market and the applicable laws and regulations in relation to the industry in which the Target Group Companies operate.

The Target Group Companies had 48 full-time employees as at 30 June 2016.

Year ended 30 June 2015

Business and financial review

Net Fee and Interest Income

Net fee and interest income of the Target Group Companies consists primarily of net guarantee service income, net direct financing lease income, and net financial advisory and lease agency income. The Target Group Companies recorded a net fee and interest income of US$14.6 million for the year ended 30 June 2015, representing US$3.5 million or 31.5% increase compared with US$11.1 million for the year ended 30 June 2014.

The increase in net fee and interest income was primarily attributable to an increase of US$1.9 million in net guarantee service income, an increase of US$1.3 million in net direct financing lease income and an increase of US$0.3 million in net financial advisory and lease agency income.

The increase in net guarantee service income was primarily attributable to US$0.6 million reversal of provision for guarantee losses for the year ended 30 June 2015. The increase in net direct financing lease income was primarily attributable to the execution of new financing leases. The increase in net financial advisory and lease agency income was primarily attributable to the expansion of advisory services provided to its customers and the development of financial agency services.

Other Revenue

Interest on amount receivable from financial institutions for wealth management products

The Target Group Companies recorded interest on amount receivable from financial institutions for wealth management products of US$15.5 million for the year ended 30 June 2015, representing US$13.9 million or 868.8% increase compared with US$1.6 million for the year ended 30 June 2014.

The increase in interest on amount receivable from financial institutions for wealth management products was primarily attributable to the increase in the balance of amount receivable from financial institutions for wealth management products to US$176.0 million as at 30 June 2015 from US$142.9 million as at 30 June 2014, representing US$33.1 million or 23.2% increase.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Target Group Companies mainly consisted of business tax and surcharges, salary and benefits for employees, office rental expenses, traveling costs, depreciation of equipment, professional fees, consulting fee and office supplies.

The Target Group Companies recorded administrative and other operating expenses of US$2.4 million for the year ended 30 June 2015, representing US$0.5 million or 26.3% increase compared with US$1.9 million for the year ended 30 June 2014.

The increase in administrative and other operating expenses was primarily attributable to the increase in salaries, traveling costs, consulting fee and depreciation expenses along with the Target Group Companies' business expansion.

Income Tax

The Target Group Companies recorded income tax of US$2.9 million for the year ended 30 June 2015, representing US$0.3 million or 11.5% increase from US$2.6 million for the year ended 30 June 2014. The increase in income taxes was primarily attributable to the increase in taxable income.

Profit for the Year

The Target Group Companies recorded profit for the year of US$26.0 million for the year ended 30 June 2015, representing increase of US$17.8 million or 217.1% compared with US$8.2 million for the year ended 30 June 2014 due to reasons discussed above.

Liquidity and Capital Resources

The Target Group Companies have funded working capital and other capital requirements primarily by equity contribution from shareholders, cash flow from operations, and bank loans. Cash is required to maintain security deposits at banks, to issue direct financing leases to customers, to repay debts, to make default payments, salaries, office rental expenses, income taxes and other operating expenses.

Cash and cash equivalents consist of cash on hand, cash in banks and all highly liquid investments with original maturities of three months or less that are unrestricted as to withdrawal and use. The Target Group Companies recorded US$9.9 million cash and cash equivalents as at 30 June 2015 (2014: US$5.3 million). Increase in cash and cash equivalents was primarily attributable to net inflow from operating activities.

Net cash generated from operating activities was approximately US$40.0 million for the year ended 30 June 2015. The net cash generated from operating activities for the year ended 30 June 2015 mainly consisted of US$11.0 million generated from the net income and US$26.0 million repayments collected from the shareholders.

Net cash used in investing activities was approximately US$37.1 million for the year ended 30 June 2015. Net cash used in investing activities for the year ended 30 June 2015 mainly consisted of US$176.0 million used to purchase wealth management products, offset by US$142.9 million from redemption of investment in wealth management products.

Net cash used in financing activities was approximately US$96,000 for the year ended 30 June 2015. Net cash used in financing activities for the year ended 30 June 2015 mainly consisted of US$0.6 million of repayment of borrowings offset by US$0.5 million proceeds from borrowings.

Restricted Bank Deposits

Restricted bank deposits represent the deposits at banks according to the requirements from banks or related government regulations for the credit guarantees that the Target Group provides to third parties for their borrowings from banks. The Target Group Companies recorded restricted bank deposits of US$28.5 million as at 30 June 2015 (2014: US$16.2 million).

Amount Receivable from Financial Institutions for Wealth Management Products

Amount receivable from financial institutions for wealth management products represents RMB wealth management products purchased by the Target Group Companies from financial institutions in PRC and having not been due or early redeemed yet. The Target Group Companies recorded amount receivable from financial institutions for wealth management products of US$176.0 million as at 30 June 2015 (2014: US$142.9 million).

Finance Lease Receivables

The Target Group Companies' leasing operations consist principally of leasing high value equipment under direct financing leases expiring in one year to five years as at the balance sheet dates. The leases bear effective interest rate of 5% to 10% per annum. Lease contracts that the Target Group Companies enter with financing lease customers transfer substantially all the rewards and risks of ownership of the leased assets, other than legal title, to the customers. These financing lease contracts are accounted for as finance lease receivables. Finance lease receivables are recorded at net balance consisting of present value of minimum finance lease receivables less allowable for impairment losses, as needed. The allowable for impairment losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance.

The Target Group Companies recorded finance lease receivables of US$25.8 million as at 30 June 2015 (2014: US$23.1 million).

Interest-Bearing Borrowings

Interest-bearing borrowings as at 30 June 2015 are secured, repayable within one year to five years and bear interest at the fixed rate of 5.8% per annum.

Gearing Ratio

Gearing ratio is calculated as total interest-bearing debt divided by total equity. As at 30 June 2015, the Target Group Companies gearing ratio was 0.2% (2014: 0.3%).

Credit Risk Exposure

Credit risk exposure arises principally in financial guarantee that are off-balance sheet financial instruments.

Credit risk is controlled by the application of credit approvals, limits on the amounts guaranteed and monitoring procedures. The Target Group Companies manage credit risk through its risk control system, which commences with the establishment of overall risk management strategies, pre-transaction due diligence and assessment, in-transaction risk evaluation, product design, determination of risk-adjusted pricing, design of counter-guarantee requirements and ongoing post-transaction monitoring. To minimize credit risk, the Target Group Companies require collateral in the form of rights to cash, securities or property and equipment.

The Target Group Companies identify credit risk collectively based on industry, geography and customer type. This information is monitored regularly by management.

The credit risk relating to deposits is limited as the Target Group Companies primarily places cash deposits only with large financial institutions in PRC with acceptable credit ratings.

Foreign Exchange Risks Exposure

A majority of the Target Group Companies' operating activities and a significant portion of the Target Group Companies' assets and liabilities are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through PBOC or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Employees and Remuneration Policy

The Target Group Companies recruits personnel from the open market and enter into employment contracts with employees and offers remuneration packages including salaries and bonuses to qualified employees. The Target Group Companies provide staff training on a regular basis to enhance employees' knowledge of financial products in the market and the applicable laws and regulations in relation to the industry in which the Target Group Companies operate.

The Target Group Companies had 40 full-time employees as at 30 June 2015.

Year ended 30 June 2014

Business and financial review

Net Fee and Interest Income

Net fee and interest income of the Target Group Companies for the year ended 30 June 2014 consists primarily of net guarantee service income of US$8.4 million, net direct financing lease income of US$1.8 million, and net financial advisory fees and lease agency income of US$0.9 million. The Target Group Companies recorded total net fee and interest income of US$11.1 million for the year ended 30 June 2014.

Other Revenue

Interest on amount receivable from financial institutions for wealth management products

The Target Group Companies recorded interest on amount receivable from financial institutions for wealth management products of US$1.6 million for the year ended 30 June 2014.

Administrative and Other Operating Expenses

Administrative and other operating expenses of the Target Group Companies mainly consist of business tax and surcharges, salary and benefits for employees, office rental expenses, traveling costs, depreciation of equipment, professional service fees and office supplies.

The Target Group Companies recorded administrative and other operating expenses of US$1.9 million for the year ended 30 June 2014.

Income Tax

The Target Group Companies recorded income tax of US$2.6 million for the year ended 30 June 2014.

Profit for the Year

The Target Group Companies recorded profit for the year of US$8.2 million for the year ended 30 June 2014.

Liquidity and Capital Resources

The Target Group Companies have funded working capital and other capital requirements primarily by equity contribution from shareholders, cash flow from operations, and bank loans. Cash is required to maintain security deposits at banks, to issue direct financing leases to customers, to repay debts, to make default payments, salaries, office rental expenses, income taxes and other operating expenses.

Cash and cash equivalents consist of cash on hand, cash in banks and all highly liquid investments with original maturities of three months or less that are unrestricted as to withdrawal and use. The Target Group Companies recorded cash and cash equivalents of US$5.3 million as at 30 June 2014.

Net cash used in operating activities was approximately US$18.3 million for the year ended 30 June 2014 which was mainly attributable to decrease in amount due from shareholders of US$26.0 million, offset by US$10.6 million of cash generated from the net income.

Net cash used in investing activities was approximately US$141.6 million for the year ended 30 June 2014 which mainly consisted of US$142.9 million of purchase of wealth management products.

Net cash generated from financing activities was approximately US$159.9 million for the year ended 30 June 2014 which mainly consisted of US$160.7 million of proceeds from capital contribution by owners.

Restricted Bank Deposits

Restricted bank deposits represent the deposits at banks according to the requirements from banks or related government regulations for the credit guarantees that the Target Group provides to third parties for their borrowings from banks. The Target Group Companies recorded restricted bank deposits of US$16.2 million as at 30 June 2014.

Amount Receivable from Financial Institutions for Wealth Management Products

Amount receivable from financial institutions for wealth management products represents RMB wealth management products purchased by the Target Group Companies from financial institutions in PRC and having not been due or early redeemed yet. The Target Group Companies recorded amount receivable from financial institutions for wealth management products of US$142.9 million as at 30 June 2014.

Finance Lease Receivables

The Target Group Companies' leasing operations consist principally of leasing high value equipment under direct financing leases expiring in one year to five years as at the balance sheet dates. The leases bear effective interest rate of 5% to 10% per annum. Lease contracts that the Target Group Companies enter with financing lease customers transfer substantially all the rewards and risks of ownership of the leased assets, other than legal title, to the customers. These financing lease contracts are accounted for as finance lease receivables. Finance lease receivables are recorded at net balance consisting of present value of minimum finance lease receivables less allowable for impairment losses, as needed. The allowable for impairment losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management performs a quarterly evaluation of the adequacy of the allowance.

The Target Group Companies recorded finance lease receivables of US$23.1 million as at 30 June 2014. The finance lease receivables as at 30 June 2014 consist present value of minimum finance lease receivables of US$24.3 million less allowable for impairment losses of US$1.2 million.

Interest-Bearing Borrowings

Interesting-bearing borrowings as at 30 June 2014 are secured, repayable within one year, and bear interest at fixed rate of 6.02% per annum.

Gearing Ratios

Gearing ratio is calculated as total interest-bearing debt divided by total equity. As at 30 June 2014, the Target Group Companies' gearing ratio was 0.3%.

Credit Risk Exposure

Credit risk exposure arises principally in financial guarantees that are off-balance sheet financial instruments.

Credit risk is controlled by the application of credit approvals, limits on the amounts guaranteed and monitoring procedures. The Target Group Companies manage credit risk through its risk control system, which commences with the establishment of overall risk management strategies, pre-transaction due diligence and assessment, in-transaction risk evaluation, product design, determination of risk-adjusted pricing, design of counter-guarantee requirements and ongoing post-transaction monitoring. To minimize credit risk, the Target Group Companies require collateral in the form of rights to cash, securities or property and equipment.

The Target Group Companies identify credit risk collectively based on industry, geography and customer type. This information is monitored regularly by management.

The credit risk relating to deposits is limited as the Target Group Companies primarily places cash deposits only with large financial institutions in PRC with acceptable credit ratings.

Foreign Exchange risks

A majority of the Target Group Companies' operating activities and a significant portion of the Target Group Companies' assets and liabilities are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through PBOC or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

Employees and Remuneration Policy

The Target Group Companies recruits personnel from the open market and enter into employment contracts with employees and offers remuneration packages including salaries and bonuses to qualified employees. The Target Group Companies provide staff training on a regular basis to enhance employees' knowledge of financial products in the market and the applicable laws and regulations in relation to the industry in which the Target Group Companies operate.

The Target Group Companies had 37 full-time employees as at 30 June 2014.

Prospects of the Target Group Companies

The Target Group Companies have been an integrated financing solution provider with principle business operations in financial guarantee services, direct financing lease services and financial advisory services. It is expected that the completion of the Transactions would not have any significant impact to the daily operations and administration of the Target Group Companies.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information of the Enlarged Group has been prepared based on the interim financial report of the Group for the six months ended 30 September 2016 as published in the Company's interim report for the six months ended 30 September 2016 and the financial information of the Target Group as set out in Appendix II to this circular, after the pro forma adjustments set out in the accompanying notes to illustrate the effect of the Acquisition as if the Acquisition had been completed on 30 September 2016. The accounting policies and methods of computation used in the preparation of the unaudited pro forma financial information are consistent with those used in the interim financial report of the Group for the six months ended 30 September 2016.

The unaudited pro forma financial information is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information does not purport to describe the actual financial position of the Group that would have been attained had the Acquisition been completed on 30 September 2016 or any future date. Further, the accompanying unaudited pro forma financial information does not purport to give a true picture of the Group's financial position or predict the Group's future financial position.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group set out in the interim report of the Company for the six months ended 30 September 2016 and with other financial information included elsewhere in this circular.

	The Group as at 30 September 2016	The Target Group as at 31 December 2016	Pro forma adjustments	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	
NON-CURRENT ASSETS				
Property, plant and equipment	1,843	5,379		7,222
Investment in an associate	698,014	–		698,014
Investment in a joint venture	133,776	–		133,776
Intangible assets	1,736	–		1,736
Available-for-sale investment	631,680	–		631,680
Deposits	13,652	–		13,652
Deferred tax assets	118	1,814		1,932
Goodwill	–	–	755,005	755,005
	1,480,819	7,193		2,243,017
CURRENT ASSETS				
Amount receivable from financial institutions for wealth management products	–	1,388,180		1,388,180
Finance lease receivables	–	631,075		631,075
Accounts receivable	287,589	–		287,589
Loans receivable	73,936	29,171		103,107
Prepayments, deposits and other receivables	100,547	22,568		123,115
Investments at fair value through profit or loss	1,612,215	–		1,612,215
Restricted bank deposits	–	187,814		187,814
Cash and bank balances	196,429	69,595		266,024
	2,270,716	2,328,403		4,599,119

	The Group as at 30 September 2016	The Target Group as at 31 December 2016	Pro forma adjustments	The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	
CURRENT LIABILITIES				
Accounts payable	25,376	–		25,376
Other payables and accruals	106,641	90,946		197,587
Deferred income	–	5,472		5,472
Provision for guarantee losses	–	6,200		6,200
Amounts due to shareholders	–	3,596		3,596
Interest-bearing other borrowings	269,730	121,334		391,064
Tax payable	8,327	22,607		30,934
Promissory notes payable	–	–	2,015,000	2,015,000
	410,074	250,155		2,675,229
NET CURRENT ASSETS	1,860,642	2,078,248		1,923,890
TOTAL ASSETS LESS CURRENT LIABILITIES	3,341,461	2,085,441		4,166,907
NON-CURRENT LIABILITIES				
Interest-bearing other borrowings	30,000	202,205		232,205
Deferred tax liabilities	–	5,448		5,448
	30,000	207,653		237,653
NET ASSETS	3,311,461	1,877,788		3,929,254

For the purpose of the unaudited pro forma financial information, conversion of US$ and HK$ is calculated at the exchange rate of US$1 to HK$7.75. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, may be exchanged at this or any other rate or at all.

Note 1: The balances of the Group were extracted from the unaudited consolidated statement of financial position of the Group as at 30 September 2016 which formed part of the interim financial report of the Group for the six months ended 30 September 2016, as set out in the Company's published interim report for the six months ended 30 September 2016.

Note 2: The balances of the Target Group as at 31 December 2016 were extracted from the audited consolidated statements of financial position of the Target Group, as set out in Appendix II to this circular. The statement of assets and liabilities of the Target Group is presented in United States Dollars (US$) which is different from the presentation currency of the Group, i.e. HK$. The assets and liabilities of the Target Group have been translated to HK$. In addition, the relevant balances have been reclassified to conform with the presentation format adopted by the Group.

Note 3: The adjustments represent the combined effect of:

(a) The purchase price of the Acquisition of a controlling interest of the Target Group is the lower of (i) US$260,000,000; or (ii) the Adjusted Purchase Price, and to be satisfied by

  (i) Promissory Notes of US$128,000,000 with a term of 12 month at the Interest rate of 2% per annum issued by the Company; and

  (ii) Promissory Note of the lower of US$132,000,000 and the adjusted payment amount with a term of 36 months at interest rate of 2% per annum issued by the Company.

(b) For the purpose of preparation of the unaudited pro forma financial information, it has assumed that the final purchase price has been adjusted to US$260,000,000.

(c) Goodwill represents the excess of the consideration for the Acquisition over the fair value of the Group's share of the identifiable net assets of the Target Group. For the purpose of preparation of the unaudited pro forma financial information, the audited net asset value of the Target Group as at 31 December 2016 is assumed to be the fair value of the identifiable net assets of the Target Group.

Details of goodwill arising from the Acquisition are as follows:

	Carrying amount	**Fair value of identifiable assets**
	HK$'000	*HK$'000*
Property, plant and equipment	5,379	5,379
Deferred tax assets	1,814	1,814
Amount receivable from financial institutions for wealth management products	1,388,180	1,388,180
Finance lease receivables	631,075	631,075
Loans and advances to customers	29,171	29,171
Other receivables	22,568	22,568
Restricted bank deposits	187,814	187,814
Cash and bank balances	69,595	69,595
Accruals and other payables and accruals	(90,946)	(90,946)
Deferred income	(5,472)	(5,472)
Provision for guarantee losses	(6,200)	(6,200)
Amounts due to shareholders	(3,596)	(3,596)
Current taxation	(22,607)	(22,607)
Interest-bearing borrowings	(323,539)	(323,539)
Deferred tax liabilities	(5,448)	(5,448)
Net assets	1,877,788	1,877,788
Fair value of net assets acquired		1,259,995
Goodwill		755,005
Total consideration		2,015,000

The fair value of the identifiable assets and liabilities of the Target Group is subject to change upon completion of the Acquisition because the fair value of the identifiable assets and liabilities will be assessed and recorded on the completion date of the Acquisition.

(B) REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from the reporting accountants, Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

Crowe Horwath

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong
電話 Main +852 2894 6888
傳真 Fax +852 2895 3752
www.crowehorwath.hk

26 June 2017

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF FREEMAN FINTECH CORPORATION LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Freeman FinTech Corporation Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 September 2016 and related notes as set out on pages III-1 to III-5 in Appendix III of the circular dated 26 June 2017 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-1 to III-5 in Appendix III of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of a controlling interest of Wins Finance Holdings Inc., and its subsidiaries. (the "**Target Group**") (the "**Acquisition**") on the Group's financial position as at 30 September 2016 as if the Acquisition had taken place at 30 September 2016. As part of this process, information about the Group's financial position as at 30 September 2016 has been extracted by the Directors from the interim financial report of the Group for the six months then ended, on which a review report has been published. The information about the Target Group's financial position as at 31 December 2016 has been extracted by the Directors from the financial information of the Target Group as set out in Appendix II to the Circular.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 ''Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements'' issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 September 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Crowe Horwath (HK) CPA Ltd
Certified Public Accountants
Hong Kong

Chan Wai Dune, Charles
Practising Certificate Number P00712

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.

2. DISCLOSURE OF INTERESTS

(a) The Directors' or chief executive's interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

Based on the register kept by the Company, as at the Latest Practicable Date, the interests or short positions of each Director or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which 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 or short positions which they were taken or deemed to have under provisions of the SFO, or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Long Positions and Short Positions in Shares and Underlying Shares of the Company

Name of Directors	Capacity	Number of Shares and underlying Shares held	Deemed interests in number of Shares and underlying Shares	Total	Approximate percentage of the issued share capital
Ms. Chow Mun Yee	Beneficial owner	6,048,000 (L)	100,000,000 (L)	106,048,000 (L)	0.74% (L)

(L): Long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which 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 or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

As at the Latest Practicable Date, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests or short positions in the Shares and Underlying Shares

Based on the register kept by the Company, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had any interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Name of substantial shareholders	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the issued share capital
Mr. Zhang Yongdong *(Note 1)*	Beneficial owner	4,194,780,000 (L)	29.28% (L)
		2,615,069,000 (S)	18.26% (S)
Mr. Yan Ming *(Note 2)*	Beneficial owner	750,000,000 (L)	5.24% (L)

Name of substantial shareholders	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the issued share capital
Shanghai Guotai Junan Securities Asset Management Co., Ltd.* (上海國泰君安證券資產管理有限公司) *(Note 3)*	Trustee	2,615,069,000 (L)	18.26% (L)
Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司) *(Note 4)*	Other	2,615,069,000 (L)	18.26% (L)
Ministry of Finance of the People's Republic of China *(Note 5)*	Interest in controlled corporation	1,835,294,118 (L)	12.81% (L)

(L): Long position
(S): Short position

Note 1: These Shares were held by Galaxy Strategic Investment Co. Ltd., a company wholly-owned by Mr. Zhang Yongdong.

Note 2: These Shares were held by Eternal Link Investments Limited, a company wholly-owned by Mr. Yan Ming.

Note 3: Shanghai Guotai Junan Securities Assets Management Co., Ltd.* (上海國泰君安證券資產管理有限公司, "Shanghai Guotai") is a trustee of (i) a trust in which Guangdong Bank Holdings Co., Ltd.* (廣東銀行股份有限公司) is a beneficiary of 862,069,000 Shares; (ii) a trust in which China Zheshang Bank Holdings Co., Ltd. is a beneficiary of 898,000,000 Shares; and (iii) a trust in which Shen Zhen Rongtong Capital Management Co., Ltd. is a beneficiary of 855,000,000 Shares.

Note 4: Guotai Junan Securities Co., Ltd.* (國泰君安證券股份有限公司) is the ultimate holding company of Shanghai Guotai and is deemed to be interested in 2,615,069,000 Shares through Shanghai Guotai described in "*Note 3*" above.

Note 5: These Shares would be allotted and issued upon conversion in full of the convertible bonds subscribed by CHINA HUARONG MACAU (HK) INVESTMENT HOLDINGS LIMITED ("HUARONG MACAU (HK)"). Further details are set out in the announcement of the Company dated 6 June 2017. HUARONG MACAU (HK) is wholly-owned by China Huarong (Macau) International Holdings Limited* 中國華融(澳門)國際股份有限公司 which is controlled by Huarong (HK) Industrial and Financial Investment Limited ("Huarong (HK) Industrial") as to approximately 51%. Huarong (HK) Industrial is wholly-owned by Huarong Real Estate Co., Ltd. which is wholly-owned by China Huarong Asset Management Co., Ltd. ("China Huarong Asset"). Ministry of Finance of the People's Republic of China ("MOF") has 65% of controlling interest in China Huarong Asset. Accordingly, MOF is deemed to be interested in the 1,835,294,118 Shares.

* *for identification purpose only*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company was aware of any other person, other than a Director or the chief executives of the Company, who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 March 2016, being the date to which the latest published audited accounts of the Company were made up, 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.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

5. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Group within two years immediately preceding the date of this circular which are or may be material:

(a) the Amendment Agreement;

(b) the subscription agreement dated 6 June 2017 entered into between the Company and CHINA HUARONG MACAU (HK) INVESTMENT HOLDINGS LIMITED, in relation to the subscription of the convertible bonds of the Company under general mandate for 1,835,294,118 conversion shares at conversation price of HK$0.425 per conversion share. The gross proceeds from subscription amounted to HK$780 million;

(c) the Share Purchase Agreement;

(d) the agreement dated 12 September 2016 between FU Securities Limited, a wholly-owned subsidiary of the Company, Roseate City Limited (as First Vendor) and Smart Generation Holdings Limited (as Second Vendor) in relation to the sale and purchase of the entire issued share capital of Elffey Finance Limited at a consideration of HK$295 million;

(e) the agreement dated 1 September 2016 between FU Securities Limited and Legend Merchant International Group Limited in relation to the sale and purchase of the entire issued share capital of People Securities Company Limited at a consideration of HK$25 million;

(f) the sale and purchase agreement dated 15 August 2016 between Freeman Financial Investment Corporation, a wholly-owned subsidiary of the Company, and Win Wind Capital Limited, a non-wholly-owned subsidiary of Enerchina Holdings Limited (Stock Code: 622), in relation to the sale and purchase of the entire issued share capital of Smart Jump Corporation, a former wholly-owned subsidiary of the Company, at a consideration of HK$1,295 million;

(g) the sale and purchase agreement dated 10 March 2016 between Freeman Financial Investment Corporation and Magmagous Corporation, a wholly-owned subsidiary of Imagi International Holdings Limited (Stock Code: 585), in relation to the sale and purchase of the entire issued share capital of Smart Jump Corporation at a consideration of HK$1,800 million;

(h) the supplemental agreement to the JV Partners' Agreement (as defined in (j) below) dated 2 March 2016 between Freeman Financial Investment Corporation, Marvel Galaxy Limited, an indirect wholly-owned subsidiary of China Optoelectronics Holding Group Co., Limited (Stock Code: 1332), FreeOpt Holdings Limited and Top Gate Holdings Limited, a wholly-owned subsidiary of Imagi International Holdings Limited (Stock Code: 585), to govern the parties' relationship with respect to the joint venture. There was no consideration for this agreement;

(i) the supplemental agreement to the Freeman Placing Agreement (as defined in (m) below) dated 15 February 2016 in relation to the amendment of certain terms and conditions of the Freeman Placing Agreement, including the revision of the gross proceeds from the placing to HK$600 million;

(j) the joint venture partners' agreement dated 5 January 2016 between Freeman Financial Investment Corporation, Marvel Galaxy Limited and FreeOpt Holdings Limited to govern the relationship among the parties with respect to the joint venture (the "JV Partners' Agreement"). There was no consideration for this agreement;

(k) the joint venture agreement dated 30 December 2015 between Freeman Financial Investment Corporation, Marvel Galaxy Limited and FreeOpt Holdings Limited in relation to setting up a joint venture for single purpose of carrying out the business of provision of finance and money lending and will use FreeOpt Holdings Limited as the joint venture vehicle subject to and in the terms of joint venture agreement, total consideration was HK$300 million;

(l) the sale and purchase agreement and the deed, each dated 28 December 2015, between Win Wind Securities Limited, a wholly-owned subsidiary of Enerchina Holdings Limited (Stock Code: 622), and Gain All Investments Limited, a former wholly-owned subsidiary of the Company, in relation to the disposal of the yacht and the marine facilities, total consideration was HK$85 million;

(m) the placing agreement dated 9 December 2015 between the Company and Freeman Securities Limited, an indirect wholly-owned subsidiary of the Company, as the placing agent, in relation to the placing to not less than six independent subscribers of 3,000,000,000 conversion shares of the Company under specific mandate at the conversion price of HK$0.35 per conversion share (the "Freeman Placing Agreement"). The gross proceeds from placing amounted to HK$1,050 million;

(n) the supplemental agreement to the Promoters' Agreement (as defined in (o) below) dated 2 December 2015 between Freeman Securities Limited and Sailing International Investment Fund (Shanghai) Co. Limited, pursuant to which Freeman Securities Limited agreed to subscribe for an addition 175 million shares in the JV Securities Company (as defined in (o) below) for an additional subscription price of RMB175 million;

(o) the promoters' agreement dated 12 November 2015 between Freeman Securities Limited and Sailing International Investment Fund (Shanghai) Co. Limited, pursuant to which Freeman Securities Limited conditionally agreed to cooperate with Sailing International Investment Fund (Shanghai) Co. Limited to set up a full-licensed joint venture securities company in Shanghai Pilot Free Trade Zone (the "JV Securities Company") and subscribe for 350 million shares in the JV Securities Company for an aggregate subscription price of RMB350 million (the "Promoters' Agreement");

(p) the sale and purchase agreement dated 31 July 2015 between Gold Glory Limited, a former indirect non-wholly owned subsidiary of the Company, and Ristora Investments Limited, in relation to the disposal of 13 million shares of Cordoba Homes Limited at a consideration of HK$50 million; and

(q) the sale and purchase agreement dated 31 July 2015 between Gold Glory Limited, HEC Development Limited, Ample Spring International Limited and Win Wind Resources Limited, a subsidiary of Enerchina Holdings Limited (Stock Code: 622), in relation to the acquisition of 100% shareholding in Gain All Investments Limited at a consideration of HK$85 million.

6. LITIGATION AND POSSIBLE LEGAL ACTION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

As announced by the Company on 6 October 2016, a petition has been issued to certain former Directors of the Company. Further details are set out in the Company's announcements dated 6 October 2016, 24 January 2017, 25 January 2017 and 26 May 2017.

7. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with the business of the Group.

8. EXPERT AND CONSENT

The following are the qualification of the experts who have given opinions or advices which are contained or referred to in this circular:

Name	Qualification
Crowe Horwath (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, Crowe Horwath (HK) CPA Limited did not have any direct or indirect shareholdings in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interest, either directly or indirectly, in any assets which have been, since 31 March 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the date of this circular, Crowe Horwath (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of the letter or report or references to its names in the form and context in which they appear.

9. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is at 38th Floor, Bank of China Tower, 1 Garden Road, Hong Kong.

(c) The secretary of the Company is Ms. Chow Mun Yee, who is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

(d) The Company's branch registrar and transfer office in Hong Kong is Tricor Secretaries Limited, which is located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 38th Floor, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. for a period of 14 days from the date of this circular:

(i) the memorandum and articles of association of the Company;

(ii) each of the material contracts as set out under the paragraph headed "Material Contracts" in this appendix;

(iii) the accountants' report issued by Crowe Horwath (HK) CPA Limited on the financial information of the Target Group Companies as set out in Appendix II to this circular;

(iv) the independent reporting accountants' assurance report on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(v) the annual reports of the Company for each of the three years ended 31 March 2014, 2015 and 2016, and the interim report of the Company for the six months ended 30 September 2016;

(vi) the written consent as referred to in the paragraph headed "Expert and Consent" above; and

(vii) a copy of circulars issued pursuant to the requirement set out in Chapter 14 of the Listing Rules which has been issued since 31 March 2016, being the date to which the latest published audited consolidated financial statements of the Company and this circular.

FREEMAN FINTECH CORPORATION LIMITED
民眾金融科技控股有限公司

(formerly known as Freeman Financial Corporation Limited 民眾金服控股有限公司)
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 279)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Freeman FinTech Corporation Limited (the "Company") will be held at Java II-III, 2/F., Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong (MTR Quarry Bay Station, Exit C) on Tuesday, 11 July 2017 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**

(a) the terms of the share purchase agreement dated 13 December 2016 and the amendment agreement dated 16 June 2017 (collectively the "Share Purchase Agreements", a copy of which marked "A" and "B" have been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) entered into among Spectacular Bid Limited (a wholly-owned subsidiary of the Company, the "Purchaser"), Appelo Limited, Wits Global Limited and Mr. Wang Hong pursuant to which the Purchaser conditionally agreed to purchase, and Appelo Limited and Wits Global Limited agreed to sell, 67.1% equity interests (the "Sale Shares") in Wins Finance Holdings Inc. (the "Target Company") at a consideration of US$260,000,000 (subject to adjustment), and all transactions contemplated thereunder and in connection therewith and any other ancillary documents and all transactions contemplated thereunder, be and are hereby approved, confirmed and/or ratified;

(b) an acquisition (the "Acquisition") of equity interests in the Target Company by the purchase of the Sale Shares by the Purchaser be and is hereby approved, and all transactions contemplated thereunder and in connection therewith be and are hereby approved, confirmed and/or ratified; and

(c) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, deeds, agreements and instruments, to agree to such amendments, variations or extension to the Share Purchase Agreements and do all such acts, matters and things and take all such steps as they may in their discretion consider necessary, expedient or desirable to implement and/or to give effect to the Acquisition and the Share Purchase Agreements (and the transactions contemplated thereunder) as they may in their discretion consider to be desirable and in the interests of the Company."

By Order of the Board
Freeman FinTech Corporation Limited
Yang Haoying
Chief Operating Officer

Hong Kong, 26 June 2017

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
38th Floor
Bank of China Tower
1 Garden Road
Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.

3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

As at the date of this notice, the Board comprises the following Directors:–

Executive Directors:
Mr. Yang Haoying *(Chief Operating Officer)*
Ms. Chow Mun Yee
Mr. Wang Xiaodong
Mr. Zhao Tong

Independent Non-executive Directors:
Mr. Cheung Wing Ping
Mr. Fung Tze Wa
Mr. Wu Keli
Mr. Xu Zhiguang